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Characteristics of Company Unions 1935

Prepared by
DIVISION OF INDUSTRIAL RELATIONS
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Bulletin No. 634

June 1937

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1938

For sale by the Superintendent of Documents, Washington, D. C. - - - - Price 30 cents

ACKNOWLEDGMENT

This report was prepared under the general supervision of A. F. Hinrichs, Chief Economist, and Florence Peterson, Chief of the Industrial Relations Division. The study was under the direction of David J. Saposs until he joined the staff of the National Labor Relations Board in December 1935, when the preparation of the report was assumed by Joseph J. Senturia. Several chapters were written by Eleanor Davis and John V. Spielmans.

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PREFACE

This study was undertaken by the Bureau of Labor Statistics in 1935, in an attempt to present a factual portrayal of the extent of the various types of employer-employee dealings and of the characteristics of company unions. The study was pursued along two lines:

Questionnaires were mailed in April 1935 to approximately 43,000 representative establishments. Of the replies received, 14,725 were usable. These replies present a quantitative picture of the extent of the various types of employer-employee dealing, as well as of certain major characteristics of that form of group dealing referred to as company unionism. Data based on this part of the study were supplied by employers, and were limited to matters which could be readily tabulated.

In addition, members of the Bureau's staff visited 125 firms in which 126 company unions existed, interviewing employers, personnel directors, officers and members of the company unions, trade-union members, and local citizens who were familiar with the local situation. Copies of minutes of meetings, constitutions, agreements, and other pertinent literature were also obtained.

Despite conflicting evidence and attitudes revealed in the material presented to the agents of the Bureau, it has been possible to develop an essentially accurate description of a larger number of company unions than has ever before been studied. These case studies represent a cross section of all company unions and provide the material for intensive examination of their characteristics.

The date of the study should be noted. It was made just before the decision of the Supreme Court in the *Schechter case*, in May 1935, which invalidated the National Industrial Recovery Act and the system of codes and labor boards set up under that act. The study thus describes the situation at the end of the N. R. A. period. It does not reflect the extensive changes in methods of employer-employee relations which have taken place under the National Labor Relations Act, especially since the decisions of the Supreme Court of April 1937, upholding the validity of that legislation.

The study is not merely of historical value, however. It describes company unions at a time when many were undergoing or had undergone the changes in form which since then have become more general.

The more recent form of company union, referred to by some as "independent" union or association, is essentially the optional-membership type of company union discussed in this study. Nearly half of the company unions included in the field study were of this optional-membership type. Since company unions at the present time are confined to employees of a single plant or company, the findings of this study pertaining to such limitations are also relevant.

In view of the increasing interest of Government agencies in the problem of collective bargaining and in view of the impact of legislation and governmental policy upon the extent and types of company unionism, there is added an appendix on Company Unions and the Law of Collective Bargaining. This discussion covers pertinent legislation, judicial decisions, and rulings of the labor boards up to May 1937. Short illustrative descriptions of particular cases are presented in appendixes II and III in order to illustrate the situations out of which company unions arose and the procedures by which they were established and modified.

ISADOR LUBIN,
Commissioner of Labor Statistics.

JUNE 1, 1937.

Characteristics of Company Unions

Introduction

In the bargaining process between employers and workers, employers have usually had an advantage because of the scarcity of jobs relative to labor supply, and the worker's inescapable need for a job in a society where food and shelter can be had only for money.

The goal of the labor movement is always, in one way or another, to counteract this advantage of capital. Labor's attack has generally followed two lines: Through political action it has sought to enlist the coercive power of the state, and through labor organizations it has sought to develop collective power adequate to bargain on terms equal with capital. The latter has been the principal means employed by the American labor movement, although at times and upon specific issues labor has sought assistance from government.

Realizing that its bargaining power rests upon relative abundance or scarcity in the labor market, workers' organizations strive for job control. To attain this, labor has sought to expand its organization lines to the same limits as are found on the side of business. As market areas expand, as employers and capital organize more and more on national (or international) scales, labor strives for organizations of similar scope. The ultimate strength of organized labor's bargaining power is its ability to withhold its services, that is, the possible or actual use of the strike.

This industrial set-up is one of potential conflict. It logically gives rise to the question as to whether there may not be a less antagonistic and wasteful way of achieving the desired ends.

Certain groups have advocated the company union as the affirmative answer to this question. They contend that the coercive power of national labor organizations is not needed, that they are indeed a hindrance to labor. They claim that reasonable, fair-minded negotiations between the workers and management within a given establishment are possible, that satisfactory arrangements are more easily achieved in the absence of external compulsion upon the employer, and that workers in particular establishments will appreciate better than agents of labor organizations the necessary limits which are

imposed by business conditions to the fulfillment of the workers' demands.

This is the basis of the reasoning of those who urge the substitution of company unions for national trade-unions. But though this has become the theoretical foundation of company unions, the movement did not originate in this neatly reasoned fashion. Historically it developed in response to several needs. One of these was a growing demand that something should be done to provide in large-scale industry a substitute for the immediate personal contact between worker and employer which existed in the days of small establishments. Employers felt the need of some machinery for the adjustment of grievances and complaints and for collective discussion about work and working conditions. Some adopted the company union, believing this provided the avenue for better understanding between management and employees, which would bring benefits not only to the workers but also to the employer in improved morale.

Another important factor contributing toward the movement was the insistent demand of workers for collective bargaining through trade-unions, and the employers' growing recognition that this demand must either be met or a substitute found for it. In the opinion of many employers the company union offered a desirable means for group dealing, without the other characteristics of trade-unions which they considered onerous.

Those who oppose the company union hold that power in the hands of one interested group is held in check only by opposing power. Company unions, they contend, do not permit the exercise of labor's economic power. Furthermore, in the absence of an American labor party, such isolated, unaffiliated organizations are not able to exercise that coherent pressure necessary to enlist the power of the state in labor's behalf.

At the present time there are three distinct methods of employer-employee dealing. The first is that of individual dealing, under which the employer personally, or through his foreman or personnel director, negotiates with his employees individually. The employer may occasionally call a meeting of his employees to make an announcement or for purposes of general discussion. A temporary workers' committee may sometimes be appointed to act upon a particular matter. Essentially, however, relations between the employer and the employee remain on an individual basis, since there is no permanent or formal organization of workers with duly constituted representatives to carry on negotiations. Even where other types of dealing exist, individual dealing is usually present, although it becomes difficult to measure its extent or assess its significance.

The second type of employer-employee relationship is that associated with negotiations with a trade-union. Individual grievances and

the detailed interpretation and application of agreements are sometimes handled through shop committees, but broad questions of wages, hours, and working conditions usually are negotiated through representatives or agents of the trade-union who need not necessarily be employees of the establishment or company.

The third type is that in which dealings are through a company union. The term "company union" is here used to mean an organization confined to workers of a particular company or plant,¹ which has for its purpose the consideration of conditions of employment. When this method of handling labor matters was carried on by informal committees, the whole arrangement was commonly referred to as an "employee-representation plan." The term "plan" is hardly suitable, however, in cases where more formal procedure has developed, such as written constitutions, elections, membership meetings, provisions for arbitration, written agreements, and dues. Sometimes this type of employer-employee dealing is called employee association, joint conference, works council, industrial democracy, employee representation, good-will plan, joint conference committee, industrial council, cooperative association, or shop committee.

Some object to the term "company union" because of the possible implication that the term means company domination. Others, however, favor the term because it clearly describes the membership coverage and because they like the implication of a unity of interest between company and workers. The Bureau has accepted the term "company union", using it in its generic sense, as an organization of workers confined to a particular plant or company and having for its purpose the representation of employees in their dealings with management.

The reader will find marked differences among the various company unions described in this study. This diversity fits into the historical background (see pt. I) which describes the various purposes and objectives for which company unions were established. That this diversity of purpose still remains is evident also in the analysis of the specifically expressed objectives of the 126 company unions studied (ch. IX). Almost all of these company unions set themselves more than a single objective. Each of them, however, professed to be the representative agency for the workers in the company, plant, or other unit covered.

The quantitative analysis in part II indicates that relatively few existing company unions were started during the depression period. It reveals the resurgence and tremendous growth of the company union movement in the period after the passage of the N. I. R. A., when growth also occurred among trade-unions. In chapter VI the

¹ There are a few exceptions (such as the Loyal Legion of Loggers and Lumbermen), in which, owing to peculiar circumstances, the organization covers more than one plant or company.

effect of three factors upon the organization of company unions is shown—growing unionization, strikes, and an attempt to comply with the requirements of section 7 (a) of the N. I. R. A. All of these factors are essentially related to the problems of collective bargaining and to the desire to find an alternative to trade-union bargaining.

At times the partisans of company unions have described them as adjuncts of personnel management. But in the cases studied all were, more or less consciously and explicitly, offered to the workers as an alternative either to dealing with the employer individually or through a trade-union. It is therefore to their functioning as agencies representing the interests of the workers in such matters as wages, hours, and fundamental working conditions that this study of company unions is primarily directed.

Method and form of organization are of vital importance in the case of associations that seek to represent the workers' interests in collective bargaining. The analysis, therefore, starts with an attempt to answer two questions: As professed representatives of the employees, were they set up through the initiative of the employees? (See ch. VII.) Does their presence flow from the freely expressed wish of the employees? (See ch. VIII.)

While all these agencies lay claim to being organizations representative of the workers' interest, certain of them in practice had an extremely narrow field of operation. A majority of them, however, engaged in such activities as the handling of individual grievances, methods of rotating work, questions of health and safety (ch. XVII). Many also took up such basic questions as wages and hours (ch. XVIII). Some engaged in benefit and welfare activities (ch. XIX).

The conclusions drawn from the field study (pt. III) lend concreteness and definiteness to the results obtained from the mail questionnaire (pt. II). For instance, the data on matters discussed or negotiated by the 592 company unions reported in the mail study take on color and meaning in terms of the analysis in chapters XVII and XVIII. The fact that nearly half of the company unions covered by the mail questionnaire had provisions for arbitration acquires real meaning only when read in connection with the case-study analysis of arbitration in chapter XVI. The fact that the mail questionnaire revealed that almost two-thirds of the company unions discussed general wage questions should be assessed in the light of what actually constitutes wage negotiation as described in chapter XVIII.

Thus the two phases of the study complement each other to give both a quantitative and qualitative picture of the characteristics of company unions.

PART I
Historical Background

Chapter I

Developments in Pre-War and War Periods

Only a few firms are known to have had company unions or employee-representation plans prior to the beginning of the World War.¹ Among the best known were Wm. Filene's Sons Co., of Boston, Mass. (1898); the Nernst Lamp Co., Pittsburgh, Pa. (1903); The American Rolling Mill Co., Middletown, Ohio (1904); the Nelson Valve Co., Philadelphia, Pa. (1907). During 1913-14 the "industrial democracy" plan was introduced in a number of firms.² In 1915 the "Rockefeller industrial representation plan" was introduced in the coal mines, and a year later in the steel works of the Colorado Fuel & Iron Co.

Though several of these plans contain interesting individual features, only two are selected for brief description: The Filene Cooperative Association and the industrial representation plan of the Colorado Fuel & Iron Co. Both are significant, the former because it is the oldest and is still functioning, the latter because of the size and importance of the company introducing it at that early date and because of the circumstances under which it was started. Moreover, the plans of these two companies have become the prototypes of the two forms of employee representation now usually distinguished as the "employee committee" type and "joint committee" type.³

*The Filene Cooperative Association.*⁴—The Filene Cooperative Association grew slowly and organically out of unpretentious beginnings. The founder of the store, Mr. William Filene, used to meet informally with his employees and encourage them to express their ideas on all aspects of the work and management of the store. In 1903 a regular constitution and bylaws were drawn up, which have since been amended several times.

The constitution invests the legislative power in the association, to which every employee belongs by virtue of his employment in the store. Among its powers are:

To initiate new store rules or modifications or cancelations of existing store rules concerning store discipline, working conditions * * * or any other matters

¹ See *The Shop Committee in the United States*, by Carroll French, Johns Hopkins, 1923; *Workmen's Representation in Industrial Government*, by Earl J. Miller, University of Illinois, 1924; *Employee Representation*, by E. R. Burton, Baltimore, 1926; *Works Councils in the United States*, National Industrial Conference Board, New York, 1919; *The Philadelphia Rapid Transit Plan*, by J. J. W. Caskie, *Annals of the American Academy of Political and Social Science*, vol. 85, Philadelphia, 1919.

² Leitch, J.: *Man to Man*, New York, 1919; Carpenter, O. F.: *From Political to Industrial Government*, in J. R. Commons' *Industrial Government*, New York, 1921.

³ See pp. 130-131.

⁴ La Dame, Mary: *The Filene Store, A Study of Employees' Relation to Management in a Retail Store*. Industrial Relations Series. Russell Sage Foundation, New York, 1930.

except policies of the business; either by two-thirds of its entire membership or by a five-sixths vote of the Filene Cooperative Association Council.⁵

This vote is subject to veto by management, but the veto may be overruled by two-thirds of the entire membership of the association after the matter has been discussed at one or more mass meetings held within 10 days of the management's veto. The judicial power of the association is vested in an arbitration board composed of 12 members, elected by and from the employees. The arbitration board has—

Final jurisdiction over grievances or disputes, including such questions as wages, discharges, and working conditions between an F. C. A. member and the management, * * * or in any case in which any member of the F. C. A. has reason to question the justice of any decision of a superior * * *.⁶

For a time the Filene Cooperative Association also had the privilege of nominating 4 of the 11 directors of the corporation, but this was later abolished by the management. The cost of operation of the association is borne by the firm; occasional attempts to introduce membership fees have been rejected by the employees.

Of special interest is the manner in which the trade-union issue was once handled. Of the Filene sales force, which constitutes the majority of the employees, none appears to have been a member of the Retail Clerks' International Protective Association when the Filene association was established.⁷ To the union's occasional attempts to organize the Filene employees, the management offered no resistance. For those occupations, however, which were strongly organized in Boston, the management always employed union labor although it had no written agreements with the trade-unions.⁸

An interesting issue developed out of this arrangement. Employees began to insist that trade-union men, who enjoyed certain extra privileges as to wages, hours, and overtime, should not also be entitled to all association privileges because "at present our policy almost puts a premium upon union affiliations."⁹ The union tailors thereupon, figuring that they would retain their union wages anyhow, offered to resign from the trade-union rather than lose their store privileges. In a conference arranged with the business agent of the trade-union and the tailors, the vice president of the company, to the happy surprise of the business agent, advised the men to pay their back dues and remain loyal trade-union members. Since then, employees who belong to trade-unions have also been members of the Filene Cooperative Association.¹⁰

⁵ La Dame, Mary: *The Filene Store, A Study of Employees' Relation to Management in a Retail Store*. Industrial relations series. Russell Sage Foundation, New York, 1930, p. 122.

⁶ *Idem*, p. 123.

⁷ *Idem*, p. 87.

⁸ *Idem*, p. 89.

⁹ *Idem*, p. 134, quoted from the minutes of a joint meeting, June 2, 1913.

¹⁰ *Idem*, p. 137.

*The Industrial Representation Plan of the Colorado Fuel & Iron Co.*¹¹—This plan was introduced in the wake of one of the bitterest industrial conflicts in the history of the country, the coal miners' strike in Colorado, September 1913 to December 1914.¹² The principal demand of the miners had been recognition of the United Mine Workers of America, a demand uncompromisingly rejected by the operators.

Though never yielding on the strike issue as such, both owners and management realized that something drastic had to be done to improve conditions in the mines, and conciliate the embittered miners as well as an aroused public opinion. The initiative seems to have come from John D. Rockefeller, Jr., the principal stockholder in the company. While the strike was still in progress, he wrote to Mackenzie King, former Minister of Labor and later Premier of Canada, asking his advice for developing—

* * * some organization in the mining camps which will assure to the employees the opportunity for collective bargaining, for easy and constant conference with reference to any matters of difference or grievance which may come up, and any other advantages which may be derived from membership in the union.¹³

In his answer Mr. King recommended that—

A board on which both employers and employed are represented, and before which, at stated intervals, questions affecting conditions of employment can be discussed and grievances examined, would appear to constitute the necessary basis of such machinery.¹³

The president of the company agreed to the scheme, and a plan was worked out in accordance with a draft by Mr. King. A month after the end of the strike it was explained to the miners, and in October 1915 it was adopted by an affirmative vote of 84 percent of the ballots cast, about 57 percent of the miners voting.¹⁴

The plan provided for district joint conferences consisting of an equal number of representatives of the employees and of management. The former were elected annually by secret ballot by and from the employees, the latter were appointed by management. The conferences met every 4 months for the discussion of matters of mutual interest. These conferences also selected standing district joint committees on cooperation, conciliation, and wages; safety and accidents; sanitation, health and housing; and recreation and education. In the case of a grievance, a procedure was provided under which the

¹¹ See Selekmán and Van Kleeck, *Employes' Representation in Coal Mines, A Study of the Industrial Representation Plan of the Colorado Fuel & Iron Co.*, Russell Sage Foundation, New York, 1924.

¹² U. S. Commission on Industrial Relations, *Final Report and Testimony*, vols. VI, VIII, IX. Washington, 1916; *Conditions in the Coal Mines of Colorado, Hearings before a Subcommittee of the Committee on Mines and Mining, House of Representatives, 63d Cong., 1st sess., vols. I and II.*

¹³ U. S. Commission on Industrial Relations. *Report on the Colorado Coal Strike.* Washington, 1915, pp. 158-166.

¹⁴ Selekmán and Van Kleeck p. 27.

employee or his representative could take the case through various stages to the president of the company. If not satisfactorily settled by the officials of the company, the grievance might be presented to the district joint committee on cooperation, conciliation, and wages. The decision of a majority of this committee was binding upon both parties. If the committee could not reach a satisfactory agreement, it could either choose an impartial umpire to sit with them and cast the deciding vote; or it could, if the parties agreed, be referred to arbitration by an outside person or persons or by the industrial commission of Colorado. In practice, grievances and complaints were handled by the district joint committees without having gone through the long series of appeals from official to official.

Of interest again is the relation of this plan to the trade-union, the United Mine Workers. The agreement which established the plan provided that there should be no discrimination against employees because of membership in the trade-union,¹⁵ and that wages should increase proportionately with those in competitive districts.¹⁶ After the introduction of the plan, according to disinterested observers, there were considerable improvements in housing, sanitation, safety, recreational facilities, and job security, the joint committees doing away with much of the arbitrary firing by foremen. Trade-union organizers were permitted to enter the mines, and employees were not discharged for joining the trade-union. "Competitors' wages" were almost without exception trade-union rates.

In 7 years of operation of employees' representation the company tried only once to determine wages by independent action in its own mines, establishing a rate lower than that paid in union mines. Its employees struck and less than a year later, following a nation-wide strike of miners, the union rate was again restored in Colorado. Every other change in wages in these 7 years followed changes in union mines.¹⁷

Notwithstanding, the trade-union continued its resistance toward the plan. Finally the biennial district conventions in 1918 and in 1920 forbade union miners to take any part in the plan.¹⁸

The War Period

The great impetus to the works council movement in the United States came during the war. In the majority of cases their introduction during this period was not voluntary on the part of the employers. They grew up as a result of a policy imposed upon them by the several governmental labor boards, the most important of which were the Shipbuilding Labor Adjustment Board and the National War Labor Board.

¹⁵ *Idem*, p. 408.

¹⁶ *Idem*, p. 416.

¹⁷ *Idem*, p. 285.

¹⁸ Sec. 12 of Constitution of District No. 15, United Mine Workers of America, effective Apr. 1, 1920, p. 33.

Labor difficulties had arisen in direct consequence of the sudden enormous demand for labor in various war industries in the face of a labor supply decreased by the draft and reduced immigration. With no centralized machinery available for directing the labor supply or enforcing a balanced wage policy, an unrestrained competitive bidding for labor had set in, leading to great inequality and instability of wage rates. This caused an unprecedented labor turn-over.¹⁹ Moreover, rapidly rising living costs led workers to demand higher wages. With a scarcity of labor, trade-unions found it feasible to strike in order to get wage increases. The number of strikes rose from 1,204 in 1914 to 4,450 in 1917,²⁰ and in many instances threatened to cripple essential war industries.²¹

The Shipbuilding Labor Adjustment Board was organized in December 1917. It consisted of one representative of the shipbuilding industry, one representative of organized labor, nominated by Samuel Gompers, president of the American Federation of Labor, and one nonpartisan member. The National War Labor Board began to function in April 1918. It consisted of five members representing industry and railroads, five representing organized labor, nominated by the American Federation of Labor, and two nonpartisan members.

The composition of these boards, including both employers and labor unions, implied that their policy was to be a compromise—in the name of the national emergency—between the interests of both groups. This was clearly expressed in the “Principles and policies to govern the relations between workers and employers in war industries for the duration of the war”, under which the boards functioned:

There should be no strikes or lock-outs during the war.

Right to organize.—1. The right of workers to organize in trade-unions and to bargain collectively, through chosen representatives, is recognized and affirmed. This right shall not be denied, abridged, or interfered with by the employers in any manner whatsoever.

2. The right of employers to organize in associations or groups and to bargain collectively, through chosen representatives, is recognized and affirmed. This right shall not be denied, abridged, or interfered with by the workers in any manner whatsoever.

3. Employers should not discharge workers for membership in trade-unions, nor for legitimate trade-union activities.

The workers, in the exercise of their right to organize, shall not use coercive measures of any kind to induce persons to join their organization, nor to induce employers to bargain or deal therewith.

Existing conditions.—1. In establishments where the union shop exists the same shall continue, and the union standards as to wages, hours of labor, and other conditions of employment shall be maintained.

¹⁹ Two field investigations made by the Bureau of Labor Statistics indicate that the separation rate was twice as high in 1917–18 as in 1913–14. In the earlier period, the rate was 3.3 per 10,000 labor hours and in 1917–18 it was 6.7. Monthly Labor Review, June 1920, p. 41.

²⁰ Monthly Labor Review, April 1916, p. 13; July 1920, p. 133.

²¹ In the summer and fall of 1917, copper mining in Arizona, oil production in California, the lumber industries in the Northwest, and meat packing in Chicago were most seriously affected by prolonged strikes.

2. In establishments where union and nonunion men and women work together, and the employer meets only with employees or representatives engaged in said establishments, the continuance of such conditions shall not be deemed a grievance. This declaration, however, is not intended in any manner to deny the right, or discourage the practice of the formation of labor unions, or the joining of the same by the workers in said establishments, * * *.²²

The almost complete absence of machinery for conciliation and arbitration between workers and management within individual establishments had been found to be one of the chief obstacles to the speedy and peaceful settlement of disputes.²³ Hence, one of the tasks of the National War Labor Board and the Shipbuilding Labor Adjustment Board was to establish such machinery. In accordance with the Board's principles, this was to be done without prejudice to existing or nonexisting union relations.

It was here that the "works council" or "shop committee" idea presented itself as, at least, a temporary solution. The idea was given additional support by the alleged success of some of the earlier employee-representation plans in the United States and by the "Whitley councils" which were at that time being organized in Great Britain and widely discussed in the United States.²⁴ Accordingly, many of the awards of the governmental labor boards stipulated, among other measures, the organization of shop committees for the purpose of settling disputes and adjusting grievances.²⁵

Types of shop committees.—The standard procedure followed by the National War Labor Board in setting up shop committees was to provide for the election, by majority vote, of 1 committeeman for every 100 employees or major fraction thereof. The election, which was supervised by the Board's examiner, was by secret ballot, and foremen and other officials of the company were required to absent themselves.

The Board installed its first shop committee in July 1918 in the General Electric plant at Pittsfield, Mass.²⁶ The plan provided for a department committee to adjust disputes which the employees and the supervisory officials were unable to adjust, and a committee on appeals, composed of three employees, to take up with management disputes which the department committees failed to adjust.

One of the most elaborate plans, that set up for establishments in Bridgeport, Conn.,²⁷ provided for plants being divided into departments,

²² Report of War Labor Conference Board to the Secretary of Labor, March 29, 1918, printed in U. S. Bureau of Labor Statistics Bull. No. 287: National War Labor Board, p. 31.

²³ U. S. President's Mediation Commission. Report. Washington, 1918, pp. 18 and 20.

²⁴ See p. 16 for a discussion of the Whitley councils.

²⁵ A total of 226 of the Board's awards provided for collective bargaining with employees either through unions in those shops which had been organized before the establishment of the Board, or through shop or departmental committees in shops which had not previously been organized. (U. S. Department of Labor. Bureau of Labor Statistics. Bull. No. 287: National War Labor Board. Washington, 1922, p. 23.)

²⁶ National War Labor Board, Docket No. 19.

²⁷ Organization and Bylaws for Collective Bargaining Committees Instituted by the National War Labor Board for Bridgeport, Conn. National War Labor Board, Docket No. 132.

each represented by a committee of three members, elected for a 1-year term from among employees who had actually worked in the department for at least 3 months immediately preceding the election. The chairmen of the different department committees constituted an employees' general committee. If the general committee was too large, provision was made for selecting from among its members a smaller employees' executive committee to which functions and duties of the general committee were to be delegated.

The department committees were to handle all individual grievances but were not to have—

executive or veto powers, such as the right to decide who shall or shall not be employed, who shall or shall not be discharged, who shall or shall not receive an increase in wage, how a certain operation shall or shall not be performed, etc.

The general committees were empowered to adjust with management cases referred to them by the department committees. They were also given the right "to initiate and discuss in a joint conference any matter appertaining to the plant as a whole."

The procedure, as outlined in the plan, specified that employees were to present their cases in writing to the chairman of the department committee. If the department committee, by majority vote, considered the case to be meritorious, the matter went to a joint department committee with management representatives. A majority of two votes of the entire membership of the joint committee, that is, five votes out of a joint committee of six, settled the issue beyond appeal. If this majority was not obtained, the question was referred to the joint general or executive committee, where the same majority could settle the matter. Failing such agreement, the plan provided that—before other action shall be taken, said committee shall refer the matter in question to the highest executives of the plant management for consideration and recommendation.

The bylaws provided for the recall of committeemen by a two-thirds vote of the actual employees of the department involved. The bylaws might be amended by a two-thirds vote at a joint conference of the general committee and the management.

The National War Labor Board adapted the details of its plans to the varying conditions found in different plants. In some plants certain features were added. Thus the Bethlehem plan²⁸ provided for arbitration by consent of the parties concerned in those cases where the management and committee could come to no agreement. To qualify for election as committeeman, an employee was required not only to be on the company's pay roll for a period of 4 months prior to nomination but also to be an American citizen, or have taken out first papers, and to be 21 years of age or over. The Bethlehem plan also authorized the general committee to designate subcommittees

²⁸ National War Labor Board, Docket No. 22.

from among its own number "to take up the matters of wage scale and working conditions, or any other matters that it may deem necessary to submit to the management for its consideration." Also when reductions in working force appeared probable, the examiner in charge issued the following ruling to protect committeemen against discrimination:

* * * The committeemen under the award of the National War Labor Board * * * cannot be laid off without violation of award except for just and valid cause relating to the conduct or operation of business and then only in proportion to the lay-off of employees in the shop affected. * * * 100 employees must have been laid off * * * before a committeeman may be laid off * * *.²⁹

The functions and duties of committees varied. In some cases they were authorized to deal only with wage scales; in other cases with wages and other conditions of employment including provisions for the health, comfort, and working efficiency of the workers. Some awards instituted committees for the purpose of administering the award and determining the application and interpretation of the award.³⁰

The Four L plan.—A further type of organization, unique both as to origin and form, came into being somewhat earlier than the one discussed above. This was the Loyal Legion of Loggers and Lumbermen, first organized in November 1917.³¹ In the summer of 1917, there was an almost complete break-down of production in the lumber industry in the Northwest in the face of most urgent war needs of lumber for shipbuilding, airplanes, and cantonment construction. Back of the strikes and sabotage which caused the break-down was the thorough dissatisfaction of the lumber workers with their working conditions, namely, the 10-hour day, overcrowded living accommodations in the lumber camps, and lack of recreational and educational facilities. Lumber strikes multiplied, their number rising from 44 in 1916 to 299 in 1917.³² The demands eventually concentrated on the 8-hour day which the employers refused to grant in spite of appeals by the Secretary of War, the Governor of the State of Washington, and the President's Mediation Commission. Organized in the Lumbermen's Protective Association the employers even pledged themselves to discriminate against any member who would grant the 8-hour day. The strikes were unsuccessful, but

²⁹ National War Labor Board, Docket No. 22, Ruling No. 2 (Nov. 22, 1918).

³⁰ U. S. Department of Labor. Bureau of Labor Statistics. Bull. No. 287: National War Labor Board, Washington, 1922. See pp. 61 ff. for a summary of the matters handled by different shop committees.

³¹ U. S. Department of Labor. Bureau of Labor Statistics. Bull. No. 349: Industrial relations in the West Coast lumber industry, Washington, 1924; Journal of Political Economy, University of Chicago Press, June 1923, pp. 313-341, The Loyal Legion of Loggers and Lumbermen, by E. Mittelman; Bing, A.: Wartime Strikes and Their Adjustment, New York, 1921, pp. 255-272.

³² Monthly Labor Review, July 1920, p. 139.

lumber production remained at low ebb—sabotage, or “the strike on the job”, taking the place of the open strike.³³

In November 1917 the War Department sent Col. Brice F. Disque, of the Aircraft Production Board, as head of the Spruce Production Division, into the lumber district to restore production. This he did by getting employers and workers together into one patriotic organization, the Loyal Legion of Loggers and Lumbermen. Each member, on joining, signed a pledge of loyalty to the country and promised to “* * * stamp out any sedition or acts of hostility against the United States Government * * *.” Membership grew rapidly, reaching over 100,000 during the first year. Soldiers and officers of the Spruce Production Division were freely used in the process of recruiting members. The legion was eminently successful in quickly removing most of the principal causes of discontent. In the spring of 1918 the basic 8-hour day was granted; uniform wage scales were introduced; sanitary camps were built with reading rooms, motion-picture houses, and convention halls; and athletic activities were organized. Strikes decreased from 299 in 1917 to 76 in 1918,³⁴ and complaints of sabotage disappeared.

The organization of the Four L extended over the States of Oregon, Washington, and Idaho (later it spread also into the East) and consisted of joint local committees elected in the camps and mills, representatives of which met in joint district councils, these again sending delegates to the central council with headquarters in Portland, Ore. This form of organization was unique. Unlike the usual works council, it comprised a great number of establishments and different companies in several States. Unlike the usual trade or industrial union, it united in its fold both workers and employers. For these reasons, it was the closest analogy—though still a fairly remote one—to the British Whitley councils.

Voluntary plans.—During this period of compulsory introduction of shop committees, a number of firms voluntarily introduced employee representation plans. Notable among them was the Standard Oil Co. (New Jersey), Standard Oil Co. (Indiana), Procter and Gamble, International Harvester Co., and Bethlehem Steel Corporation, in its plants not affected by the award of the War Labor Board. The plan of the Standard Oil Co. was essentially similar to the Colorado Fuel & Iron Co. plan, and typical of a great number of others. It provided joint departmental committees, joint general councils, and joint permanent special committees, each of these consisting of elected

³³ One report states that at a camp where the normal production was 50 cars of logs per day, demands (by the workers) were presented and refused. Immediately the output began to fall off. Each day's production was five cars less than the day before. The demands were finally granted when output reached but five cars per day. (U. S. Bureau of Labor Statistics, Bull. No. 349, p. 75.)

³⁴ Monthly Labor Review, July 1920, p. 139.

representatives of the workers and an equal number of representatives appointed by the management. Connected with this representation plan were also plans for stock acquisition by employees and insurance and pension plans.

The Whitley councils and their relation to American works councils.—The Whitley councils of Great Britain³⁵ were a form of industrial organization planned during the war by a committee named after its chairman, J. R. Whitley, M. P. The committee was organized in 1916 as a “subcommittee on relations between employers and employed” of the British Government’s Reconstruction Committee, and consisted of representatives of employers and of organized labor, and two economists. In March 1917 the committee reported a plan for a comprehensive democratic organization of British industry, which provided for: (a) Joint national industrial councils formed by trade-unions and employers’ organizations to consider and make agreements concerning the industry as a whole; (b) joint district industrial councils; (c) works committees to deal with purely individual and shop problems, and to supervise the carrying out of the agreements made by the national and district councils.

The analogy between the British Whitley councils and the American works councils of the war period lay chiefly in the fact that in both instances Government-appointed joint groups of employers’ and labor’s representatives recommended machinery for closer cooperation between workers and employers as a means of advancing industrial peace, and in both instances works councils were formed. But here the analogy ended. In the British plan the works committees were merely the first unit in a nation-wide organization of the whole industry, based on trade-unionism and collective bargaining, with trade-unionism as one of its cornerstones. In the United States the individual works council was the whole plan. With the one exception of the Four L, there was no integration of individual works councils into greater geographical units. Moreover, the works councils in this country were, in their very inception, divorced from trade-unionism.

Attitude of employers toward the plans.—By the end of the war, employee-representation plans had thus become a rather widely adopted and much discussed form of industrial organization in the United States. The attitude of employers at this time, according to individual testimony, was uncertain and watchful.³⁶ Some employers regarded works councils as a “revolutionary step”; some were

³⁵ Wolfe, A. B., *Works Committees and Joint Industrial Councils*, U. S. Shipping Board Emergency Fleet Corporation, Industrial Relations Division, Philadelphia, 1919; U. S. Department of Labor, Bureau of Labor Statistics, Bull. No. 255: *Joint industrial councils in Great Britain*, Washington, 1919.

³⁶ National Industrial Conference Board, *Works Councils in the United States*, Research Report No. 21, New York, October 1919, p. 75 ff.; Wolfe, A. B.: *Works Committees and Joint Industrial Councils*, U. S. Shipping Board Emergency Fleet Corporation, Industrial Relations Division, Philadelphia, 1919, p. 230 ff.

simply annoyed by them; some thought them superfluous; others found them satisfactory as long as trade-unions did not get control over them; the majority discovered this type of workers' representation more or less helpful in improving the morale and efficiency of their labor force.

Attitude of labor.—In many instances, the requirement that employee-representation plans be introduced was made in awards to firms which were definitely opposed not only to labor unions, but to any collective dealing with their own employees, as, for example, in the cases of the Bethlehem Steel Corporation and the General Electric Co. at Pittsfield, Mass. These companies, in spite of governmental efforts at mediation, had repeatedly refused to meet with a committee representing their employees.³⁷

In such cases as these, where employers were coerced by the Government to introduce collective dealing with their employees, organized labor was inclined to regard such awards as a "first step" toward industrial democracy. Thus Mr. Gompers wrote on the occasion of the Bethlehem award:

Through assistance from the outside the Bethlehem Steel workers may be able to make their shop committee the nucleus of an industrial constitution that will result in just as thorough an organization of that side of production in this plant which concerns employees as has existed on the side of the management. A shop committee for the Bethlehem steelworkers may mean the beginning of industrial freedom.

The same benefits may be established for the workers in every other place where a shop committee is inaugurated; nor, is it necessary to wait for an award from the War Labor Board. Shop committees can be established through the initiative of the workers themselves.³⁸

The reverse situation developed where awards established shop committees in industries with strong unions. This happened in a number of cases under the jurisdiction of the Shipbuilding Labor Adjustment Board.³⁹ Shipyard workers had become strongly organized during the war, and complaints by workers were often handled through local trade-union officers. In such cases the employers were anxious to have shop committees established to relieve themselves of having to deal with outsiders. Union workers, for the same reason, were opposed to their introduction. In such cases shop committees, when established, frequently came completely under union control. Some employers preferred to deal with them rather than with the outside union agents.

Where shop committees were used as a substitute for and an indirect weapon against the union, they were utterly to be condemned.

³⁷ Hearing before Committee on Claims, House of Representatives, 67th Cong., 2d sess., p. 22.

³⁸ American Federationist. Washington, September 1918, p. 810.

³⁹ U. S. Department of Labor. Bureau of Labor Statistics. Bull. No. 283: History of the Shipbuilding Labor Adjustment Board. Washington, 1921, pp. 62 ff.

The realization that this was the trend in many organizations was given expression in a resolution adopted by the annual convention of the American Federation of Labor of 1919:

In establishing wages, hours, and working conditions in their plant, employers habitually use their great economic power to enforce their will. Therefore, to secure just treatment, the only recourse of the workers is to develop a power equally strong and to confront their employers with it. * * * In this vital respect, the company union is a complete failure. With hardly a pretense of organization, unaffiliated with other groups of workers in the same industry, destitute of funds, and unfitted to use the strike weapon, it is totally unable to force its will * * *.

Whereas, In view of the foregoing facts, it is evident that company unions are unqualified to represent the interests of the workers, and that they are a delusion and a snare * * *: Resolved, that we disapprove and condemn all such company unions and advise our membership to have nothing to do with them, * * *.⁴⁰

⁴⁰ American Federation of Labor. Report of Proceedings, Thirty-ninth Annual Convention, 1919, p. 303.

Chapter II

Developments After the War Period

During the post-war period, the shop committee movement continued to grow. Surveys made at intervals by the National Industrial Conference Board¹ showed that the number of companies having active works councils (later referred to as employee-representation plans) rose from 145 in 1919 to 385 in 1922. According to this report 403,765 workers were covered by company unions in 1919, while 690,000 were covered in 1922. While some of the Government-initiated plans continued in original or modified form, many were discarded.² This was probably due to the fact that Government-initiated plans were primarily in war plants which closed or drastically curtailed operations after the war. Furthermore, some employers took advantage of the favorable opportunity presented by the depression to dispose of the plans which had been forced upon them. Despite the discontinuance of many individual plans, in the face of the disappearance of war conditions, and depression and unemployment, with trade-union membership plunging precipitously from its wartime high of 5,047,800 in 1920 to 3,622,000 in 1923,³ the works council movement continued to grow, though at a considerably slower rate than during the war.

That works councils were useful in promoting cooperation between workers and management had, of course, been the very reason for introducing them during the war. For employers to continue shop committees when labor was plentiful was an expression of the new business philosophy—not new in itself but new in terms of its wide acceptance by businessmen. This new philosophy of “personnel management” was based on the principle that the good will and cooperative spirit of the workers is a valuable asset, so much so

¹ National Industrial Conference Board. *Collective Bargaining Through Employee Representation*. New York, 1933, table 1, p. 16. Other surveys by the National Industrial Conference Board giving figures on works councils are: *Works Councils in the United States*, Research report no. 21, October 1919; *Experience with Works Councils in the United States*, Research report no. 50, May 1922; *The Growth of Works Councils in the United States*, a statistical summary, special report no. 32, 1925.

There seems to be some variation in the figures quoted in the different reports of the National Industrial Conference Board for certain specified times. The above figures as well as National Industrial Conference Board figures quoted in the following pages are taken from their 1933 report on the assumption that the latest report includes the most reliable data.

² Thus only 1 of the 128 company unions covered in the Bureau of Labor Statistics' field study in 1935 was a direct development of a plan instituted by the War Labor Board. (See table 29, p. 86.)

³ Wolman, Leo: *Ebb and Flow in Trade Unionism*. National Bureau of Economic Research. New York, 1936, p. 16.

that it is worth the sacrifice of some of the prerogatives of management; that workers, when given a share in the management of their own affairs, work better, remain longer, are not as liable to go out on strike, and are less prone to seek trade-union aid.

This last point was of special importance, since it played a prominent part in the development of shop committees during the war, when trade-unions were flourishing as never before. Protected by the "principles" of the National War Labor Board guaranteeing the workers' right to organize, trade-unions penetrated into many previously "impregnable" industries, notably the railroad shops, the meat-packing and textile industries. This was resented by many employers who had not changed their attitude toward recognition of trade-unions. Yet the return to a purely individual basis of bargaining was likely to antagonize the workers who had come to appreciate the value of organization. The alternative offered was collective dealing, not through trade-unions but through company unions. The policy of refusing to recognize trade-unions and substituting company unions as the machinery for collective dealing is well illustrated in the shop crafts of the railroads.⁴ Between July and October 1922, in the course of a strike of these crafts, 16 roads, covering nearly one-fourth of the total mileage of the country, formed company unions for their shopmen.⁵

Other prominent cases of overcoming unionization through company unions were those of the meat packers in Chicago and of the Pullman Co. In 1917 the meat packers refused to bargain with the newly formed Stockyard Labor Council, an industrial federation of local craft unions affiliated with the American Federation of Labor. After prolonged strikes and outside arbitration, the companies in August 1921 introduced company unions.⁶ In the case of the Pullman Co., the sleeping-car conductors had built up their organization, which was affiliated with the American Federation of Labor, and succeeded in gaining recognition in 1920. As far as the Pullman porters were concerned, however, the company organized an employee-representation plan in 1920 and, according to testimony given the Federal Coordinator of Transportation, pursued a policy of sharp discrimination against employees belonging to the Brotherhood of Sleeping Car Porters.⁷

⁴ See appendix I, p. 220, for an account of the Pennsylvania Railroad situation. See Decisions of the Railroad Labor Board, vol. IV, decision 1829; also Stenographic Transcript of Hearings before the Railroad Labor Board, Docket 404; Social Science Research Council, *Railway Labor Survey*, New York, 1933; Wolf, Harry D.: *The Railroad Labor Board*, University of Chicago Press, 1927, pp. 295-329; *Experience of the Pennsylvania Railroad System with Employee Representation*, Convention Addresses, National Personnel Association, New York, 1922.

⁵ Social Science Research Council. *Railway Labor Survey*. New York, 1933, p. 41.

⁶ On labor conditions of stockyard workers, see U. S. Commission on Industrial Relations, *Final Report and Testimony*, vol. IV, Washington, 1916, pp. 3459-3531; U. S. President's Mediation Commission's Report, Jan. 1, 1918, Washington, 1918, pp. 15-17. On Judge Alshuler's award, see *Monthly Labor Review*, May 1918, pp. 115-127; also *Armour & Co., Chicago [yearbook], 1922*.

⁷ On labor conditions among Pullman porters, see U. S. Commission on Industrial Relations, *Final Report and Testimony*, vol. 10, Washington, 1916, pp. 9543-9695; also, *Brotherhood of Sleeping Car Porters v. Pullman Co.*, petition to the Federal Coordinator of Transportation.

The Personnel Period, 1923-29

The period from 1923 to 1929 was one of industrial expansion and comparative industrial peace.⁸ It was characterized by a growing and increasingly articulate emphasis on the importance of the human factor in industry. The preceding decade of "scientific management" had attacked the problem of increasing industrial efficiency primarily from the point of view of the mechanical aspects of work. The following decade turned its attention to the role of the human element in industrial efficiency. This role may be analyzed into two distinct aspects: (a) Efficiency resulting from the worker's physical and mental fitness for his task, which aspect led to the growing emphasis on such things as job analysis, mental and physical tests for workers, etc.; (b) efficiency resulting from the worker's attitude toward his job, usually characterized as the worker's morale.

There were essentially three types of negative attitudes which, from the point of view of personnel management, interfered with the worker's willingness to cooperate fully: (1) Discontent over wages and hours; (2) irritation and hostility caused by specific acts, such as dismissals, arbitrary promotions, wage discriminations, unfair checking of piece work, abuse by superiors, etc.; (3) basic dissatisfaction with the existing social set-up, resentment over the division of the profits of industry—a frame of mind usually referred to as "radicalism." While it was admitted that personnel management could do little with respect to basic wages and hours, it was felt that many specific resentments and much irritation could be alleviated. Moreover, basic dissatisfaction with the economic order could, they believed, be overcome by what was often referred to as "education in the true principles of economics."

In addition to these endeavors to free the worker's mind from negative attitudes, a variety of positive policies were designed to make him more secure and comfortable. On the financial side were such schemes as stock purchasing or profit sharing, pension and insurance plans; mutual-benefit plans providing for emergencies in case of illness, accident, and death; credit facilities; savings plans; home-buying plans; company stores; company cafeterias; and company houses. On the social side were employees' clubs, reading rooms, athletic activities, dances, and the like; in short, all the manifold plans and policies comprised under the term "welfare activities."

Employee-representation plans fitted into this personnel and welfare program. Indeed, it was stated that they were "an integral part of any well-rounded personnel program." For adjustment of grievances, shop committees had, since their beginning, been regarded as of paramount usefulness. Educational endeavors could readily be coordi-

⁸ The number of strikes decreased from the all-time high of 4,450 in 1917 to 1,035 in 1926. (Monthly Labor Review, July 1929, p. 132.)

nated with employee associations, and employee committees could well be used in connection with the administration of welfare activities.

Placed in the hands of professionally trained personnel officers, the organization and management of employee-representation plans became an art and a science in itself. Principles and theories were developed on how to introduce them so as to gain the workers' confidence and how to enlist their fullest cooperation and still maintain discipline and control.

Employers' associations.—With the wide adoption of employee-representation plans by individual employers it was only natural that employers' associations should have likewise interested themselves in the movement. Among the national associations most prominent during this period was the National Industrial Conference Board. Its frequent publications⁹ not only gave prominence to the movement but lent encouragement through their implication that works councils were, or might be, useful from a business point of view. The American Management Association likewise expressed its interest in employee representation, notably in the form of addresses and reports at its conventions and conferences. There was not entire agreement among the spokesmen for these various organizations. There could be heard at their conventions the views of the sponsor of the Philadelphia Rapid Transit Co. plan, insisting that final power of decision should rest with the joint committee, and referring to the majority of existing representation plans as "mere scenery or atmosphere."¹⁰ On the other hand there was ever present in these discussions an effort to deprecate the power and influence of the representation plans, assuring the listeners that they were "in no way a substitute for management",¹¹ that "management has not abdicated its right to promulgate any orders or instructions or to impose discipline in its best judgment",¹² that employee representation is not management-sharing, not representative government in industry, not a labor organization for collective bargaining, but "leadership through consultation."¹³

⁹ See footnote 1, ch. II, p. 19.

¹⁰ Discussion on a report of the committee on employee cooperation, annual convention of the American Management Association, 1923, Committee Report Series, 1924, No. 3, p. 6.

¹¹ Address by T. P. Sylvan, vice president of the New York Telephone Co., Annual Convention Series, American Management Association, 1925, No. 23, p. 6.

¹² Address by E. Lee, vice president of the Pennsylvania Railroad, Annual Convention Series, American Management Association, 1923, No. 3, p. 6.

¹³ Employee-representation conference, Philadelphia, December 1927, address by E. F. Hall, vice president of the American Telegraph & Telephone Co.; reprinted in *Personnel*, New York, February 1928, p. 71 ff.

Opposition to and concern about radical labor ideology was most frequently and emphatically voiced at these meetings. Suggestions¹⁴ and recommendations were made for educating the workers in the true principles of economics:

Industrial concerns are recognizing the fact that the only way of avoiding industrial instability and unrest which promises success is by acquainting their men with right principles and economic facts * * *. There is scarcely a workman in America who is not more or less constantly exposed to the vicious misrepresentation or mistaken creed of radical thinkers. * * * Their preachments are those for the most part of devoted fanatics and carry conviction to the minds untrained to think clearly and untaught in social wisdom. There is only one way to offset the goodwill-destroying propaganda of radicalism, and that is by the spread of truth and wisdom in undistortable form.¹⁵

The National Association of Manufacturers was likewise favorable towards employee representation. At its 1921 convention a report of the committee on industrial betterment, health, and safety contained this passage:

The widening movement for the "Open Shop" is stimulated by the extension of plans for industrial representation which are being rapidly introduced, not only in manufacturing establishments, but in other industrial organizations. A firm foothold has been obtained by the industrial representation idea. If plans for its adoption are wisely introduced representation should become the most approved method of dealing with labor.¹⁶

A report at the convention of 1922 disapproved of employers who had abandoned their works councils during the depression, because this might create unfavorable impressions among the workers as regards employers' motives behind the council idea; but it also disapproved of companies placing employee representatives on the board of directors as a "radical, unwise, and unjustified step."¹⁷ Throughout the advocacy of representation plans there was apparent an insistence on limiting them to a merely advisory role.

You will note that we state very definitely that the (advisory) committees have no administrative, executive, or legislative functions. It is our own experience that the man on the job is not particularly concerned about having a voice in the general management of the plant; especially is this true when as a result

¹⁴ One method of acquainting workers with proper economic principles was suggested by a personnel officer of one of the large Chicago meat-packing houses in a paper "Tuning the employee publication into the personnel program." He stressed that the lesson to be taught should be not obvious and tiresome but subtle and entertaining. He referred to a column in his company's paper entitled "Mike the Barber", whose homely wisdom sets right the many-minded views of his customers from the stockyards. "Rats", a stockyard radical, sneers at "them big guys that git fellowslike yuh eatin' outa their hands by meetin' with yuh in them company unions an' makin' yuh think yuh're the whole cheese." Rats' last attempt to save his argument, "we ain't all equal", is disposed of by Mike the Barber: "Course we ain't. People never was. Better have some rich an' some poor with all havin' a lot that they can enjoy than to have 'em all equal an' all miserable. (Laughter and applause.)" Address by A. H. Carver, director of training activities, Swift & Co., convention of 1923, Convention Address Series, No. 7, pp. 8, 10.

¹⁵ Report of the committee on economic principles for employees presented at convention of 1923 by Dr. A. J. Beattie, American Rolling Mill Co., Middletown, Ohio, Committee Report Series, No. 2, p. 6 ff.

¹⁶ National Association of Manufacturers. Proceedings of the Twenty-sixth Annual Convention, 1921, p. 21.

¹⁷ *Idem*, Annual Convention of 1922, p. 9.

of humane, enlightening policies he has acquired a feeling of confidence in and respect for the managing executives.¹⁸

Plans introduced.—An example of an industrial representation plan with merely advisory functions, introduced during this period, is that of the Schenectady plant of the General Electric Co. This was established in 1924 in the wake of prolonged strikes of the metal workers, after which dealings with the trade-union had been abandoned by the company. The plan¹⁹ consisted of a joint council made up of representatives of workers and management, the general manager presiding at the monthly meetings. Individual grievances were not usually brought up at these meetings, but settled between the individuals concerned and the foreman, if necessary with the assistance of a councilman. Nor were wages usually discussed.

In only one instance was a wage question raised in the council. A suggestion was made that considerations be given to methods employed in reducing wages. At the meeting the manager asked that the councilman responsible for the question make known his identity. There was no response and the issue was closed by the statement of the manager that there was no cutting, that, on the contrary, wages had reached a higher level than at any other time.²⁰

Representation plans with similar ends were also introduced in the textile industries, notably in some large New England cotton mills, such as the Amoskeag Manufacturing Company at Manchester, N. H., and the Pacific Mills at Lawrence, Mass. The preamble of the latter stated that the plan was to be advisory; that it was to provide "the employes with a means of expressing to the management their opinions on all matters concerning their working conditions" and "management with a means of consulting with the employes on matters of mutual concern."²¹

The growth of the company-union movement in this period is revealed by data of the National Industrial Conference Board:²² The number of companies with plans grew from 385 in 1922 to 421 in 1924, to 432 in 1926, and then fell to 399 in 1928. This rise and fall was the net result of many plans being abandoned and others being adopted. From 1922 to 1928, 226 plans are reported as abandoned and 246 as newly organized. The number of workers covered by company unions, on the other hand, continued to grow throughout the period, from 690,000 in 1922 to 1,240,704 in 1924, to 1,369,078 in

¹⁸Address on Fundamental Principles of Sound Industrial Relations, by C. R. Hook, American Rolling Mill Co., Middletown, Ohio, Twenty-ninth Annual Convention of the National Association of Manufacturers, 1924, Proceedings, pp. 99-100.

¹⁹Journal of Electrical Workers and Operators, Rochester, N. Y., March and April 1929: "Study of the works council of the General Electric Co.," by Margaret D. Myers.

²⁰Idem, April 1929, p. 218.

²¹The Pacific Mills plan of employe representation. Law and Labor, New York, September 1923, p. 263.

²²National Industrial Conference Board. Collective Bargaining Through Employee Representation. New York, 1933, table 1, p. 16.

1926, and to 1,547,766 in 1928. While there was a net increase of 3.6 percent in companies which adopted employee-representation plans between 1922 and 1928, there was, according to these figures, a net increase of workers of about 124 percent. This continued growth as to number of workers combined with a diminishing growth and finally actual decline in the number of companies, reveals the fact that in the earlier twenties more small- and medium-sized plants adopted representation plans, and that many of these were later abandoned while large plants continued to adopt them. This is further revealed by comparing the sizes of the establishments having plans between 1919 and 1932. Both in absolute number and in percentage the number of plans in companies with less than 800 workers greatly diminished, while those with more than 800 increased. As to number of workers in establishments of various sizes, the percentage of the total in establishments of less than 5,000 workers declined, while those above 5,000 grew. Among the very largest concerns with over 15,000 workers, the percentage representation to the total grew from 48.6 to 63.1.²³

Trade-unionism.—While this increase in membership in employee-representation plans was taking place, trade-union membership was continuing to fall.²⁴ So pronounced was the opposite trend in the figures for the two movements that trade-unionists became most seriously alarmed. Beginning with 1925, the annual conventions of the American Federation of Labor heard reports, addresses, and resolutions on the menace of the company unions. At the convention of 1926, one report stated that there were “over 2 millions of wage earners working under company unions” and that “50 percent of the mileage in the railroad industry in the United States is operating today under these semiserfdom labor conditions.”²⁵ This convention adopted a resolution empowering the executive council to make special assessments to carry out “the study and campaign designed to remove these employer controlled unions * * * out of our industrial life.”²⁶ The convention of 1928 condemned them again as “the offspring of hypocrisy and greed.”²⁷

While condemning company unions in such unequivocal terms, official trade-unionism itself adopted a harmony-emphasizing attitude

²³ National Industrial Conference Board. *Collective Bargaining Through Employee Representation*. New York, 1933, table 2, p. 17. Some of this may be due to a shift in type (size) of firm which happened to report to the National Industrial Conference Board.

²⁴ According to the reports of the executive council at the several conventions, paid-up membership in the American Federation of Labor barely held its own, falling from 2,926,468 in 1923 to 2,803,966 in 1926, and rallying again to 2,933,545 in 1929. For all trade-unions, however, Mr. Wolman estimates that membership fell from 3,622,000 in 1923 to 3,442,000 in 1929. *Op. cit.*, p. 16.

²⁵ American Federation of Labor. *Report of Proceedings of the Forty-sixth Annual Convention, 1926*, p. 290.

²⁶ *Idem*, p. 291.

²⁷ American Federation of Labor. *Report of Proceedings of the Forty-eighth Annual Convention, 1928*, p. 256.

toward industrial relations. Characteristic of this tendency is the report on outstanding achievements at the convention of 1927:

* * * Foremost among these achievements is a change in public opinion toward the trade-union. Many employers and much of the general public are beginning to see that the union is not simply a militant organization with no interest in work itself, but that in addition to its militant functions the union is the agency through which the workers can make their fullest contribution to industry and society. * * *

The establishment of collective bargaining opens the way for sustained cooperative relations between management and workers. * * * These constructive activities are based upon a conception of the interdependence of all interests. * * * Workers cannot help themselves by injuring other legitimate interests in industry.²⁸

Union-management cooperation became the new goal of trade-union policy, the implication being that the spirit of industrial cooperation was welcomed by trade-union leaders. They held, however, that the workers should cooperate through the medium of the trade-unions rather than through company unions. Outstanding examples of union-management cooperation during this period were: The Baltimore and Ohio Railroad, which recognized the railroad brotherhoods and all the shop crafts and maintenance-of-way unions as well; the Chesapeake & Ohio; the Canadian National Railways; and the Chicago, Milwaukee, St. Paul & Pacific schemes. In the clothing industry the Amalgamated Clothing Workers of America established cooperative arrangements with manufacturers and contractors in Milwaukee and Chicago; in the cotton industry the United Textile Workers cooperated with the Naumkeag Steam Cotton Co., (Pequot Mills) in Salem, Mass.

The Depression Period, 1930-32

Manufacturing employment (persons on the pay roll whether working full or part time) dropped 40 percent and pay rolls (total wages paid) decreased 60 percent from 1929 to 1932.²⁹ As a natural accompaniment to the recession in business activity were changes in employer-employee attitudes and activities. The value of and the need for company unions seemed to be attacked from all fronts. An unprecedented unemployment situation caused workers who were fortunate enough to keep their jobs to be less insistent about adjustment of grievances, and to accept wage decreases and hour increases without great complaint. Trade-unions, waning in number³⁰ and vigor, caused employers to think it less necessary to have company unions to compete for the workers' allegiance. To the extent that company

²⁸ American Federation of Labor. Report of Proceedings of the Forty-seventh Annual Convention, 1927, pp. 34-35.

²⁹ U. S. Department of Labor. Bureau of Labor Statistics. Bull. No. 610: Revised index of factory employment and pay rolls, 1919 to 1933. Washington, 1935, p. 22.

³⁰ Mr. Wolman estimates that total membership of American trade-unions fell from 3,442,600 in 1929 to 3,144,300 in 1932. *Op. cit.*, p. 16.

unions had been used to administer welfare activities, they became superfluous as these activities were abandoned in the process of adapting economies to the business recession.³¹ Related to these causes for decreased interest in company unions was the fact that some plants with company unions closed down altogether or kept open with such drastic reductions in working force as to cause disintegration of their employee organizations.

A report of the National Industrial Conference Board³² shows that the number of firms maintaining company unions decreased from 399 in 1928 to 313 in 1932, a net decline of more than 20 percent. As to workers, the decline given is from 1,547,766 to 1,263,194, or about 18 percent.³³ Of the 592 establishments which reported to the Bureau of Labor Statistics as having company unions in 1935, only 29 were stated to have been organized between 1930 and 1932.³⁴ Most of these, however, were in small plants—25 of the 29 having less than 500 workers, with 18 less than 200 workers.

Despite the decrease during the depression, there were forces which made for the continuation and even the establishment of company unions. The net decline in company unions was not comparable to the recession in business activity and employment. Some company unions had become so much a part of the warp and woof of the industrial organism that they could not be discarded. Some were retained to share the responsibility and absorb the shock of wage cuts and layoffs. Some were in establishments such as public utilities, which suffered comparatively little from the depression and where there was therefore no need to alter labor-relations arrangements. Some were in industries or plants, for example, textiles, where there was enough labor unrest and trade-union activity to encourage the continuance and even the establishment of company unions.

Many company unions were, however, abandoned and relatively few new ones established during the depression. Company unionism, along with personnel management and welfare programs, was on the retreat with every indication of further curtailment.

The National Industrial Recovery Act

With the National Industrial Recovery Act on June 16, 1933, came a complete change in the picture.³⁵ Immediately upon the passage of this act, there was a marked growth in trade-union activity and organization. International unions increased their rolls by adding

³¹ A study by the National Industrial Conference Board (*Effect of the Depression on Industrial Relations Programs*, New York, 1934) reveals noticeable decreases in benefit activities in industrial plants during the depression. This was particularly marked with respect to employee stock purchase plans, profit sharing, vacations with pay, suggestion systems, home purchase plans, and plant restaurants.

³² National Industrial Conference Board. *Collective Bargaining Through Employee Representation*. New York, 1933, table 1, p. 16.

³³ It is possible that some of the reporting companies counted among the members employees who had been laid off for the time being but not actually discharged.

³⁴ See pt. II, p. 51.

³⁵ See appendix I, pp. 225, for sections of this act relating to labor relations.

new members to their old locals as well as by the formation of new locals. In addition, many new federal labor unions, directly affiliated with the American Federation of Labor, were organized in industries and trades not included within the jurisdiction of the existing international unions. Many of these were in hitherto unorganized mass-production industries such as automobiles, rubber, cement, and aluminum. The total paid-up membership in the A. F. of L. increased 43 percent—from 2,126,796 in 1933 to 3,045,347 in 1935.³⁶

Concurrent with this growth in trade-unionism was an even greater increase in company unions. Of all the company unions in existence in 1935, nearly two-thirds were established during the N. R. A.³⁷ In a number of plants both company unions and trade-unions were established, with overlapping of membership and jurisdiction.

A cross-section picture of the extent of trade-unions and company unions during the latter months of the N. R. A. and a detailed analysis of the characteristics of company unionism are given in the following pages.

³⁶ American Federation of Labor. Report of Proceedings of the Fifty-fifth Annual Convention, 1935, p. 29.

³⁷ See pp. 50-51; National Industrial Conference Board: Individual and Collective Bargaining Under N. I. R. A., New York, 1933, table 6, p. 24.

PART II
Extent and Characteristics of Company Unions

Extent and Characteristics of Company Unions

The following analysis is based upon returns from the questionnaire sent in April 1935 to approximately 43,000 establishments reporting monthly employment data to the Bureau of Labor Statistics. A total of 14,725 usable replies were received. (See appendix IV for details on scope and method of this mail inquiry as well as a copy of the questionnaire.) These replies present a quantitative picture of the extent of various methods of employer-employee dealing.

A total of 592 establishments in which company unions existed replied to this mail inquiry. The data furnished on these present a picture of certain major characteristics of company unions. On matters which can be readily tabulated with a minimum of interpretation they furnish a broad sample which lends itself to generalization. This quantitative material thus supplements and extends the results of the field study presented in part III.¹

¹ In one respect the quantitative figures correct the conclusions of the field study. The latter did not include any of the federated type of company union, such as the Loyal Legion of Loggers and Lumbermen. Inclusion of such cases in the sample for the quantitative study increases the number of company unions in that group that have an optional-membership basis of participation, dues provisions, regular membership meetings, written agreements, and intercompany contacts. Particularly does it increase the number of company unions dating from before 1933 which possess these characteristics.

Chapter III

Types of Employer-Employee Dealing¹

In April 1935, 76.5 percent of the establishments which reported to the Bureau of Labor Statistics dealt with their employees on an individual basis only; 19.5 percent dealt with some or all of their employees through trade-unions but had no company unions; 0.6 percent dealt through both trade-unions and company unions; and 3.4 percent through a company union alone. These percentages are based on an analysis of 14,725 replies to a mail questionnaire. Of the establishments which reported, 11,267 dealt with their employees on an individual basis only; 2,866 dealt with some or all of their employees through trade-unions but had no company unions; 96 dealt through both trade-unions and company unions; and 496 through a company union alone.

Methods of employer-employee dealing vary, among other things, with the size of the establishment. Of the plants covered, 85 percent of those which employed fewer than 50 workers dealt on an individual basis; only 8 percent of the plants with more than 5,000 workers dealt on that basis. Less than 1 percent of the smaller establishments covered had company unions, whereas 48 percent of those with more than 5,000 workers had such organizations, and an additional 28 percent dealt through both company unions and trade-unions. Trade-union dealing was relatively most common among plants of intermediate size, reaching its maximum proportion in the group of establishments having from 1,000 to 2,500 workers.

Since the method of handling employer-employee relations varies with the size of the establishment, it follows that the percentages of employees covered by the various types of dealing differed from the percentages of establishments. Establishments dealing individually

¹ This chapter deals with manufacturing, mining, and selected service, trade, and public utility industries. Telephone, telegraph, and railroad industries are analyzed in chapter IV.

Preliminary analyses of these data appeared in the Monthly Labor Review in October 1935 and December 1935. Since the publication of the first article, certain minor corrections have been made in the figures. Further examination has in a number of cases permitted filling in gaps in the data. In one case further correspondence showed that a plant dealing through a trade-union only had been incorrectly classified in the first report as dealing through both a company union and a trade-union.

It should be remembered that this study presents the picture as of April 1935. It fails to show the present situation in many industries, such as steel and automobiles, in which trade-union organization drives have resulted in markedly increased trade-union dealing and decreased company-union dealing.

accounted for 822,674, or 42.5 percent, of the total of 1,935,673 workers employed in the 14,725 establishments covered; those dealing partly or wholly through trade-unions employed 584,466, or 30.2 percent, of the workers; establishments with both company unions and trade-unions included 142,579, or 7.4 percent, of all the workers employed in the plants surveyed, while the 496 establishments which dealt through company unions had 385,954 workers, or 19.9 percent,² of the total.

Ninety percent of the 2,866 establishments dealing through a trade-union, having a similar proportion of employees, specified in their replies the number of their workers who were covered by trade-union dealings. The replies indicated that in these establishments an average of 86.6 percent of the workers were covered by trade-union dealings. Assuming that this proportion held for all establishments dealing through trade-unions alone, of the 584,466 workers in such establishments 505,211 would have been covered by trade-union dealings, the remaining 79,255 dealing with the employer on an individual basis.

These figures are not to be taken as totals of the number of workers who were members of trade-unions or company unions in the industries covered. They relate to the number of workers affected by various types of dealing rather than to the number of members in various types of organizations. Furthermore, the figures are derived from replies which cover on the average approximately 22 percent of the workers in these industries. Therefore the proportions are more significant than the absolute figures. Finally, it should be noted that the proportions are more accurate with reference to particular industries, or with reference to plants classified on the basis of size, than they are for the over-all total for the country. This is due to the fact that not all industries or sizes of establishment are equally covered.

² There was one unfortunate gap in the otherwise random sample. Comparable data were not available for the subsidiary companies of one of the largest units in the steel industry. Company unions existed in all or practically all of these subsidiary companies and they provided for automatic participation. (Hearings before Committee on Education and Labor, United States Senate (73d Cong., 2d sess.), Apr. 5, 1934. To create a National Labor Board. Washington, 1934, vol. 3, p. 724.) Therefore the number of company unions here given is somewhat smaller than it should be and the number of employees covered by company unions is substantially smaller. If comparable data had been available for these concerns, it might have raised the total number of workers covered by reports to approximately 1,988,000, of whom perhaps 439,000, or 22.1 percent, might have been in company unions. There is no accurate method of correction for this omission as the Bureau did not receive replies from all firms on the mailing list and the arbitrary inclusion of the employees of these companies would create an opposite bias from that existing in the tabulations. At all events, the change in the grand totals cited would have been small.

This inconclusiveness of the Bureau's figures, which are based solely on reports received, becomes somewhat more serious in the durable-goods industries, the iron and steel group as a whole, and especially blast furnaces and rolling mills. There may also be some understatement of the proportion of employees covered by company unions in shipbuilding and cement establishments.

Variations in Methods of Dealing, by Industry

Manufacturing establishments constituted about two-thirds of those submitting data (table 1). Seventy-four percent dealt only individually with their employees. Plants dealing through a trade-union constituted 21.0 percent of the total. Company unions alone or company unions and trade-unions jointly were reported for 5.2 percent of the manufacturing establishments. Among the nonmanufacturing groups, the highest proportions of establishments dealing with their employees on an individual basis were reported from wholesale trade (95.9 percent), retail trade (93 percent), and the service group of industries (88.8 percent). Of those three groups, retail trade was the only one with as many as 1 percent of the establishments dealing through company unions alone or company unions and trade-unions jointly.

Public utilities and mining showed a lower proportion of establishments dealing individually than did manufacturing, 64.6 percent and 46.6 percent, respectively. Only in mining, among the major classifications of enterprises, did the number of establishments dealing through a trade-union exceed the number dealing individually. Among mines reporting, only 1.2 percent dealt through some form of company union. More than three times as many public-utility establishments dealt through trade-unions alone as dealt through company unions alone.

Within the manufacturing group as a whole there were significant variations. Eighty-one percent of the establishments engaged in the manufacture of durable goods dealt individually, as compared with 68.2 percent among the nondurable-goods groups. Approximately one-eighth of the durable-goods establishments dealt with a trade-union but not a company union; the comparable figure for nondurable goods was over twice as large. While the proportion of the durable-goods establishments dealing through a company union alone was 5.8 percent, only 3.4 percent of the nondurable-goods establishments fell in this category. Somewhat less than 1 percent of the establishments in each group dealt through both a trade-union and a company union.

TABLE 1.—Distribution of establishments by method of dealing and industry groups, April 1935

Industry group	Total establishments	Establishments dealing—			
		Individually	With some or all workers through trade-union	Through company union	Through company union and trade-union
All industries covered ¹	14, 725	11, 267	2, 866	496	96
All manufacturing industries ¹	9, 854	7, 268	2, 069	445	72
Durable goods ¹	4, 279	3, 467	532	247	33
Iron and steel ²	721	556	94	62	9
Machinery.....	1, 493	1, 251	136	95	11
Transportation equipment ¹	194	149	20	19	3
Nonferrous metals.....	440	379	40	22	2
Lumber and allied products.....	412	795	95	30	2
Stone, clay, and glass products ²	519	347	147	19	6
Nondurable goods.....	5, 480	3, 745	1, 522	188	35
Textiles ³	1, 605	1, 017	535	44	9
Fabrics (except hats).....	889	710	142	31	6
Wearing apparel (except millinery).....	665	283	366	13	3
Leather.....	208	131	61	16	.....
Food ⁶	1, 523	1, 159	332	22	10
Cigars.....	96	62	34	.....	.....
Paper and printing.....	1, 388	824	513	45	1
Chemicals.....	578	490	23	54	11
Rubber products (except boots and shoes).....	70	51	8	7	4
Miscellaneous nondurable goods.....	22	11	11	.....	.....
Miscellaneous manufactures.....	85	56	15	10	4
Service.....	899	798	95	5	1
Public utilities ⁷	285	184	72	20	9
Mining.....	967	450	505	10	2
Retail trade ⁸	1, 398	1, 300	76	10	12
Wholesale trade ⁹	1, 322	¹⁰ 1, 267	¹⁰ 49	6	.....

Percentage

Industry group	100.0	76.5	19.5	3.4	0.6
All industries covered ¹	100.0	76.5	19.5	3.4	0.6
All manufacturing industries ¹	100.0	73.8	21.0	4.5	.7
Durable goods ¹	100.0	81.0	12.4	5.8	.8
Iron and steel ²	100.0	377.1	³ 13.1	8.6	1.2
Machinery.....	100.0	433.8	43.1	6.4	.7
Transportation equipment ¹	100.0	76.8	10.3	11.3	1.6
Nonferrous metals.....	100.0	86.1	9.1	4.3	.5
Lumber and allied products.....	100.0	86.1	10.4	3.3	.2
Stone, clay, and glass products ²	100.0	66.9	28.3	3.7	1.1
Nondurable goods.....	100.0	68.2	27.7	3.4	.7
Textiles ³	100.0	63.3	33.3	2.8	.6
Fabrics (except hats).....	100.0	79.9	16.0	3.4	.7
Wearing apparel (except millinery).....	100.0	42.5	55.0	2.0	.5
Leather.....	100.0	63.0	29.3	7.7	.....
Food ⁶	100.0	76.1	21.8	1.4	.7
Cigars.....	100.0	64.6	35.4	.....	.....
Paper and printing.....	100.0	59.3	37.4	3.2	.1
Chemicals.....	100.0	84.8	4.0	9.3	1.9
Rubber products (except boots and shoes).....	100.0	72.9	11.4	10.0	5.7
Miscellaneous nondurable goods.....	100.0	50.0	50.0	.....	.....
Miscellaneous manufactures.....	100.0	65.9	17.6	11.8	4.7
Service.....	100.0	88.8	10.6	.5	.1
Public utilities ⁷	100.0	64.6	25.3	7.0	3.1
Mining.....	100.0	46.6	52.2	1.0	.2
Retail trade ⁸	100.0	93.0	5.4	.7	.9
Wholesale trade ⁹	100.0	¹⁰ 95.9	¹⁰ 3.7	.4	.....

¹ See text footnotes 2 and 3 (pp. 33, 36).

² See text footnote 2 (p. 33).

³ See table 3, footnote 3.

⁴ See table 3, footnotes 4 and 5.

⁵ Including miscellaneous textile products.

⁶ See table 3, footnote 9.

⁷ Excluding telephone and telegraph and railroads. See ch. IV.

⁸ Covers only retail grocery, meat, and produce stores, the general merchandise group, and women's ready-to-wear stores.

⁹ Covers only automotive, chemicals and drugs, dry goods and apparel, electrical equipment, farm products, farm supplies, and food products.

¹⁰ See table 3, footnote 13.

The general pattern of dealing with employees which is indicated by the figures for all manufactures was found in all but a few of the individual manufacturing groups (table 1). Only in wearing apparel did the number of establishments reported as dealing through a trade-union exceed the number dealing individually. In two other groups—chemicals and transportation equipment³—the number of firms dealing through a trade-union was smaller than the number dealing through a company union alone. No company unions were reported for the cigar firms furnishing data.

Among the manufacturing industries, the largest proportion of establishments dealing on an individual basis was found in the non-ferrous metals and the lumber groups, with the chemicals group close behind. Apart from wearing apparel, in which the firms dealing with trade-unions constituted a majority, the largest proportions of trade-union dealing were found in paper and printing, cigar making, leather, and stone, clay, and glass products. The smallest proportions dealing with trade-unions were reported for chemicals, nonferrous metals, and machinery. In terms of the proportion of establishments reported as having company unions, transportation equipment,³ rubber products, and chemicals headed the list. Apart from cigar firms, the smallest proportion of company unions among the manufacturing groups surveyed was found in food and wearing apparel. Combination company-union and trade-union arrangements were most frequent in the rubber-products group; they did not appear at all in the returns for leather products, cigars, and wholesale-trade groups.

Employees Affected by Various Methods of Dealing

The relative significance of the different methods of dealing with employees is altered considerably when attention is directed to the number of workers in the establishments concerned (table 2). Thus establishments with trade-unions alone employed 30.2 percent of the total number of workers, those with company unions alone 19.9 percent, and those with both company unions and trade-unions 7.4 percent. The extent to which establishments which dealt individually were below the average in size is indicated by the fact that, although 76.5 percent of the establishments dealt individually, these establishments accounted for only 42.5 percent of the total workers covered by the survey.

³ The figures for the transportation-equipment group do not include replies from 4 automobile plants, with 34,306 workers, which had an agency set up by the Automobile Labor Board and no other organization for collective dealing. Since this arrangement conformed to none of the classifications used here, these establishments are not included in arriving at the distribution by methods of dealing. If these 4 plants were included as a separate group, the resulting percentages for the establishments would be 72.3 percent individually; 10.8 percent through trade-unions, 12.3 percent through company unions, 1.5 percent through company union and trade-union; and 3.1 percent through Automobile Labor Board collective bargaining agency with neither trade-union nor company union. The corresponding percentages for workers would be 10.1, 13.8, 26.6, 16.8, and 32.7.

TABLE 2.—Distribution of workers by method of dealing and industry groups, April 1935

Industry group	Total workers covered by replies	Workers in establishments dealing—					Through company union	Through company union and trade-union
		Individually	With some or all workers through trade-unions					
			Total	Estimated number covered by trade-union ^a	Estimated number not covered by trade-union ^a			
All industries covered ¹	1,935,673	822,674	584,466	505,211	79,255	385,954	142,579	
All manufacturing industries ¹	1,428,613	607,446	344,440	278,700	65,740	355,580	121,147	
Durable goods ¹	649,536	258,233	109,293	79,372	29,921	221,204	60,806	
Iron and steel ²	108,555	³ 31,639	³ 14,742	11,490	3,252	53,539	8,635	
Machinery.....	266,291	⁴ 105,630	⁴ 28,682	18,589	10,093	105,582	26,397	
Transportation equipment ¹	93,082	19,243	18,532	15,738	2,794	36,920	18,387	
Nonferrous metals.....	56,582	32,922	8,390	6,689	1,701	12,993	2,277	
Lumber and allied products.....	77,428	58,003	8,740	6,806	1,934	9,335	1,350	
Stone, clay, and glass products ²	47,598	10,796	30,207	20,170	10,037	2,835	3,760	
Nondurable goods.....	755,744	344,013	232,909	197,369	35,540	120,602	58,220	
Textiles ⁵	329,818	200,296	101,668	92,757	8,911	20,706	7,148	
Fabrics (except hats).....	250,434	170,502	56,991	49,240	7,751	16,713	6,228	
Wearing apparel (except millinery).....	74,452	27,893	41,646	40,646	1,000	3,993	920	
Leather.....	51,809	19,112	23,548	18,569	4,979	9,149	-----	
Food ⁶	86,586	39,200	30,910	24,762	6,148	6,918	9,558	
Cigars.....	10,564	7,818	2,746	2,643	103	-----	-----	
Paper and printing.....	111,748	42,261	50,200	37,292	12,728	18,867	600	
Chemicals.....	105,626	26,853	14,716	13,667	1,049	58,005	6,052	
Rubber products (except boots and shoes).....	53,109	6,611	4,679	3,832	847	6,957	34,862	
Miscellaneous nondurable goods.....	6,484	1,862	4,622	4,622	-----	-----	-----	
Miscellaneous manufactures.....	28,333	5,200	2,288	1,795	443	13,774	2,121	
Service.....	50,536	43,554	5,855	3,231	2,624	1,152	45	
Public utilities ⁷	111,236	30,531	56,234	53,010	3,224	16,960	7,511	
Mining.....	185,035	18,369	151,341	160,231	1,110	4,375	950	
Retail trade ⁸	133,131	37,193	15,232	1,191	14,041	7,780	12,926	
Wholesale trade ⁹	27,072	¹⁰ 25,601	¹⁰ 1,364	956	408	107	-----	

Percentage

Industry group	100.0	42.5	30.2	26.1	4.1	19.9	7.4
All industries covered ¹	100.0	42.5	30.2	26.1	4.1	19.9	7.4
All manufacturing industries ¹	100.0	42.5	24.1	19.5	4.6	24.9	8.5
Durable goods ¹	100.0	39.8	16.8	12.2	4.6	34.0	9.4
Iron and steel ²	100.0	³ 29.1	³ 13.6	10.6	3.0	49.3	8.0
Machinery.....	100.0	⁴ 39.6	⁴ 10.8	7.0	3.8	39.6	10.0
Transportation equipment ¹	100.0	20.7	19.9	16.9	3.0	39.7	19.7
Nonferrous metals.....	100.0	58.2	14.8	11.8	3.0	23.0	4.0
Lumber and allied products.....	100.0	74.9	11.3	8.8	2.5	12.1	1.7
Stone, clay, and glass products ²	100.0	22.7	63.5	42.4	21.1	5.9	7.9
Nondurable goods.....	100.0	45.5	30.8	26.1	4.7	16.0	7.7
Textiles ⁵	100.0	60.7	30.8	28.1	2.7	6.3	2.2
Fabrics (except hats).....	100.0	68.1	22.7	19.6	3.1	6.7	2.5
Wearing apparel (except millinery).....	100.0	37.5	55.9	54.6	1.3	5.4	1.2
Leather.....	100.0	36.9	45.4	35.8	9.6	17.7	-----
Food ⁶	100.0	45.3	35.7	28.6	7.1	8.0	11.0
Cigars.....	100.0	74.0	26.0	25.0	1.0	-----	-----
Paper and printing.....	100.0	37.8	44.8	33.4	11.4	16.8	5.6
Chemicals.....	100.0	25.4	14.0	13.0	1.0	54.9	6.7
Rubber products (except boots and shoes).....	100.0	12.5	8.8	7.2	1.6	13.1	65.6
Miscellaneous nondurable goods.....	100.0	28.7	71.3	71.3	-----	-----	-----
Miscellaneous manufactures.....	100.0	22.3	9.6	7.7	1.9	59.0	9.1

See footnotes at end of table.

TABLE 2.—*Distribution of workers by method of dealing and industry groups, April 1935—Continued*

Percentage

Industry group	Total workers covered by replies	Workers in establishments dealing—					
		Individually	With some or all workers through trade-unions			Through company union	Through company union and trade-union
			Total	Estimated number covered by trade-union	Estimated number not covered by trade-union		
Service.....	100.0	86.0	11.6	6.4	5.2	2.3	0.1
Public utilities ⁷	100.0	27.4	50.6	47.7	2.9	15.2	6.8
Mining.....	100.0	9.9	87.2	86.6	.6	2.4	.5
Retail trade ⁸	100.0	73.0	11.4	.9	10.5	5.8	9.8
Wholesale trade ⁹	100.0	¹⁰ 94.6	¹⁰ 5.0	3.5	1.5	.4	-----

^a Based on replies from 90 percent of the establishments dealing through a trade-union. For details, see p. 39. The estimates for the totals and the grand total were arrived at independently on the basis of the appropriate percentages; they are therefore not exactly equal to the sums of the subsidiary items.

¹ See text footnotes 1 and 2 (pp. 32, 33).

² See text footnote 2 (p. 33).

³ See table 3, footnote 3.

⁴ See table 3, footnotes 4 and 5.

⁵ Including miscellaneous textile products.

⁶ See table 3, footnote 9.

⁷ Excluding telephone and telegraph and railroads. See ch. IV.

⁸ Covers only retail grocery, meat, and produce stores, the general merchandise group, and women's ready-to-wear stores.

⁹ Covers only automotive, chemicals and drugs, dry goods and apparel, electrical equipment, farm products, farm supplies, and food products.

¹⁰ See table 3, footnote 13.

The largest percentages of workers dealt with on an individual basis were found in wholesale trade (94.6 percent), service industries (86.0 percent), and retail trade (73.0 percent). The smallest proportion was in mining (9.9 percent); public utilities were next in rank, although the firms reporting in this group had over two and a half times as large a percentage of workers in individual-dealing establishments as mining. The average for the manufacturing industries, with 42.5 percent of the employees in such establishments, fell between these two extreme groupings. The percentage of employees in manufacturing establishments dealing with employees individually was exactly the same as that in the entire sample.

In terms of the percentage of workers in establishments dealing with some or all workers through trade-unions alone, the mining industry with 87.2 percent ranked highest. Wholesale trade, with 5.0 percent covered by this type of dealing, was lowest. In manufacturing, 24.1 percent of the workers were in establishments with trade-union dealings.

The percentage of workers in establishments with company unions alone or with company-union and trade-union dealings jointly was largest in manufacturing as a whole, where 24.9 percent of the employees were in establishments of the first type and 8.5 percent in

establishments with both types of dealing. Public utilities was the next highest group, with 15.2 percent of the employees in establishments which dealt through company unions. Public-utility establishments with both company unions and trade-unions employed 6.8 percent of the workers covered. Establishments with trade-union dealings alone had about two and a half times as many employees as those with the two types of dealing combined.

Retail trade was the only other major field in which company-union dealings covered a significant proportion of the employees; 5.8 percent of the employees in the firms reporting were in establishments with company unions alone, and 9.7 percent were in establishments with both company-union and trade-union dealings.

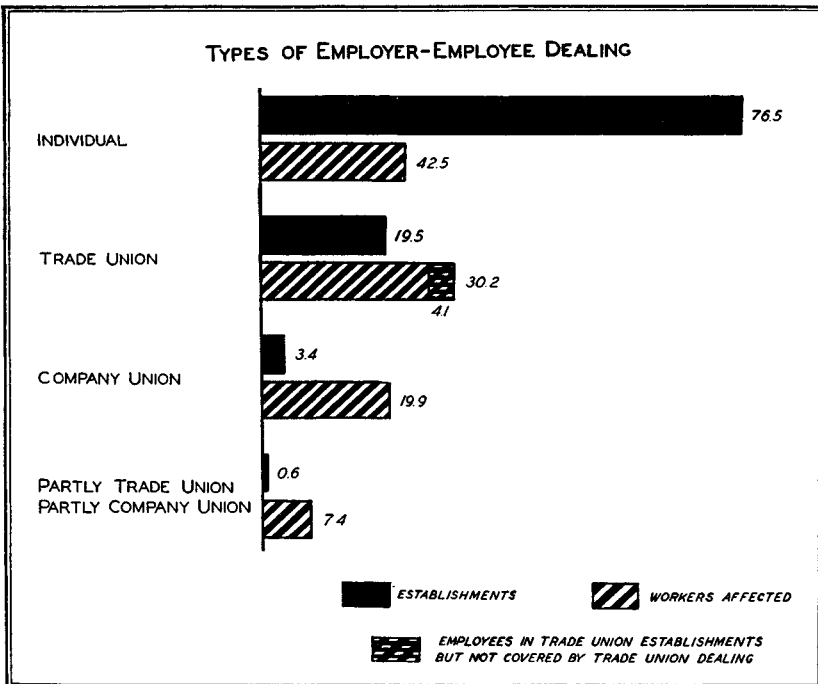
In the manufacture of durable goods, the relative number of workers in establishments dealing through a company union alone was more than twice as large as in those dealing through a trade-union. The proportion of workers in plants dealing only through company unions was almost as large as that in establishments dealing on an individual basis. In nondurable goods, the proportion of workers in establishments dealing on an individual basis was 45.5 percent, as compared to 30.8 percent in establishments dealing with trade-unions alone, 16.0 percent in establishments with company unions only, and 7.7 percent in plants with both company unions and trade-unions. Thus in nondurable goods, establishments dealing with trade-unions alone employed nearly twice as many workers relatively as those with company unions only, and about one-third more workers than did all establishments reporting company unions.

Comparison of Workers Covered by Trade-Union and Company-Union Dealing

Of the 2,866 establishments dealing through trade-unions but without company unions, 2,579, or 90 percent, having a similar percentage of employees, indicated in their replies the proportion of their workers who were specifically covered by trade-union dealings. In 10 percent of the cases no information is available regarding the proportion of workers covered by trade-union dealings. Table 3 (p. 42) shows the estimated total trade-union coverage in those specific industries in which data covered 75 to 100 percent of the workers in the establishments reporting trade-union dealing. In some industries definite replies on union coverage were too few to permit any subdivision; in others, a tentative subdivision on the basis of returns which are only partially satisfactory is carried in footnotes to table 3. These data are included, however, in arriving at the estimates of the trade-union coverage in the various industry groups shown in table 2. For reasons indicated earlier, no attempt has been made to estimate the number of workers covered by trade-union dealings in establishments

having both trade-unions and company unions. The term "trade-union coverage" is therefore used here as applying only to the coverage in those establishments which deal with trade-unions but not with company unions.

For all industries, the data indicate that, on the average, 86.6 percent of the workers in establishments which dealt through a trade-union were covered by trade-union dealings. Thus, while 584,466 workers, or 30.2 percent of the total covered in this survey, were in establishments which dealt with some or all of their workers through trade-unions, 505,211, or 26.1 percent, were actually in departments or occupations covered by trade-union dealing. The remaining 79,255 workers were reported as dealing with their employers on an individual basis. Excluding those establishments in which both a company union and a trade-union existed, trade-union dealing alone involved almost one-third more workers than company-union dealing alone in the firms reporting



In manufacturing industries, one-quarter of the workers were in establishments with company unions only, and one-fifth of the workers were specifically covered by union arrangements in firms without company unions. In addition 8.5 percent of the workers were in establishments with both company-union and trade-union dealing. The situation in durable goods, however, was quite different from that in nondurable goods. In the former, trade-unions functioning in estab-

lishments where no company unions existed covered 12.2 percent of all the workers. In contrast, 34 percent of the workers in the durable-goods industries were in establishments with a company union only and another 9.4 percent in establishments with both types of dealing. In nondurable goods, trade-union dealing specifically covered 26.1 percent of the workers, while company-union dealing was carried on in establishments with 23.7 percent of the workers. Of these, one-third were in establishments which dealt with trade-unions as well as company unions.

In the durable-goods industries only the stone, clay, and glass products group showed a larger figure for specific trade-union coverage than for company-union coverage. This condition holds even if there be added to the company-union coverage employees in those establishments also dealing with trade-unions. In the nondurable-goods group, on the other hand, trade-union coverage was more extensive than the coverage of company unions (both with and without trade-union dealings) for every group except chemicals and rubber products.

Separation of the textile group into fabrics and wearing-apparel subgroups reveals the lack of uniformity in industrial-relations practices in the textile group. The main difference between the two subgroups lies in the preponderance of individual dealing in the fabrics group and preponderance of trade-union dealing alone in the wearing-apparel industry. In neither subgroup were 10 percent of the employees in establishments with any form of company-union dealing.

With 54.6 percent of all workers covered by trade-union dealing, the wearing-apparel group showed the highest figure for trade-union coverage among the manufacturing industries. Among these industries, the lowest figures for trade-union coverage were found in machinery, rubber products, and lumber and allied products.

The largest proportion of workers in establishments with company unions alone was (disregarding the miscellaneous manufacturing group) in chemicals, with 54.9 percent. In addition to this were 5.7 percent in establishments with company unions and trade-unions. Next in rank came iron and steel, with nearly 50 percent of the workers in establishments dealing only through company unions and with 8 percent more in establishments with company unions but also with some trade-union dealings. Then followed transportation equipment⁴ and machinery.

In rubber products, nearly two-thirds of the workers were in establishments with both a company union and a trade-union and about 13 percent were in establishments with company unions alone. Nearly one-fourth of all the workers in establishments with dual bargaining agencies were in the rubber-products group. Other industries in which such situations involved 10 percent or more of the workers were transportation equipment, food, and machinery.

⁴See footnote 3 (p. 36).

TABLE 3.—Method of dealing with employees, by industry, April 1935

Industry	Total establishments covered by replies	Number of establishments dealing—				Total workers covered by replies	Percentage of workers in establishments dealing—					
		Individually	With some or all workers through trade-union	Through company union	Through company union and trade-union		Individually	With some or all workers through trade-union			Through company union	Through company union and trade-union
								Total	Estimated percent covered by union	Estimated percent not covered by union		
All industries covered.....	14, 725	11, 267	2, 866	496	96	1,935,673	42.5	30.2	26.1	4.1	19.9	7.4
All manufacturing industries.....	9, 854	7, 268	2, 069	445	72	1,428,613	42.5	24.1	19.5	4.6	24.9	8.5
Durable goods.....	4, 279	3, 467	532	247	33	649, 536	39.8	16.8	12.2	4.6	34.0	9.4
Iron and steel and their products, not including machinery.....	721	556	94	62	9	108, 555	29.1	13.6	10.6	3.0	49.3	8.0
Blast furnaces, steel works, and rolling mills.....	51	21	7	21	2	51, 492	6.0	10.9	10.1	.8	74.0	9.1
Bolts, nuts, washers, and rivets.....	25	23		2		2, 949	75.1				24.9	
Cast-iron pipe.....	11	8		2		2, 011	56.9				35.9	7.2
Cutlery (not including silver and plated cutlery) and edge tools.....	98	89	7	2		5, 353	79.2	6.7	6.3	.4	14.1	
Forgings, iron and steel.....	49	40	2	5	2	5, 050	26.6	4.4	3.7	.7	62.6	6.4
Hardware.....	35	31	2	2		6, 146	46.9	.7	(2)	(2)	52.4	
Steam- and hot-water heating apparatus and steam fittings.....	35	27	6	2		4, 652	56.1	14.5	9.1	5.4	29.4	
Stoves.....	99	48	40	8	3	10, 755	19.7	53.3	36.4	16.9	20.7	6.3
Structural and ornamental metalwork.....	122	112	15	5		4, 274	37.0	13.4	9.0	4.4	16.6	
Tools (not including edge tools, machine tools, files, and saws).....	68	58	3	6	1	6, 447	36.5	5.5	5.1	.4	14.9	43.1
Wirework.....	67	59	4	4		4, 744	70.3	6.6	2.8	.8	23.1	
Miscellaneous.....	51	40	8	3		4, 682	70.5	18.8	13.1	5.7	10.7	
Machinery, not including transportation equipment.....	1, 493	1, 251	136	95	11	266, 291	39.6	10.8	7.0	3.8	39.6	10.0
Agricultural implements.....	40	33		7		18, 819	29.0				71.0	
Cash registers, adding machines, and calculating machines.....	15	11	1	2	1	14, 017	54.3	.4	.4		36.7	8.6
Electrical machinery, apparatus, and supplies.....	200	150	20	28	2	78, 505	25.2	11.8	8.0	3.8	48.8	14.2
Engines, turbines, tractors, and water wheels.....	61	49	2	8	2	31, 791	33.4	1.6	1.6		50.5	14.5
Foundry and machine-shop products.....	962	815	96	47	4	84, 578	54.4	6.8	3.4	3.4	37.8	1.0
Machine tools.....	86	82	2	2		7, 052	95.0	1.5	1.5		3.5	
Radios and phonographs.....	19	14	3		2	18, 944	95.0	7.9	46.7			45.4
Textile machinery and parts.....	107	96	11			7, 447	91.1	8.9	3.0	5.9		
Typewriters and parts.....	3	1	1	1		5, 138	22.1	68.7	2.3	66.4	9.2	

Transportation equipment ⁶	194	149	20	22	3	93,082	20.7	19.9	16.9	5.0	39.7	19.7
Aircraft.....	20	15	1	3	1	7,517	54.9	1.5	.7	.8	33.4	10.2
Automobiles ⁷	126	94	14	16	2	70,437	15.0	20.5	16.7	5.8	39.5	25.0
Locomotives.....	7	6		1		3,801	52.6				47.4	
Shipbuilding ¹	41	34	5	2		11,327	22.4	35.4	35.0	.4	42.2	
Nonferrous metals and their products.....	440	379	40	19	2	56,582	58.2	14.8	11.8	5.0	23.0	4.0
Brass, bronze, and copper products.....	147	128	10	9		21,823	71.9	9.6	7.4	2.2	18.5	
Clocks and watches and time-recording devices.....	12	8		3	1	9,065	6.5				68.7	24.8
Jewelry.....	112	102	9	1		6,323	76.4	16.1	11.1	5.0	7.5	
Silverware and plated ware.....	29	27	2			3,699	95.8	4.2	3.5	.7		
Smelting and refining—copper, lead, and zinc.....	13	8	4	1		4,461	19.0	58.0	68.0		23.0	
Stamped and enameled ware.....	75	61	9	4	1	8,210	66.1	21.7	14.4	7.5	11.9	.3
Miscellaneous.....	52	45	6	1		3,001	66.6	25.1	17.2	7.9	8.3	
Lumber and allied products.....	912	785	95	30	2	77,428	74.9	11.3	8.8	2.5	12.1	1.7
Furniture.....	287	235	40	11	1	27,147	76.7	11.3	8.5	2.8	9.4	2.6
Lumber:												
Millwork.....	308	263	41	4		12,789	70.0	25.9	17.5	8.4	4.1	
Sawmills.....	317	287	14	15	1	37,492	75.3	6.3	(^{8a})	(^{8a})	16.7	1.7
Stone, clay, and glass products ¹	519	347	147	19	6	47,598	22.7	63.5	42.4	21.1	5.9	7.9
Brick, tile, and terra cotta.....	215	197	11	7		6,008	73.7	16.5	16.1	.4	9.8	
Cement ¹	26	16	3	7		3,707	50.3	13.8	13.7	.1	35.9	
Glass.....	68	17	45		6	21,510	5.8	76.7	34.6	42.1	5.4	17.5
Marble, granite, slate, and other products.....	142	80	60	2		2,757	47.0	47.6	36.7	10.9	5.4	
Pottery.....	68	37	28	3		13,616	14.4	80.0	76.2	3.8	5.6	
Nondurable goods.....	5,490	3,745	1,522	188	35	755,744	45.5	30.8	26.1	4.7	16.0	7.7
Textiles and their products.....	1,605	1,017	535	44	9	329,818	60.7	30.8	28.1	2.7	6.3	2.2
Fabrics (except hats).....	889	710	142	31	6	250,434	68.1	22.7	19.6	3.1	6.7	2.5
Carpets and rugs.....	16	11	5			5,847	21.6	78.4	77.0	1.4		
Cotton goods.....	235	194	28	11	2	103,875	74.8	14.9	11.4	3.5	8.0	2.3
Cotton small wares.....	67	62	4	1		6,901	75.7	21.2	18.0	3.2	3.1	
Dyeing and finishing textiles.....	61	44	13	3	1	12,054	59.8	26.5	18.9	7.6	5.8	7.9
Hosiery.....	127	84	34	8		33,685	38.9	45.2	43.7	1.5	14.3	1.6
Knit goods.....	93	80	10			11,831	94.7	4.4	4.3	.1	.9	
Silk and rayon goods.....	98	74	27	3	1	22,125	62.0	32.3	26.8	5.5	3.8	1.9
Woolen and worsted goods.....	192	161	20	3		49,116	79.6	14.5	12.4	2.1	2.1	3.8
Wearing apparel (except millinery).....	665	283	366	13	3	74,452	37.5	55.9	54.6	1.3	5.4	1.2
Clothing, men's.....	213	92	112	8	1	38,956	27.5	65.2	65.0	.2	6.9	.4
Clothing, women's.....	343	111	229	2	1	19,075	63.1	20.5	33.5	3.7	1.9	1.9
Corsets and allied garments.....	17	14	2	1		3,022	63.1	20.5	18.8	1.7	16.4	
Men's furnishings.....	39	26	13			3,502	64.5	35.5	(^{8c})	(^{8c})		
Shirts and collars.....	53	40	10	2		9,897	65.8	25.4	(^{8c})	(^{8c})	4.5	4.3
Miscellaneous.....	51	24	27		1	4,022	38.5	61.5	53.8	7.7		
Leather and its manufactures.....	208	131	61	16		51,809	36.9	45.4	35.8	9.6	17.7	
Boots and shoes.....	136	77	48	11		39,916	34.2	53.8	41.4	12.4	12.0	
Leather.....	72	54	13	5		11,893	45.8	17.6	17.1	.5	36.6	
Food and kindred products ⁹	1,523	1,159	332	22	10	86,586	45.3	35.7	33.6	7.1	8.0	11.0
Baking.....	472	368	96	8		19,929	60.9	26.2	19.7	6.5	12.9	
Beverages.....	193	140	53			6,125	33.1	66.9	55.8	11.1		
Butter.....	178	170	7	1		2,543	79.2	9.2	7.3	1.9	11.6	
Breweries.....	135	13	122			12,977	2.4	97.6	91.7	5.9		
Confectionery.....	128	121	2	3	2	11,338	84.7	6.5	(²)	(³)	8.1	.7

See footnotes at end of table.

TABLE 3.—Method of dealing with employees, by industry, April 1935—Continued

Industry	Total establishments covered by replies	Number of establishments dealing—				Total workers covered by replies	Percentage of workers in establishments dealing—					
		Individually	With some or all workers through trade-union	Through company union	Through company union and trade-union		Individually	With some or all workers through trade-union			Through company union	Through company union and trade-union
								Total	Estimated percent covered by union	Estimated percent not covered by union		
All manufacturing industries—Continued.												
Nondurable goods—Continued.												
Food and kindred products—Continued.												
Flour	180	168	8	4	5,328	71.0	12.8	(8d)	(8d)	16.2	-----	
Ice cream	95	72	20	3	2,036	67.2	28.7	17.1	11.6	4.1	-----	
Slaughtering and meat packing ^a	114	80	23	3	22,248	24.7	22.9	12.6	10.3	9.8	42.6	
Sugar, beet	22	22	-----	-----	1,080	100.0	-----	-----	-----	-----	-----	
Sugar refining, cane	6	5	1	-----	2,978	46.3	53.7	33.7	-----	-----	-----	
Cigars	96	62	34	-----	10,564	74.0	26.0	25.0	1.0	-----	-----	
Paper and printing	1,388	824	518	45	111,748	37.8	44.8	33.4	11.4	16.8	.6	
Boxes, paper	196	182	7	7	11,612	79.8	9.5	1.3	7.7	10.7	-----	
Paper and pulp	161	99	36	26	51,922	35.4	34.4	35.5	8.9	30.2	-----	
Printing and publishing:												
Book and job	723	426	285	11	25,625	42.8	51.3	37.4	13.9	3.5	2.4	
Newspapers and periodicals	308	117	190	1	22,589	16.0	79.4	63.0	16.4	4.6	-----	
Chemicals and allied products, and petroleum refining	578	490	23	54	105,626	25.4	14.0	13.0	1.0	54.9	5.7	
Other than petroleum refining												
Chemicals	524	467	17	37	73,172	34.7	14.3	13.3	1.0	49.2	1.6	
Cottonseed—oil, cake, and meal	61	45	2	13	17,138	29.4	2.8	(^b)	(^{8a})	63.4	4.4	
Druggists' preparations	47	47	-----	-----	1,959	100.0	-----	-----	-----	-----	-----	
Explosives	42	41	1	-----	2,751	95.8	4.2	(^c)	4.2	82.5	-----	
Fertilizers ^a	12	7	1	4	2,749	15.8	1.7	1.7	-----	-----	(^{8d})	
Paints and varnishes	105	104	1	-----	8,056	97.9	2.1	-----	-----	-----	(^{8d})	
Rayon and allied products	182	165	6	10	8,752	64.6	4.0	1.6	2.4	27.8	3.6	
Soap	13	1	4	7	26,832	2.2	34.7	34.1	.6	64.3	.8	
Petroleum refining	62	57	2	3	4,935	35.2	5	1	.4	64.3	-----	
Rubber products (except boots and shoes)	54	23	6	17	32,454	4.5	13.0	11.5	1.5	67.8	14.7	
Rubber goods, other than boots, shoes, tires, and tubes	70	51	8	7	53,109	12.5	8.8	7.2	1.6	13.1	65.6	
Rubber tires and inner tubes	52	42	4	6	11,644	39.5	10.5	8.0	2.5	50.0	-----	
Miscellaneous nondurable goods	18	9	4	1	41,465	4.9	8.3	(^{8a})	(^{8a})	2.7	84.1	
Miscellaneous manufactures	22	11	11	-----	6,484	28.7	71.3	71.3	-----	-----	-----	
Miscellaneous manufactures	85	56	15	10	23,333	22.3	9.6	7.7	1.9	59.0	9.1	
Service	899	798	95	5	50,586	86.0	11.6	6.4	5.2	2.3	.1	
Laundries	537	471	62	3	27,007	85.7	11.5	8.5	3.0	2.6	.2	

Dyeing and cleaning	145	119	24	2	4,604	65.3	25.0	16.3	8.7	9.7	
Hotels	217	208	9		18,975	91.7	8.3	1.4	6.9		
Public utilities ^{9a}	285	184	72	20	9	111,236	27.4	50.6	47.7	2.9	15.2
Manufactured gas	49	42	2	3	2	11,588	42.3	13.0	12.7	.3	31.1
Electric light and power	143	112	16	13	2	46,075	51.3	19.8	14.0	6.8	23.3
Electric railroad and motorbus	93	30	54	4	5	53,573	3.7	85.1	85.5	1.6	4.9
Mining	967	450	505	10	2	185,035	9.9	87.2	86.6	.6	2.4
Coal mining—bituminous	498	46	448	4		139,264	1.8	97.1	96.6	.5	1.1
Coal mining—anthracite	17		17			19,963		100.0	100.0		
Metalliferous mining	54	40	8	5	1	12,736	37.6	34.9	34.2	.7	21.4
Quarrying and nonmetallic	398	364	32	1	1	13,072	85.0	12.9	10.2	2.7	.7
Retail trade ¹⁰	1,398	1,300	76	10	12	133,131	73.0	11.4	.9	10.5	5.8
Grocery, meat, and produce stores	508	450	44	3	11	23,876	45.0	4.6	2.2	2.4	2.2
General merchandise group	712	674	32	5	1	101,563	78.2	13.9	.7	13.2	6.5
Women's ready-to-wear	178	176		2		7,692	92.2				7.8
Wholesale trade ¹¹	1,322	1,267	49	6		27,072	94.6	5.0	3.5	1.5	.4
Food products	367	333	33	1		7,771	86.5	13.2	9.3	3.4	.3
All except food products ¹²	955	934	13	5		19,301	13	1.8	.9	.9	.4

⁰ Less than 1/10 of 1 percent.

¹ See text footnote 2 (p. 33).

² Replies with definite information concerning trade-union coverage were too few to indicate the distribution for all the establishments reporting union dealing.

³ 14 establishments, with 181 workers, which engaged both in the fabrication and the erection of certain steel structures reported dealing individually with their shop workers and through a trade-union with their construction workers. Since this study does not cover construction workers and since only shop workers are included in the number of workers, these establishments are classed here as dealing on an individual basis.

⁴ 1 establishment, with 6 workers, presented the same situation as indicated in the preceding note.

⁵ 3 establishments, with 76 workers, presented the same situation as indicated in note 3 above.

⁶ See text footnotes 2 and 3 (pp. 33, 36).

⁷ See text footnote 3 (p. 36).

⁸ Replies giving definite information regarding union coverage did not provide an entirely adequate basis for estimating the percentage of workers covered by union dealing. The coverage indicated by the replies received follows:

(a) 12 replies, covering 69.2 percent of the workers in trade-union-dealing establishments, indicate that 6.3 percent are covered by trade-unions and less than 1/10 of 1 percent are not covered.

(b) 12 replies, covering 65.2 percent of the workers in trade-union-dealing establishments, indicate that 32.1 percent are covered by trade-unions and 2.4 percent are not covered.

(c) 7 replies, covering 60.6 percent of the workers in trade-union-dealing establishments, indicate that 24.0 percent are covered by trade-unions and 1.4 percent are not covered.

(d) 4 replies, covering 28.7 percent of the workers in trade-union-dealing establishments, indicate that 9.3 percent are covered by trade-unions and 3.5 percent are not covered.

2 other replies, accounting for an additional 47.5 percent of the workers in trade-union-dealing establishments, stated that "a majority" of their workers were covered by trade-unions.

(e) 3 replies, covering 78.9 percent of the workers in trade-union-dealing establishments, indicate that 7.0 percent are covered by trade-unions and 1.3 percent are not covered.

⁹ A late reply from a large packing-company chain, which does not give the situation in the separate establishments, indicates that the figures for company-union dealing and for combined company-union and trade-union dealing in slaughtering and meat packing should be higher than is here indicated. The effect upon the percentage figures for slaughtering and meat packing would apparently be to increase the combined percentage figure for dealing through a company union and through both a company union and a trade-union to 64.1 percent, to reduce the figure for trade-union dealing to 14.0 percent, and to reduce the figure for individual dealing to 27.9 percent. The corresponding corrected percentages for the food group would be 27.9 percent, 30.7 percent, and 41.4 percent. The effect upon the totals for the nondurable goods industries would be negligible.

¹⁰ Excluding telephone and telegraph and railroads. See ch. IV.

¹¹ Covers only retail grocery, meat, and produce stores; the general merchandise group; and women's ready-to-wear stores.

¹² Covers only automotive, chemicals and drugs, dry goods and apparel, electrical equipment, farm products, farm supplies, and food products.

¹³ See footnote 11 above.

¹⁴ 2 establishments with 57 workers engaged in both selling and installing electrical equipment raised the same problem as indicated in note 3 above and were accordingly classed with individual-dealing establishments.

Size of Establishment and Method of Dealing

Of the establishments which reported individual dealing, 83.6 percent had fewer than 100 workers (table 4). These smaller plants, however, employed only 27.6 percent of the workers in establishments which were reported as having no agency for collective dealing (table 5). Over two-thirds of the workers in establishments handling labor relations on an individual basis were in plants with fewer than 500 workers.

TABLE 4.—*Distribution of establishments dealing with employees by method indicated, by size of establishment, April 1935*

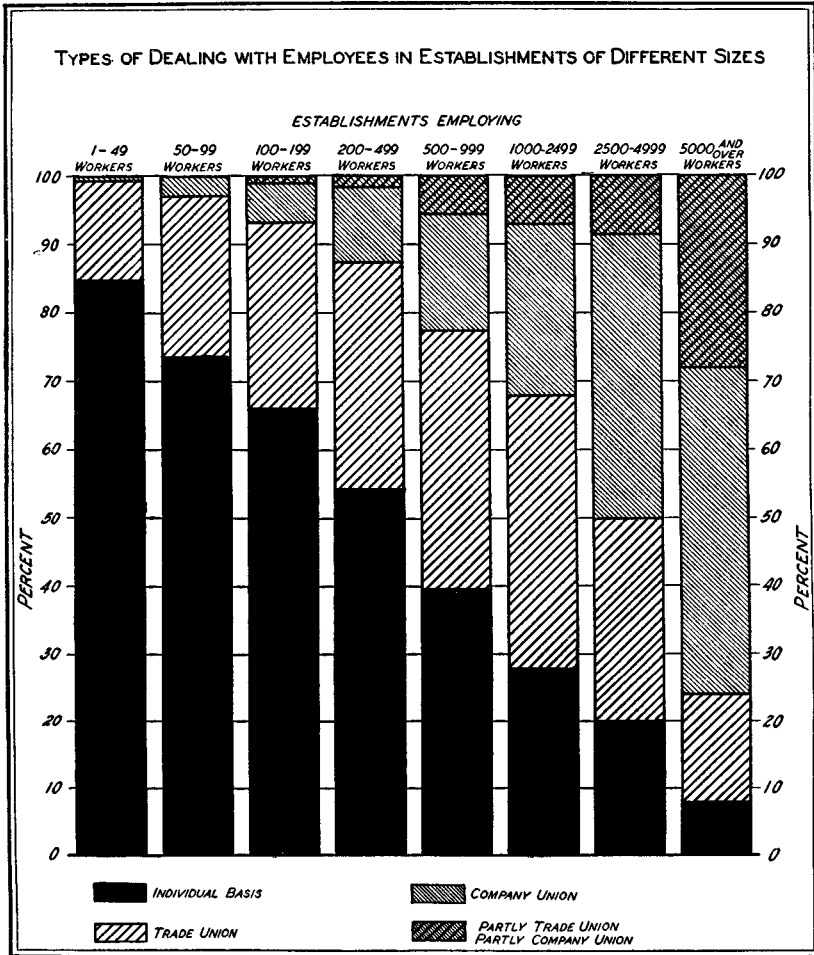
Size of establishment	Total establishments		Establishments dealing—							
			Individually		With some or all workers through trade-union		Through company union		Through company union and trade-union	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
All establishments.....	14,725	100.0	11,267	100.0	2,866	100.0	496	100.0	96	100.0
1 to 49 workers.....	9,394	63.8	7,987	70.9	1,345	46.9	57	11.5	5	5.2
50 to 99 workers.....	1,937	13.1	1,428	12.7	453	15.8	53	10.7	3	3.1
100 to 199 workers.....	1,424	9.7	939	8.3	388	13.5	82	16.5	15	15.6
200 to 499 workers.....	1,220	8.3	663	5.9	403	14.1	134	27.0	20	20.8
500 to 999 workers.....	430	2.9	171	1.5	162	5.7	73	14.7	24	25.0
1,000 to 2,499 workers.....	225	1.5	63	.6	90	3.2	56	11.3	16	16.7
2,500 to 4,999 workers.....	70	.5	14	.1	21	.7	29	5.9	6	6.3
5,000 workers and over.....	25	.2	2	(¹)	4	.1	12	2.4	7	7.3

¹ Less than $\frac{1}{10}$ of 1 percent.

Establishments with fewer than 100 workers constituted 62.7 percent of the establishments dealing with trade-unions (table 4), but employed about 10 percent of the workers in such establishments (table 5). Nearly two-thirds of the workers in establishments handling all or part of their labor bargaining through trade-unions were in plants with from 200 to 2,500 workers (table 5), although only slightly more than one-fifth of the trade-union-dealing establishments fell in this group (table 4).

The largest single group of establishments with company unions alone comprised units with from 200 to 499 workers (table 4). From the standpoint of number of workers, however, the largest single company-union group was composed of plants with more than 2,500 but fewer than 5,000 workers. This group contained over one-fourth of the workers in plants with company unions but with no trade-union dealing (table 5). Over 80 percent of the workers in plants with company unions alone were in establishments with more than 500 workers (table 5). These establishments included approximately one-third the number that reported company unions only (table 4).

The upward trend in size which is noticeable in moving from individual dealing through trade-union dealing to company unions continues with the group of establishments which carry on their industrial relations through both a company union and a trade-union. Here the largest single group in terms of establishments was the class with



from 500 to 999 workers (table 4). From the point of view of number of workers covered, the most significant group under this type of dual dealing consisted of the very large establishments, those with over 5,000 workers (table 5). Plants with more than 1,000 workers accounted for over 80 percent of all the workers in establishments with both a company union and a trade-union.

TABLE 5.—*Distribution of workers in establishments dealing with employees by method indicated, by size of establishment, April 1935*

Size of establishment	Total workers		Workers in establishments dealing—							
			Individually		With some or all workers through trade-union		Through company union		Through company union and trade-union	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
All establishments.....	1,935,673	100.0	322,674	100.0	584,466	100.0	385,954	100.0	142,579	100.0
1 to 49 workers.....	155,484	8.0	126,333	15.4	27,409	4.7	1,599	.4	143	.1
50 to 99 workers.....	136,583	7.1	100,035	12.2	32,273	5.5	4,064	1.1	211	.2
100 to 199 workers.....	200,137	10.3	131,067	15.9	54,389	9.3	12,510	3.3	2,171	1.5
200 to 499 workers.....	375,943	19.4	199,473	24.2	125,698	21.5	44,050	11.4	6,722	4.7
500 to 999 workers.....	294,050	15.2	113,430	13.8	109,805	18.8	53,239	13.8	17,576	12.3
1,000 to 2,499 workers.....	339,758	17.6	90,716	11.0	134,779	23.1	89,295	23.1	24,968	17.5
2,500 to 4,999 workers.....	235,471	12.2	44,983	5.5	71,375	12.2	101,633	26.3	17,480	12.3
5,000 workers and over.....	198,247	10.2	16,637	2.0	28,738	4.9	79,564	20.6	73,308	51.4

The effect of size of plant upon method of dealing is apparent also from the distribution of the establishments within each size class according to the method of employer-employee dealing (table 6). Of the very small establishments, 85.0 percent dealt on an individual basis, 14.3 percent on a trade-union basis, and less than 1 percent under any form of company union. As an example of an intermediate size class, the group with from 500 to 999 workers showed 39.8 percent of the establishments with no collective dealing, 37.7 percent dealing through a trade-union, 16.9 percent through a company union, and 5.6 percent through a company union and a trade-union. Of the very large plants, only 8 percent dealt individually, 16 percent through trade-unions, 48 percent through company unions, and 28 percent through both company unions and trade-unions.

TABLE 6.—*Distribution of establishments in each size group, by method of dealing with employees, April 1935*

Size of establishment	Total establishments		Establishments dealing—							
			Individually		With some or all workers through trade-union		Through company union		Through company union and trade-union	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
All establishments.....	14,725	100.0	11,267	76.5	2,866	19.5	496	3.4	96	0.6
1 to 49 workers.....	9,394	100.0	7,987	85.0	1,345	14.3	57	.6	5	.1
50 to 99 workers.....	1,937	100.0	1,428	73.7	453	23.4	53	2.7	3	.2
100 to 199 workers.....	1,424	100.0	939	66.0	388	27.2	82	5.8	15	1.0
200 to 499 workers.....	1,220	100.0	663	54.4	403	33.0	134	11.0	20	1.6
500 to 999 workers.....	430	100.0	171	39.8	162	37.7	73	16.9	24	5.6
1,000 to 2,499 workers.....	225	100.0	63	28.0	90	40.0	56	24.9	16	7.1
2,500 to 4,999 workers.....	70	100.0	14	20.0	21	30.0	29	41.4	6	8.6
5,000 workers and over.....	25	100.0	2	8.0	4	16.0	12	48.0	7	28.0

The percentage of establishments dealing under the various methods changed from size group to size group in accordance with a regular pattern. The proportion of establishments dealing individually fell steadily as the size of the establishment increased; the company-union percentage as well as the percentage for the combined company-union and trade-union arrangement moved in the reverse direction, while the percentage of establishments dealing through a trade-union rose until it reached the 2,500-worker establishment and then fell.⁵

Regional Variations in Methods of Dealing

Methods of employer-employee dealing within a particular industry often vary from region to region. The replies received were in most cases not sufficient to permit analysis by region, particularly in those industries with large units or with a more or less even distribution throughout the country. Differences in methods of dealing with employees as between establishments in different producing regions were apparent, however, in the replies covering certain industries. Thus in the sawmill industry company unionism was confined, in the replies received, to the Pacific Coast area—California, Oregon, and Washington. The same area also supplied most of the establishments dealing through trade-unions. Sawmills in the southern States were dealing almost entirely on an individual basis; those in the North Central States entirely on that basis. In furniture manufacturing, there were more company unions in Michigan, Minnesota, and Wisconsin, but even in these States individual dealing was most common, dealing through trade-unions being almost entirely absent. Of 69 furniture factories which replied from the South, all reported dealing on an individual basis. Trade-union dealing was relatively most important in the far West where nearly half the firms, employing about half the workers, dealt with trade-unions.

In automobile manufacturing Michigan showed a markedly higher proportion of concerns dealing through company unions and a correspondingly lower percentage dealing with trade-unions than did the States of Indiana and Ohio.

In the textile and clothing industries the difference in methods of dealing as between the North and the South was marked. In cotton goods, while a majority of workers in both areas were in establishments dealing with their employees on an individual basis, a substantial proportion in the North were covered by trade-union dealing and only a minute proportion in the South. In woolen and worsted goods, trade-union dealing was almost entirely confined, in the replies received, to the New England area, while the few cases of company-union dealing were scattered over the country.

⁵ In particular industries the applicability of this pattern would vary with the extent of trade-union organization throughout the industry as a whole, as well as with regional variations in types of employer-employee dealing.

In hosiery manufacturing, trade-union dealing was most general in the North Atlantic area (New York, New Jersey, and Pennsylvania) where a majority of the firms replying, employing nearly three-fourths of the employees, dealt with the trade-union. On the other hand, of 58 establishments reporting from the South, only 3 reported dealing with a trade-union and one through a company union. The remaining establishments, representing nearly 90 percent of the workers in this area, dealt with their employees on an individual basis.

Individual dealing in establishments manufacturing women's clothing was relatively most common in New England and in the South. The North Atlantic area, including Connecticut, was the main stronghold of trade-union dealing, which covered approximately 85 percent of the establishments and workers in this area. Although a slight majority of the establishments in both the Midwest and the far West dealt on an individual basis, establishments dealing through trade-unions covered 60 percent of the employees in the former and 40 percent in the latter. The three company-union establishments were in the Midwest and the far West. Trade-union dealing in the men's clothing industry was strongest in the Middle Atlantic States, notably New York. It was negligible in the southern States. A majority of the employees in the Middle West area were reported as covered by trade-union dealing, while in the far West somewhat more than one-third were so covered.

The N. R. A. and Methods of Employer-Employee Dealing

Nearly two-thirds (378) of the company unions covered in the mail inquiry were organized during the N. R. A. period of 1933 to 1935 (table 7). These included 306,528 or 58.0 percent of the total workers in the establishments that had company unions.

Only three of the company unions were reported to have been established prior to 1900. The period from 1900 to 1914 showed but a slight increase in the formation of company unions. During this period 8 company unions, 1.4 percent of the total, in establishments employing 6,033 or 1.1 percent of the workers, were started. The succeeding period, 1915-19, during which the World War occurred, accounted for the formation of 87 or 14.7 percent of the company unions covered, in establishments employing 129,866 or 24.6 percent of the workers.

Only a small number of the company unions which reported were formed during the next three periods shown in table 7. Between 1920 and 1922, 31 company unions or 5.2 percent of the total number, with 5.7 percent of the workers, were formed; during the 1923 to 1929 period 35 or 5.9 percent were formed, with 33,484 or 6.3 percent of the workers; during the first depression years, 1930 through 1932, only

29 or 4.9 percent of the total were formed, with 10,453 or 2.0 percent of the workers employed in the plants surveyed.

TABLE 7.—Distribution of company unions in April 1935, by period of formation

Period	Company unions only				Company unions and trade-unions				Total with company unions			
	Establishments		Workers		Establishments		Workers		Establishments		Workers	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Before 1900.....	13	0.6	1,295	0.3	-----	-----	-----	-----	13	0.5	1,295	0.2
1900-14.....	7	1.4	5,260	1.4	1	1.0	773	0.5	8	1.3	6,033	1.1
1915-19.....	68	13.7	103,948	26.9	19	19.6	25,918	17.9	87	14.7	129,866	24.6
1920-22.....	26	5.2	24,571	6.4	5	5.2	5,306	3.7	31	5.2	29,877	5.7
1923-29.....	29	5.9	17,785	4.6	6	6.2	15,699	10.9	35	5.9	33,484	6.3
1930-32.....	26	5.2	9,431	2.5	3	3.1	1,022	.7	29	4.9	10,453	2.0
1933-35.....	320	64.4	213,493	55.3	58	60.5	93,035	65.3	378	63.8	306,528	58.0
Indefinite information.....	27	1.4	6,456	1.7	3	1.0	650	.5	48	1.3	7,106	1.4
No information.....	11	2.2	3,715	.9	3	3.1	176	.1	14	2.4	3,891	.7
Total.....	5497	100.0	385,954	100.0	96	100.0	142,579	100.0	593	100.0	528,533	100.0

¹ These 3 differed from the later forms of company unions: 2 were in plants of shoe manufacturers dealing through the Joint Board of Arbitration in Philadelphia, an employer-employee body which, following a lock-out in Philadelphia in 1887, succeeded a similar arrangement with the Knights of Labor. The third was an incorporated union whose membership was limited to the workers of a particular county.

² 5 of these, including 838 workers, could be definitely identified as having been set up before 1933, although the particular period was not clear. One reported "2 or 3 years ago" and another indicated that it had been amended in May 1934 but did not report the date of the original organization.

³ This establishment reported dealing through the Loyal Legion of Loggers and Lumbermen, but did not indicate when this method of procedure was initiated.

⁴ See footnotes 2 and 3.

⁵ The total figures are too large by 1, because 1 public utility company that reported having 8 company unions which had been organized at various times between 1924 and 1932 appears in both the 1923-29 and 1930-32 classifications. The number of workers is divided between the two classifications. When account is taken of the 5 cases referred to in footnote 2, the number of cases dating from before 1933 becomes 197, or 33.3 percent of the total, and the number of workers 211,846, or 40.1 percent of the total.

There was apparently a tendency under the N. R. A. for company unions to be set up in somewhat smaller establishments. Although two-thirds of the company unions were set up in 1933 or later, they included only 58.0 percent of the employees in establishments which reported dealing through company unions. On the other hand, although only a third of the company unions antedated 1933, they represented 40.1 percent of the workers.

The period after March 1933 also witnessed a marked expansion in trade-union dealing. Of the establishments which reported dealing with a trade-union, 40.0 percent stated that such dealings had been initiated under the N. R. A. (table 8). The advance of trade-union dealing was more pronounced in terms of workers employed by the establishments concerned. Although a majority of the establishments reported that their dealings with the trade-union antedated 1933, these establishments included only 42.5 percent of the employees in establishments which reported trade-union dealing. Thus the average size of the establishments which began dealing with a trade-union under the N. R. A. was significantly larger than before that date.

TABLE 8.—Establishments dealing with trade-unions in April 1935, by period in which dealings were begun

Period	Total				Trade-unions only				Company unions and trade-unions			
	Establishments		Workers		Establishments		Workers		Establishments		Workers	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Before N. R. A.	1,640	55.4	309,384	42.5	1,611	56.2	277,657	47.5	29	30.2	31,727	22.3
During N. R. A.	1,187	40.0	394,688	54.3	1,123	39.2	285,558	48.9	64	66.7	109,130	76.5
Not reported.....	135	4.6	22,973	3.2	132	4.6	21,251	3.6	3	3.1	1,722	1.2
Total.....	2,962	100.0	727,045	100.0	2,866	100.0	584,466	100.0	96	100.0	142,579	100.0

The effect of the N. R. A. upon the establishment of company unions varied significantly from industry group to industry group. Thus in public utilities a majority of the company unions, covering 65.5 percent of the workers, were established before 1933 (table 9). A similar situation prevailed in the few company unions in the mining group, with 63.4 percent of the workers in mines with company unions established before 1933.

Within the durable industries groups,⁶ several divergent movements appeared. In the lumber and machinery industries, a majority of the company unions were set up during the N. R. A. However, these covered considerably less than half of the workers in company unions in these industries. Company unionism in the transportation-equipment industry, on the other hand, showed a marked expansion after 1932, an expansion that carried it into the larger units of the industry. A more marked movement in this direction occurred in the stone, clay, and glass products industry group, in which company unionism was almost entirely a development of the N. R. A. period. At that time such organizations were set up in a number of smaller plants where no union existed and in a few larger plants in which craft unions of long standing covered a small portion of the workers. In the iron and steel industry group the development of company unionism after January 1933 was more marked than in the durable-goods industries as a whole.⁷

In the nondurable-goods industries, only the wearing-apparel group showed a majority of workers in establishments with company unions dating from before 1933.⁸ The impact of company unionism in this

⁶ See footnote 1, table 9.

⁷ This tendency would have been more apparent if the sample in this industry had been more representative. See footnote 2, p. 33.

⁸ With the correction indicated in footnote 3 of table 9, this would also be true of the food industries.

industry was less marked than upon the great majority of manufacturing industries. Unusual increase in company-union coverage, on the other hand, was evident in the textile fabrics and chemical industries.

The cases in which the employer dealt with both company union and trade-union presented varied patterns according to the time when dealings with the different organizations were initiated. About one-third of the company unions in this group dated from before 1933 (table 7). The proportion of trade-unions which had been dealing with the employer before 1933 was about 30 percent (table 8). The different situations represented in these 96 cases were as follows:

	<i>Cases</i>	<i>Workers</i>
Both company-union and trade-union dealing began before 1933..	15	11, 705
Company-union dealing began before 1933, trade-union dealing in 1933 or later.....	19	37, 013
Trade-union dealing began before 1933, company-union dealing in 1933 or later.....	14	20, 022
Both company-union and trade-union dealing began in 1933 or later.....	42	71, 411
Date unknown for one or both types of dealing.....	6	2, 428
Total.....	96	142, 479

These differing situations were related to the type of trade-union which existed in the plant. In 45 establishments the trade-union concerned was confined to a particular craft or class of employees. A semi-industrial or industrial union competed with the company union in 37 establishments. In the remaining 14 establishments, both a craft union and an industrial or semi-industrial union functioned in addition to the company union.

Of the 15 instances in which management had dealt with both trade-union and company union before 1933, the trade-union in 13 cases was a craft union,⁹ while in two others it was a semi-industrial union.

There were 14 cases in which trade-union dealing antedated 1933, with company-union dealing following. These were mainly large establishments in which the trade-union had covered only a single craft or class of workers, while the subsequently established company union was open to all workers. In 12 of these the trade-union was a craft union,¹⁰ and in only 2 instances a semi-industrial union.

In most instances, management began dealing with both company union and trade-union during the N. R. A. This was true in 42 establishments, involving 71,411 workers, or 50.1 percent of the employees in the establishments with dual bargaining situations. The trade-union concerned was craft in 12 cases and industrial or semi-industrial in 21. In 9 instances both existed.

⁹ In two of these an industrial or semi-industrial union entered the picture in 1933.

¹⁰ In one of these management also began dealing with an industrial union in 1933.

TABLE 9.—Company unions in April 1935, by industry group and time of establishment

Industry group	Establishments				Workers							
	Total	Before N. R. A.	During N. R. A.	Not re- ported	Total		Before N. R. A.		During N. R. A.		Not reported	
					Number	Per- cent	Number	Per- cent	Number	Per- cent	Number	Per- cent
All industries covered.....	592	197	378	17	528, 533	100.0	211, 846	40.1	306, 528	58.0	10, 159	1.9
Durable goods ¹	280	88	182	10	282, 010	100.0	115, 742	41.0	157, 374	55.8	8, 894	3.2
Iron and steel ²	71	17	50	4	62, 174	100.0	² 15, 680	25.2	² 41, 146	66.2	5, 348	8.6
Machinery.....	106	41	63	2	131, 979	100.0	73, 602	55.8	57, 713	43.7	664	.5
Transportation equipment.....	25	8	15	2	55, 307	100.0	12, 280	22.2	41, 033	74.2	1, 994	3.6
Nonferrous metals.....	25	5	15	1	15, 270	100.0	7, 059	46.2	7, 973	52.2	238	1.6
Lumber and allied products.....	32	13	18	1	10, 685	100.0	6, 762	63.3	3, 273	30.6	650	6.1
Stone, clay, and glass products.....	25	4	21	.....	6, 595	100.0	359	5.4	6, 236	94.6	.....	.....
Nondurable goods ¹	223	61	159	3	178, 822	100.0	59, 544	33.3	118, 198	66.0	1, 253	.7
Textiles.....	53	19	34	.....	27, 854	100.0	9, 040	32.5	18, 814	67.5	.....	.....
Fabrics.....	37	12	25	.....	22, 941	100.0	6, 361	27.7	16, 580	72.3	.....	.....
Wearing apparel.....	16	7	9	.....	4, 913	100.0	2, 679	54.5	2, 234	45.5	.....	.....
Leather.....	16	6	10	.....	9, 149	100.0	4, 409	48.2	4, 740	51.8	.....	.....
Food ³	32	9	22	1	16, 476	100.0	³ 7, 235	43.9	³ 8, 897	54.0	344	2.1
Cigars.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Paper and printing.....	46	15	30	1	19, 467	100.0	6, 495	33.4	12, 805	65.7	167	.9
Chemicals.....	65	10	55	.....	64, 057	100.0	18, 220	28.4	45, 837	71.6	.....	.....
Rubber products.....	11	2	8	1	41, 819	100.0	14, 145	33.8	27, 105	64.8	569	1.4
Miscellaneous nondurable goods.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Public utilities ⁴	29	17	11	1	24, 471	100.0	16, 023	65.5	8, 328	34.0	120	.5
Mining.....	12	7	5	.....	5, 325	100.0	3, 378	63.4	1, 947	36.6	.....	.....
All others.....	48	24	21	3	37, 905	100.0	17, 159	45.3	20, 681	54.5	65	.2

¹ The figures suggest that the stimulus of the N. R. A. to the organization of company unions was more pronounced among the nondurable than among the durable goods industries. However, it is possible that if proper allowance were made for the omissions discussed in footnotes 2 and 3 below, the differences between the percentages for the durable and nondurable groups would be largely if not entirely eliminated.

² If allowance were made for the inadequacy in the iron and steel sample discussed in footnote 2, p. 33, the proportion of employees brought under company unions during the N. R. A. period would be considerably increased.

³ If account were taken of the establishments referred to in footnote 9, table 3, the figures for the food industry would be modified considerably. While the number of company unions set up under N. R. A. would still be markedly greater than the number set up before that date, the percentages for employees would be 58.7 percent before N. R. A. and 40.1 percent under N. R. A. The tendency toward introducing company unions in smaller establishments during N. R. A. is again apparent in these revised figures.

⁴ Excluding telephone and telegraph and railroads.

The effect of the N. R. A. upon company unions was not confined to the stimulus which it gave to the organization of new company unions. Of the 197 company unions dating from before 1933, about one-third were reported as having been reorganized after that date (table 10).¹¹ Reorganization occurred much more frequently where a trade-union also functioned than where the company union existed alone. Within the group where both types of organization existed, change was somewhat more frequent in small than in large establishments.

TABLE 10.—*Extent to which company unions established before 1933 were reorganized under the N. R. A.*

	Total with company unions				Company unions only				Company unions and trade-unions			
	Establishments		Workers		Establishments		Workers		Establishments		Workers	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
Reorganized.....	65	33.2	70,841	33.4	42	25.9	45,959	28.2	23	67.7	24,882	51.1
Not reorganized.....	104	53.0	109,294	51.6	94	58.1	87,958	53.9	10	29.4	21,336	43.8
Not reported.....	28	13.8	31,711	15.0	27	16.0	29,211	17.9	1	2.9	2,500	5.1
Total.....	197	100.0	211,846	100.0	163	100.0	163,128	100.0	34	100.0	48,718	100.0

¹¹ The questionnaire asked whether the plans had been reorganized "after 1929." The field-study analysis indicated, however, that practically no changes in company-union structure took place between 1929 and 1933.

Chapter IV

Types of Employer-Employee Dealing—Telephone, Telegraph, and Railroad Industries¹

Analysis of the returns from the telegraph and telephone industry and the railroad industry reveals sharp contrasts. Replies from companies in the telegraph and telephone industry indicate that the company union was practically the only significant method of dealing in this industry. Seventy-eight percent of the workers covered by the replies were in companies with this type of dealing, and 16.2 percent more were in companies dealing through both company unions and trade-unions. On the other hand, on 149 class I railroads, trade-union agreements covered 71.1 percent of the workers, system-association contracts covered 24.1 percent, while the remaining 4.8 percent dealt with the railroad on an individual basis.

Telegraph and telephone industry.—Organizational peculiarities in the telegraph and telephone industry made separate treatment of this industry desirable. Because of the lack of distinct establishment units, it was impossible to present figures on an establishment basis similar to the treatment of the manufacturing and trade industries. Furthermore, company unions, which predominated in the industry, exhibited certain distinctive features. In many of the companies there were separate company unions for different departmental groups, as for example, construction and maintenance men or telephone operators. Company unions tended to be organized on a regional basis and to be pyramided by a series of stages until they covered all the operations of the company for that particular department. In two companies, the regional company unions culminated in a single company union, which entered into one basic agreement with the company covering its employees throughout the country. In view of the relatively noncompetitive nature of the industry, it is difficult to distinguish between organizations of this kind and trade-unions, except in terms of their actual functioning.

Since the industry is controlled by a few large companies, it was possible to obtain a much larger coverage than in industry generally. Replies from 50 companies² accounted for 317,995 workers, or 90

¹ The company unions and system associations treated in this section are not covered in the analysis in ch. V of the Characteristics of 592 Company Unions. Industrial peculiarities and, in the case of the railroads, legal restrictions, cause these organizations to assume somewhat different characteristics than those there analyzed.

² One important holding-company system is treated here as 26 separate companies.

percent of the estimated total employment in the industry in April 1935.³

Company unions were practically the only significant method of dealing in the industry. Twenty-six of the replying companies, including 78.5 percent of the total workers covered by the replies, dealt with their employees through company unions alone. In addition, three telephone companies, employing 16.2 percent of the total workers covered, reported that they dealt through both trade-unions and company unions. In these companies with dual bargaining agencies, the trade-unions functioned on a limited basis only.⁴ Two independent companies, employing 133 workers, reported trade-union dealings covering 73 of their workers. One large company and 18 small companies, employing a total of 16,880 workers, or 5.3 percent of the total workers covered, reported dealing on an individual basis.

The railroad industry.—A separate study of employer-employee relations on class I railroads was carried out with the cooperation of the National Mediation Board. The Board made available for this purpose its file of agreements maintained in compliance with the provision in the Railway Labor Act of 1934 that each railroad engaged in interstate transportation must file with the Board copies of each agreement with every group of employees with whom it deals collectively. The file thus provided an almost complete picture of employer-employee relations on 149⁵ class I railroads as of July 1, 1935.⁶ The number of workers covered by the various agreements was estimated by the Bureau from the itemized monthly compensation reports made by all class I roads to the Interstate Commerce Commission. April 1935 employment figures were used to make the results comparable with other parts of the study.

³ This discussion does not cover press-service or brokerage-house telegraphers or wireless transmission.

⁴ In 1 company with 20,000 workers, approximately 5,000 were covered by 2 trade-unions; in another company a trade-union covered construction and switchboard maintenance in 1 large metropolitan area; in the third company trade-unions covered construction and maintenance men in 1 State and telephone operators in 1 city.

⁵ One small railway outside continental United States is excluded, as are also such units as the Pullman Co. and the express companies, which do not conform to the general occupational pattern of the railroads.

The Pullman Co. reported 18,758 workers on Dec. 31, 1934, exclusive of general officers and superintendence force. Of these, the 1,417 conductors were covered by a trade-union contract and the 488 laundry workers were not covered by any agency. The remaining employees were covered by company-union arrangements. However, in an election conducted by the National Mediation Board, the results of which were announced by the Board on July 1, 1935, a trade-union won out over a system association for the right to represent the porters and maids in collective bargaining. The company reported 6,752 workers in this class on Dec. 31, 1934.

The two interstate express companies reported, for Apr. 15, 1935, approximately 36,500 workers exclusive of officials, supervisors, and confidential employees. Nearly all of these workers were covered by trade-union contracts or by working rules issued by the company but identical with those agreed to by the company and trade-unions covering employees members of those unions. There are no system associations. Station agents and some common laborers were not covered by contracts.

⁶ Elections conducted by the Board in the period between July 1, 1935, and the publication of the report have effected a number of changes in the situation. Almost all such changes were from system-association to trade-union dealing.

Of the 909,249 employees included in the survey,⁷ 646,169, or 71.1 percent, were covered by trade-union agreements, 218,885, or 24.1 percent, by agreements with system associations,⁸ and 44,195 or 4.8 percent, were dealt with on an individual basis (table 11).

Subdivision by craft or class of employees reveals significant differences. The four engine- and train-service employees' groups were almost completely covered by trade-union contracts. The yard-service employees and the signalmen showed over 94 percent trade-union coverage. Of the yard-service employees, most of the remainder, consisting in the main of yardmasters, were to be found under individual dealing; of the signalmen, 1.7 percent were covered by system associations and 2.3 percent dealt individually.

System associations were strongest in the shop crafts, in which they covered 46.6 percent of the workers, whereas the trade-unions covered 47.0 percent. Individual dealing applied to 15,744, or 6.4 percent, of the workers in the shop crafts, but the overwhelming majority of these were stationary firemen and oilers, of whom 13,332, or 28.1 percent, were not covered by any collective contract. Next to shop crafts, the highest percentages of dealing through system associations were found among the dining-car-service employees (31.3 percent), the clerical and station employees (27.5 percent), and the maintenance-of-way workers (21.9 percent).

Apart from the miscellaneous group of employees, the largest proportion of individual dealing was found among the dining-car employees (39.8 percent), followed by the train dispatchers with 29.4 percent, and the firemen and oilers with 28.1 percent. No other craft or class showed as much as 5 percent of the workers dealing on an individual basis.

⁷ The total number of employees of the 149 railroads as of the middle of April 1935 was approximately 977,000. Of this number, approximately 60,000 were excluded from the study because they were either executives or supervisors, or were employed in a more or less confidential capacity. The groups excluded, in terms of the new Interstate Commerce Commission classification, are class numbers 1, 2, 3, 4, 11, 13, 17, 18, 19, 20, 21, 22, 27, 28, 44, 50, 51, 52, 78, 84, 85, 99. Marine employees (98) totaling 6,364 were included in the analysis of agreements but not of workers covered, since the method of reporting did not permit an effective breakdown.

⁸ The term "system association" is used here since it is the term adopted by the National Mediation Board to describe the non-trade-union organizations functioning on the railroads within the requirements set by the Railway Labor Act.

TABLE 11.—Method of employer-employee dealing on class I railroads, by craft or class of employees, April 1935

Craft or class	Total number of railroads ¹	Railroads having agreements with—			Total workers ²	Estimated number of workers covered by agreements with—				Estimated number of workers not covered by agreements ³	
		Trade-union	System association	No organization		Trade-union		System association		Number	Percent
						Number	Percent	Number	Percent		
All crafts or classes.....					909, 249	646, 169	71. 1	218, 885	24. 1	44, 195	4. 8
Engine and train service.....					158, 716	156, 514	98. 6	1, 286	. 8	916	. 6
Engineers.....	149	132	12	5	39, 917	39, 083	97. 9	620	1. 6	214	. 5
Firemen.....	149	130	12	8	45, 773	45, 097	98. 5	344	. 8	332	. 7
Road conductors.....	149	136	8	5	22, 468	22, 231	98. 9	84	. 4	153	. 7
Brakemen, flagmen, and baggagemen.....	149	136	4	10	50, 558	50, 103	99. 1	238	. 5	217	. 4
Yard-service employees.....	145	132	3	27	54, 730	51, 826	94. 7	665	1. 2	2, 239	4. 1
Clerical and station employees.....	149	84	32	35	180, 817	125, 796	69. 6	49, 811	27. 5	5, 210	2. 9
Telegraphers.....	149	109	17	23	43, 892	37, 447	85. 3	5, 687	13. 0	758	1. 7
Signalmen.....	135	77	5	54	11, 620	11, 152	96. 0	198	1. 7	270	2. 3
Train dispatchers.....	140	67	14	59	3, 321	1, 966	59. 2	378	11. 4	977	29. 4
Maintenance of way.....	149	89	38	23	192, 482	143, 421	74. 5	42, 153	21. 9	6, 908	3. 6
Shop crafts.....					244, 999	115, 015	47. 0	114, 240	46. 6	15, 744	6. 4
Machinists.....	148	74	55	19	37, 728	18, 186	48. 2	19, 168	50. 8	374	1. 0
Boilermakers.....	146	77	50	19	10, 321	5, 591	54. 2	4, 568	44. 2	162	1. 6
Blacksmiths.....	145	74	51	20	4, 637	2, 196	47. 3	2, 363	51. 0	78	1. 7
Sheet-metal workers.....	136	76	49	11	7, 843	4, 321	55. 1	3, 445	43. 9	77	1. 0
Electrical workers ⁴	139	97	55	17	10, 887	4, 735	43. 5	5, 988	55. 0	164	1. 5
Carmen.....	149	73	54	22	62, 964	33, 812	53. 7	28, 355	45. 0	797	1. 3
Firemen and oilers.....	148	74	7	25	47, 420	17, 058	36. 0	17, 030	35. 9	13, 332	28. 1
Helpers ¹⁰					63, 199	29, 116	46. 1	33, 323	52. 7	760	1. 2
Dining-car service.....	109	17	25	72	9, 481	2, 736	28. 9	2, 969	31. 3	3, 776	39. 8
Marine employees.....	50	26	11	18	(12)	(12)	(12)	(12)	(12)	(12)	(12)
Miscellaneous ¹³	132	6	24	102	9, 191	266	3. 2	1, 498	16. 3	7, 397	80. 5

¹ Total number of class I roads reporting workers in April 1935 and/or agreements in class or craft indicated.
² The reporting numbers under the new Interstate Commerce Commission classification were allocated among the various crafts or classes in accordance with the general pattern set by the trade-union agreements. As a result of variations in the classifications covered in some agreements, the total for each craft or class may not tally exactly with the I. C. C. total. Railroad labor agreements, particularly those covering clerks, provide for many exceptions. In a few cases they cover only part of a group of workers who are included in a single figure in the employment report. It was not, therefore, possible to determine the exact coverage of each agreement. The figures are, however, considered to approximate the general situation. They probably overstate somewhat the extent of collective dealing as opposed to individual dealing.
³ 1 covered Negro workers on a road on which white workers were covered by a trade-union.
⁴ 2 covered Negro workers on roads on which white workers were covered by a trade-union.
⁵ 20 covered yardmasters on railroads where other yard-service employees were covered by a trade-union or unions; 2 covered Negro workers where white workers were covered by a trade-union.
⁶ On 11 roads a system association covered part of the workers and a trade-union part of the workers.
⁷ On 1 road a system association covered part of the workers and a trade-union part of the workers.
⁸ On 10 roads a system association covered part of the workers and a trade-union part of the workers.
⁹ Including linemen and groundmen. In 2 cases, shop workers were covered by a system association, linemen and groundmen by a trade-union; in 1 case, the reverse situation existed. Excluding linemen and groundmen, the percentages of electrical workers covered by the different methods of dealing were: 46.7 percent trade-union, 51.9 percent system association, and 1.4 percent individual.
¹⁰ There are no separate agreements for helpers, but they follow the agreements of the crafts concerned. The number of helpers was distributed in proportion to the method of dealing with other shop crafts (except firemen and oilers) on the road. The figure is therefore only an approximation.
¹¹ On 5 roads a system association covered part of the workers and a trade-union part.
¹² Since roads report all marine employees under 1 classification (98), there was no way of breaking down the total figure of 6,364 marine employees into those covered by trade-union and system-association contracts and those covered by no contract.
¹³ Includes sleeping-car conductors (16), miscellaneous trade workers (23), gang foremen and gang leaders (skilled labor) (53), molders (62), train attendants (101), and laundry workers (104).

Chapter V

Characteristics of 592 Company Unions¹

Company unions are generally open to all the workers in the shops or factory, and in many cases they include office workers as well. In 13 cases, however, the company union was either limited to a single section or department of the plant or certain sections or departments were definitely excluded.²

Taking the company-union group as a whole, 55.0 percent of the establishments covered, with 54.4 percent of the workers, had an optional membership basis of participation; and in 38.9 percent of the establishments, employing 41.3 percent of the workers, participation in the company union was automatic, either immediately upon employment or after having worked in the establishment for a certain length of time (table 12).³ For the remainder no information was available.

TABLE 12.—*Participation provisions of company unions, April 1935*

Type of union	Establishments				Workers involved							
	Total	Number providing for—		Participation provision not reported	Total		In company unions providing for—				Participation-provision not reported	
		Automatic participation	Optional membership		Number	Percent	Automatic participation		Optional membership			
		Number	Percent				Number	Percent	Number	Percent	Number	Percent
Establishments with: Company unions only.....	496	216	248	32	385,954	100.0	194,901	50.5	171,073	44.3	19,980	5.2
Company unions and trade-unions.....	96	14	78	4	142,579	100.0	23,444	16.4	116,428	81.7	2,707	1.9
Total.....	592	230	326	36	528,533	100.0	218,345	41.3	287,501	54.4	22,687	4.3

Of the 496 establishments with company unions only, 216 or 43.5 percent reported that employees were automatically entitled to participate. These establishments included 50.5 percent of the workers. A larger number of plants reported functioning under optional membership, but the number of workers covered by this group of

¹ The discussion in this chapter is based upon an analysis of the 592 company unions referred to in ch. III. Of the total, 496 were in establishments which dealt with a company union only and 96 in establishments which dealt with both a company union and one or more trade-unions.

² "Molders only"; "polishers and buffers only"; "foundry"; "one department only" (3 cases); "outside sales force"; "all save sales and office"; "bus operators"; "managers, butchers, and executives"; "operating department employees only"; "machine division only"; "male workers only."

³ For discussion of participation basis and its significance, see ch. X.

establishments was less than the total under automatic participation.⁴ This would suggest that the larger plants in this group tend somewhat toward an automatic rather than optional participation basis.

In establishments having both a company union and a trade-union, the percentage of company unions with optional membership was considerably greater. Of the 96 company unions in this group, four-fifths provided for optional membership. Fourteen plants, with 16.4 percent of the workers, had plans involving automatic participation. In these 14 plants, therefore, trade-union members would also automatically be entitled to participate in the company union.

A pronounced shift from automatic participation to optional membership took place after the passage of N. I. R. A. (table 13). Of company unions in existence before that date, 42.6 percent were at the time of the study on an automatic basis and 49.8 percent on a membership basis.⁵ Among the company unions first set up under N. R. A., only 36.5 percent were of the former type and 58.7 percent of the membership type.

TABLE 13.—Participation basis of company unions in April 1935, by period of formation

Period of formation	Total		Participation basis					
			Automatic		Optional membership		Not reported	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Establishments								
Before N. R. A.....	197	100	84	42.6	98	49.8	15	7.6
During N. R. A.....	378	100	138	36.5	222	58.7	18	4.8
Not reported.....	17	100	8	47.1	6	35.3	3	17.6
Total.....	592	100	230	38.9	326	55.0	36	6.1
Workers								
Before N. R. A.....	211,846	100	100,504	47.4	105,483	49.8	5,859	2.8
During N. R. A.....	306,528	100	111,595	36.4	178,414	58.2	16,519	5.4
Not reported.....	10,159	100	6,246	61.5	3,604	35.5	309	3.0
Total.....	528,533	100	218,345	41.3	287,501	54.4	22,687	4.3

Dues and Benefit Provisions

Of the total of 592 company unions studied 411, covering 411,053 workers, reported that they had no provision for dues or any other means of raising funds from the membership, while 26, with 12,403

⁴ The remaining establishments for which participation provision was not reported involved 6.5 percent of the establishments and 5.2 percent of the workers.

⁵ Some plans dating from before 1933 changed from an automatic to a membership basis after that date. See ch. IX.

workers, did not reply to the question, "Do members pay dues?" Some provision for payment by the members was made in 155 plants, covering 105,077 or 19.9 percent of the workers (table 20). Of these 155 establishments 140 had optional membership; 127 of these reported company union membership extending to 71.2 percent of their employees (table 16).

Dues provisions occurred somewhat more frequently where a trade-union was also recognized as representative of some of the employees than in establishments where a company union alone existed (table 14). The greater frequency of dues provisions was not as marked, however, as was the matter of optional membership.⁶

TABLE 14.—*Dues provisions of company unions, April 1935, by type of dealing*

Dues provision	Total				Company unions only				Company unions and trade-unions			
	Establishments		Workers		Establishments		Workers		Establishments		Workers	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Dues.....	155	26.2	105,077	19.9	123	24.8	73,666	19.1	32	33.3	31,411	22.0
No dues.....	411	69.4	411,053	77.8	360	72.6	306,776	79.5	51	53.2	104,277	73.2
Not reported.....	26	4.4	12,403	2.3	13	2.6	5,512	1.4	13	13.5	6,891	4.8
Total.....	592	100.0	528,533	100.0	496	100.0	385,954	100.0	96	100.0	142,579	100.0

Almost 70 percent of the establishments charging dues charged 40 cents a month or less (table 15); these establishments employed 80.2 percent of all the workers. Only 7 plants, employing 5.3 percent of the workers, reported dues of more than 80 cents a month. Two plans relied on assessments only, while 10 others had various provisions for raising funds.

TABLE 15.—*Amount of monthly dues of company unions, April 1935*

Monthly dues	Company union only			Company union and trade-union			Total with company unions		
	Establishments	Workers		Establishments	Workers		Establishments	Workers	
		Number	Percent		Number	Percent		Number	Percent
Under 20 cents.....	31	31,118	42.2	14	15,122	48.1	45	46,240	44.0
21-40 cents.....	48	25,578	34.7	14	12,473	39.7	62	38,051	36.2
41-80 cents.....	19	11,079	15.1	1	236	.8	20	11,315	10.8
81-100 cents.....	3	761	1.0	2	3,381	10.8	5	4,142	3.9
Over 100 cents.....	2	1,435	2.0	—	—	—	2	1,435	1.4
Assessments only.....	2	392	.5	—	—	—	2	392	.4
Other provision.....	10	1,889	2.6	—	—	—	10	1,889	1.8
Amount not stated.....	8	1,414	1.9	1	199	.6	9	1,613	1.5
Total.....	123	73,666	100.0	32	31,411	100.0	155	105,077	100.0

¹ In 9 of these, dues varied with wages. 1 establishment reported that 1 cent per hour had been added to the base rate of all factory workers and then paid over to the company union.

⁶See p. 60.

TABLE 16.—Benefit provisions and reported membership in company unions having optional membership and charging dues, April 1935

Provision for benefits	Company unions with optional membership and dues					
	Estab-lish-ments	Work-ers	Estab-lish-ments	Company unions for which membership was reported		
				Workers		
				Total	Members of company union	
					Num-ber	Percent of total
Company unions with benefits.....	90	62,767	86	48,179	37,224	77.3
Establishments with company unions only.....	66	43,268	64	36,762	27,212	74.0
Establishments with company unions and trade-unions.....	24	19,499	22	11,417	10,012	87.7
Company unions without benefits.....	50	30,603	41	26,786	16,117	60.2
Establishments with company unions only.....	42	18,690	34	15,523	11,238	72.4
Establishments with company unions and trade-unions.....	8	11,913	7	11,263	4,879	43.3
All company unions.....	140	93,370	127	74,965	53,341	71.2
Establishments with company unions only.....	108	61,958	98	52,285	38,450	73.5
Establishments with company unions and trade-unions.....	32	31,412	29	22,680	14,891	65.7

Dues provisions were found almost exclusively in company unions in which membership was optional. However, in 13 establishments, employing 11,315 workers, dues were required even though participation was automatic; in 11 of these, the worker received for his dues the right of participation in certain insurance and loan benefits, but in the other 2 establishments, both small, no benefits were provided.

In 90 plans with optional membership and dues provisions, payment of the dues entitled the member to benefit features (table 16). These plans covered 62,767 workers. Fifty plans, covering 30,603 workers, provided no health, loan, or life-insurance benefits. Table 16 indicates that the reported proportion of the employees who were members of optional company-union plans was smaller where no benefits were provided than where right to benefits accompanied membership. This difference, however, was accounted for by the group of establishments dealing through both a trade-union and a company union. In such establishments the company unions providing benefit features had an average membership of 87.7 percent of the employees; where no such features were provided, the average membership was only 43.3 percent.

The analysis made as a result of the field study (see pt. III) indicated that dues provisions were primarily a development of the N. R. A. period.⁷ Among the company unions which replied to the mail questionnaire, however, a somewhat larger proportion with dues provisions was found among those set up before the N. R. A. than among

⁷ See p. 115.

those which developed after March 1933. Several factors account for this difference.

In the first place, it is probable that some of the pre-N. R. A. organizations reported as company unions in the mail-questionnaire study were in reality mutual benefit associations or were originally established as mutual benefit associations and assumed certain functions in connection with individual grievances, wages and hours, and similar matters after March 1933. Replies to some of the questionnaires indicated that such changes did take place. Thus one stated:

The Employees' Mutual Benefit Association has existed for many years. When the N. R. A. went into effect, the president of this organization and the board organized a personnel relations committee as an auxiliary of this association.

Another said:

This plan was originally for welfare and sick benefits. Now it is mainly for collective bargaining and social purposes.⁸

In this connection it may be noted that, while 44.8 percent of the newer company unions which charged dues provided no benefit features, only 18.8 percent of the pre-N. R. A. company unions which charged dues had no benefit features. All of the pre-N. R. A. company unions which charged dues and provided no benefit features were federated organizations of the type of the Loyal Legion of Loggers and Lumbermen or the American Guild of the Printing Industry in Baltimore. The fact that no company unions of this type were included in the field study is a second factor explaining the difference in results on this point. To this extent, qualification of the statement made with regard to dues in the field study is necessary. A third factor contributing to the discrepancy is the fact that the mail questionnaire showed only the practice of the company union as of April 1935. It did not indicate what changes had been made between the passage of the N. I. R. A. and the date of the reply. Of the 63 pre-N. R. A. company unions which reported that dues were charged, 27 reported that they were amended in some way after 1929. The evidence in the field study shows that a number of company unions adopted their dues provisions after March 1933.⁹ The extent to which the 63 company unions established before 1933 introduced their provisions for dues after 1933 cannot be determined from the data.

Meetings and Compensation of Employee Representatives

Replies to the mail questionnaire indicated that employee representatives most commonly met once a month to take up matters brought to their attention. Monthly meetings prevailed in about

⁸ The extent to which this change occurred among the field-study cases is described in ch. VI.

⁹ See footnote 6, p. 116.

47 percent of the company unions, in establishments employing 58 percent of the workers (table 17). In about 17 percent of the company unions, the representatives met only "on call." These were principally in the smaller establishments, comprising a total of 7.9 percent of the workers. Weekly or semimonthly meetings were held by the representatives in 17 percent of the company unions, the proportion being somewhat greater where trade-unions were also recognized by management than where company unions alone functioned.

TABLE 17.—*Frequency of meetings of company-union representatives, April 1935*

Frequency of meetings	Total with company unions				Company unions only				Company unions and trade-unions			
	Establishments		Workers		Establishments		Workers		Establishments		Workers	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Weekly.....	46	7.8	54,824	10.4	35	7.1	41,489	10.7	11	11.5	13,335	9.4
Semimonthly.....	56	9.5	70,116	13.3	45	9.1	40,288	10.4	11	11.5	29,828	20.9
Monthly.....	277	46.7	307,779	58.2	236	47.6	228,136	59.2	41	42.6	79,643	55.8
Quarterly.....	27	4.6	17,968	3.4	17	3.4	14,598	3.8	10	10.4	3,370	2.4
On call.....	100	16.9	41,829	7.9	88	17.7	33,131	8.6	12	12.5	8,698	6.1
No reported meetings.....	3	.5	181	(¹)	3	.6	181	(¹)	-----	-----	-----	-----
Not reported.....	83	14.0	35,836	6.8	72	14.5	28,131	7.3	11	11.5	7,705	5.4
Total.....	592	100.0	528,533	100.0	496	100.0	385,954	100.0	96	100.0	142,579	100.0

¹ Less than 1/10 of 1 percent.

Representatives were compensated for time while attending company-union duties in about 70 percent of the cases (table 18). These company unions were in establishments employing 86 percent of all the employees. There was thus a greater tendency for payment in the larger than in the smaller establishments.

TABLE 18.—*Provisions for payment of company-union representatives for time while attending to company-union duties, April 1935*

Provision for payment	Total with company unions				Company unions only				Company unions and trade-unions			
	Establishments		Workers		Establishments		Workers		Establishments		Workers	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Representatives paid.....	425	71.8	454,997	86.1	357	72.0	329,012	85.2	68	70.8	125,985	88.4
Representatives not paid.....	139	23.5	60,198	11.4	116	23.4	47,474	12.3	23	24.0	12,724	8.9
Provision not reported.....	28	4.7	13,338	2.5	23	4.6	9,468	2.5	5	5.2	3,870	2.7
Total.....	592	100.0	528,533	100.0	496	100.0	385,954	100.0	96	100.0	142,579	100.0

The rate of payment was predominantly the employee's regular rate of pay (table 19). In nearly 10 percent of the cases, however, representatives were paid a stipulated amount for their services in the company union.

TABLE 19.—Rate of payment of company-union representatives, April 1935

Rate of payment	Total with company unions				Company unions only				Company unions and trade-unions			
	Establishments		Workers		Establishments		Workers		Establishments		Workers	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Regular wage rate.....	374	88.0	386,133	84.9	315	88.3	292,419	88.8	59	86.8	93,714	74.4
Stipulated rate.....	39	9.2	54,334	11.9	33	9.2	29,164	8.9	6	8.8	25,170	20.0
Rate not reported.....	12	2.8	14,530	3.2	9	2.5	7,429	2.3	3	4.4	7,101	5.6
Total.....	425	100.0	454,997	100.0	357	100.0	329,012	100.0	68	100.0	125,985	100.0

The compensation received by employee representatives for time spent on company-union business came from the employer in about 90 percent of the cases (table 20). In less than 4 percent of the company unions, compensation came solely from employees' dues or assessments, while in less than 2 percent both employees and employer contributed. Although payment of representatives out of employees' dues was rare, it was somewhat more frequent when trade-unions were also dealt with by the employer.

TABLE 20.—Source of payment of company-union representatives, April 1935

Source of payment	Total with company unions				Company unions only				Company unions and trade-unions			
	Establishments		Workers		Establishments		Workers		Establishments		Workers	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Company.....	390	91.8	422,679	92.9	328	91.8	309,257	94.0	62	91.1	113,422	90.1
Employees' dues or assessments.....	16	3.8	23,159	5.1	11	3.1	11,636	3.5	5	7.4	11,523	9.1
Jointly.....	7	1.6	4,317	.9	7	2.0	4,317	1.3	0	0	0	0
Source not reported.....	12	2.8	4,842	1.1	11	3.1	3,802	1.2	1	1.5	1,040	.8
Total.....	425	100.0	454,997	100.0	357	100.0	329,012	100.0	68	100.0	125,985	100.0

General Membership Meetings

Of the 592 company unions covered by the Bureau's questionnaire, 86 had no provision for general membership meetings, either by plant or department (table 21). In 96 cases there was no answer to the question "How frequently are general membership meetings

held?" These two groups combined included 50 percent of the total number of workers in the establishments with company unions. An additional 14.4 percent of the workers were in the 135 establishments that reported general membership meetings held on call only.

The 275 company unions reporting provision for regular meetings embrace 35.6 percent of the employees. On the whole these establishments were smaller than those whose plans made no provision for a regular meeting time or for which no data were made available. Monthly or annual intervals between meetings were most common, monthly meetings being provided for by 158 company unions with 19.9 percent of the workers and annual meetings by 52 company unions with 9.1 percent of the workers. Quarterly meetings were reported for 14 company unions in relatively small establishments. In 10 establishments, with a total of 10,323 workers, the company union was reported as meeting weekly.

Comparison of frequency of meetings as between establishments with company unions only and those with company unions and trade-unions shows some differences. In the group having both types of collective dealing, 48 of 96 establishments had no reported provision for regular meetings of the company union. These 48 establishments included nearly three-fourths of the workers employed in the 96 plants. It should be noted, however, that in 40 of the 48 establishments reporting regular meetings and dealing also with trade-unions, meetings were held at least monthly. These 40 establishments employed about 90 percent of the workers in this group. Among the 227 establishments with regular meetings but with company-union dealings alone, quarterly or less frequent meetings were held in 78 establishments with about two-fifths of the workers in such establishments.

TABLE 21.—*Frequency of company-union general membership meetings, April 1935*

Frequency of meetings	Total with company unions			Company unions only			Company unions and trade-unions		
	Establishments	Workers		Establishments	Workers		Establishments	Workers	
		Number	Per cent		Number	Per cent		Number	Per cent
Provision for regular meeting.....	275	188,225	35.6	227	150,121	38.9	48	38,104	26.7
Weekly.....	10	10,523	1.9	9	9,716	2.5	1	607	.4
Semimonthly.....	21	9,802	1.8	10	4,981	1.3	11	4,821	3.4
Monthly.....	158	105,204	19.9	130	76,289	19.8	28	28,915	20.3
Quarterly.....	14	4,699	.9	12	4,284	1.1	2	325	.2
Semiannually.....	20	10,418	2.0	20	10,418	2.7	—	—	—
Annually.....	52	47,869	9.1	46	44,433	11.5	6	3,436	2.4
No provision for regular meeting.....	221	265,738	50.3	192	178,959	46.4	29	86,779	60.9
On call.....	135	76,016	14.4	117	62,853	16.3	18	13,163	9.2
No provision.....	86	189,722	35.9	75	116,106	30.1	11	73,616	51.7
Not reported.....	96	74,570	14.1	77	56,874	14.7	19	17,696	12.4
Total.....	592	528,533	100.0	496	385,954	100.0	96	142,579	100.0

Arbitration

Data obtained from the mail questionnaire indicated that in nearly 40 percent of the company unions arbitration was permissible when management and employee representatives could not agree. These company unions represented almost one-half of the workers covered (table 22). Such provisions were somewhat more frequent in company unions established under the N. R. A. than in those established before 1933. Many of the replies indicated that the provisions did not give the company union the right to secure arbitration on its own request, but required mutual agreement.¹⁰

None of the replies mentioned any matter which had ever been submitted to arbitration. The mail questionnaire bore out the evidence secured in the field study that arbitration provisions were never or very rarely invoked by company unions.

TABLE 22.—*Arbitration provisions in company-union constitutions, April 1935, by time of establishment of company union*

Time of establishment	All company unions		Company unions with arbitration provisions		Percent with arbitration provisions	
	Establishments	Workers	Establishments	Workers	Establishments	Workers
Before N. R. A.	197	211,846	71	111,602	36.0	52.7
During N. R. A.	378	306,528	157	138,204	41.5	45.1
Not reported.	17	10,159	5	6,664	29.4	65.6
Total.	592	528,533	233	256,470	39.5	48.6

Comments in the replies and provisions in the constitutions describing how arbitrators were selected indicated a tendency to turn to some prominent public official or agency in designating an arbitrator. Provision was often made to delegate this important responsibility to an outsider about whose personal qualifications the parties could know little or nothing. They designated an office rather than a person. While the person who held the office at the particular time might have been acceptable to both parties, there was no certainty that a person similarly acceptable would hold the office when the time for arbitration arrived. Thus, one constitution provided that the senior United States judge of the district should act as the arbitrator. Another specified that the chairman of the State public-service commission should serve in this position. A third referred the disputed question for settlement to the arbitration committee of the State chamber of commerce.

Final decision on matters brought up through the company-union machinery was reported as resting with a joint committee of manage-

¹⁰ The content of arbitration provisions in company-union constitutions and the extent to which they were invoked in practice are discussed in pt. III, ch. XVI.

ment and employee representatives in 31 cases, about 5 percent of the company unions reporting to the Bureau. They included 3.5 percent of the total workers. All but one of these were in establishments in which a company union alone functioned. One chain of large units vested final decision in a joint board which met once a year to handle unsettled matters for all the units, decisions being reached by "general agreement" under the unit system of voting. Aside from this chain, the company unions vesting final decision in a joint body were in small establishments.¹¹

Matters Discussed

An analysis of the matters reported discussed between management and company unions is presented in table 23. Of the 592 establishments, all but 42 reported the subjects which had been discussed in conference with representatives of the company unions during the period since January 1, 1933. Ten leading subjects were listed for checking in the Bureau's questionnaire and only 12 companies reported discussion of other matters.

The number of establishments (and the number of employees) in which these matters were discussed is shown in table 23. It must be borne in mind that the frequency with which such subjects are discussed is influenced by the trend of business activity. A study made in the declining phase of a business cycle might reveal a different order of importance. Furthermore, the questionnaire related only to subject matter and shed no light on methods of presentation. The field study revealed that in some instances such discussions involved actual negotiation, but in many instances little more than an announcement of company policy was involved.¹²

Based upon the percentage of all establishments which have company unions, the subjects ranked as follows:

1. Individual grievances and complaints.
2. Health and safety.
3. General wage increase or decrease.
4. Wage rates for specific occupations.
5. Changes in weekly or daily hours.
6. General rules and regulations.
7. Methods of sharing or rotating work.
8. Discharge of an employee or employees.
9. Rules of seniority.
10. Type of wage payment.

¹¹ The practical functioning of joint committees is discussed in detail in pt. III, ch. XIII.

¹² See chs. XVII and XVIII.

TABLE 23.—Matters reported discussed by company unions with management between January 1933 and April 1935

[Numbers in parentheses indicate order of frequency, by number of establishments]

Matter discussed or negotiated	Total company unions				Company unions only				Company unions and trade-unions			
	Establishments		Workers		Establishments		Workers		Establishments		Workers	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Individual grievances and complaints.....	455	76.9 (1)	467,777	88.5	378	76.2 (1)	343,749	89.1	77	80.2 (1)	124,028	87.0
Health and safety.....	386	65.2 (2)	420,739	79.6	332	66.9 (2)	314,449	81.5	54	56.3 (4)	106,290	74.5
General wage increases or decreases.....	384	64.9 (3)	371,474	70.3	318	64.1 (3)	284,176	73.6	66	68.8 (3)	87,298	61.2
Wage rates for specific occupations.....	377	63.7 (4)	426,895	80.8	303	61.1 (4)	313,660	81.3	74	77.1 (2)	113,235	79.4
Changes in weekly or daily hours.....	357	60.3 (5)	368,168	69.7	303	61.1 (5)	282,918	73.3	54	56.3 (6)	85,250	59.8
General rules and regulations.....	334	56.4 (6)	374,810	70.9	286	57.7 (6)	283,056	73.3	48	50.0 (7)	91,754	64.4
Methods of sharing or rotating work.....	317	53.5 (7)	365,591	69.2	284	57.3 (7)	288,403	74.7	33	34.3 (9)	77,188	54.1
Discharge of an employee or employees.....	288	48.6 (8)	377,554	71.4	234	47.2 (8)	284,996	73.8	54	56.3 (5)	92,558	64.9
Rules of seniority.....	253	42.7 (9)	348,602	66.0	214	43.1 (10)	267,378	69.3	39	40.6 (8)	81,224	57.0
Type of wage payment (piece work, bonus, etc.).....	244	41.2 (10)	322,841	61.1	219	44.1 (9)	258,663	67.0	25	26.0 (10)	64,178	45.0
Other.....	12	2.0 (11)	34,512	6.5	8	1.6 (11)	8,372	2.2	4	4.2 (11)	26,140	18.3
Both general wage changes and changes in hours.....	294	49.7	323,041	61.1	244	49.2	242,779	62.9	50	52.1	80,242	56.3
Neither of above 2 matters.....	142	24.0	99,415	18.8	117	23.6	53,111	13.8	25	26.0	46,304	32.5
General wage changes, type of wage payment, and changes in hours.....	178	30.1	260,562	49.3	159	32.1	203,689	52.8	19	19.8	56,873	40.0
None of above 3 matters.....	79	13.3	63,902	12.1	72	14.5	32,324	8.4	7	7.3	31,578	22.1
All establishments with company unions.....	592		528,533		496		385,954		96		142,579	

When a comparison is made of the relative prevalence and ranking of the matters discussed with their employees by establishments dealing with company unions only and by establishments dealing with both company and trade-unions, marked differences in emphasis are revealed. Thus, while individual grievances and complaints ranked first for both groups, the percentage of establishments with only company unions in which such matters were discussed with their employees was 76.2 percent. In establishments with both company unions and trade-unions, 80.4 percent reported that individual grievances were handled. Likewise, while health and safety ranked second with the group having company-union dealings alone (66.9 percent of such establishments), it ranked fourth with the group with mixed dealings (56.7 percent). General wage increases and decreases ranked third with both categories, but was reported as discussed in a somewhat larger proportion in the establishments with dual dealings. Wage rates for specific occupations was fourth in order of prevalence for company unions alone and second for establishments dealing with trade-unions also. The matter of sharing or rotating work ranked seventh with 57.3 percent of the establishments dealing with company unions alone and ninth with 35.1 percent of the establishments dealing also with trade-unions. The discharge of employees was a subject of conference with company unions in 47.2 percent of the establishments dealing with company unions alone and with 55.7 percent of the establishments also dealing with trade-unions. Types of wage payment were discussed with company unions in a larger proportion of establishments dealing with company unions alone than of those dealing also with trade-unions—44.1 percent and 25.8 percent, respectively.

Since general wage changes, type of wage payment, and changes in hours of employment are fundamental matters involved in employer-employee dealing, it was deemed desirable to ascertain the frequency with which employers discussed all three matters or failed to discuss any one of them with company unions. Thirty percent of all the establishments with company unions, employing 49.1 percent of the workers covered, reported that they conferred with company unions on these three important matters. On the other hand, 13.3 percent of all the establishments, employing 12.0 percent of the workers, did not discuss any of the three subjects. In general these matters were more frequently discussed with company unions in establishments dealing with company unions alone than they were in establishments dealing also with trade-unions. This was largely traceable to the fact that discussion of type of wage payment was reported more frequently by the former than the latter. Wages and hours were discussed by approximately half of the company unions in each group, while neither

wages nor hours were discussed by approximately one-fourth in each group.¹³

Company-Union Agreements

Of the 592 establishments dealing in part or whole with their workers through company unions, 82 or 13.9 percent had written agreements. These 82 establishments employed 55,412 workers or 10.5 percent of the total number of workers employed by the 592 establishments. Copies of the written agreements were submitted by 36 of the 82 establishments. Nineteen of these agreements followed closely along trade-union agreement lines. They contained provisions similar to those generally found in such agreements in regard to wage scales, hours, working conditions, arbitration clauses, and special industrial problems. Of these 19 company-union agreements, 4 were identical with the agreements that these same establishments had with trade-unions. Three of these were entered into with American Federation of Labor unions and one with a local of the Industrial Workers of the World.

Of the 36 companies which submitted agreements, 9 had agreements limited to the affirmation of the N. R. A. codes under which the particular establishment operated. Eight contained declarations of mutual good will and an enumeration of how the workers can organize for conference with the employer—matters ordinarily incorporated in the company-union constitution. No mention was made in these 17 agreements of wages, hours, and working conditions.

Outside Contacts

Approximately 22 percent of all the company unions, including 30 percent of the workers, were reported as having contacts with company unions in other plants of the same company (table 24). The contacts ranged through all degrees of formality and regularity. A number of companies reported that formal contacts between the company unions in their different establishments were consistently maintained. In a few cases the establishments so connected were widely separated geographically. Annual joint meetings of employee representatives were the general rule in such cases. On the other hand, one large company with more than 15 company unions in as many establishments, and employing more than 38,000 workers, stated that—

Each works council is a self-governed unit, and although the council plan provides for general councils comprised of representatives of the various works councils, there has been no recent need for such joint meetings of representatives of the councils, nor has there been any occasion where a meeting of our represen-

¹³ For a comparison with the results indicated by the field study, see p. 163, footnote 2. The discussion there suggests certain corrections in the figures on hours of work and type of wage payment.

tatives with those of another company would have been necessary or of particular advantage to either group.

Another company reported that the bylaws provided for meetings of representatives of the different plants when necessary, but no such meetings have been held to date.

Contacts with company unions in other companies were relatively much less frequent than contacts within the same company. The total of company unions with external contacts includes 15 companies dealing through the Loyal Legion of Loggers and Lumbermen, which is here classed as a company union. Four companies were connected with the American Guild of the Printing Industry in Baltimore and one with a federation of printing shops in Boston. Two others handled their labor relations through the Joint Board of Arbitration in the shoe industry in Philadelphia. These 22 company unions are the only ones with clearly defined contacts with other company unions in companies not financially affiliated with the establishments in question. In addition, 6 establishments reported that their employees had some loose contact with employees and organizations in other companies through correspondence or plant visitation, but these cases are not included here.

TABLE 24.—*Contacts of company unions with company unions in other establishments, April 1935*

Type of union	Total		Contact with other company unions in same company				Contact with company unions in other companies			
	Establishments	Workers	Establishments		Workers		Establishments		Workers	
			Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
Establishments with—										
Company unions only.	496	385,954	¹ 101	20.4	¹ 116,619	30.2	41	8.3	34,002	8.8
Company unions and trade-unions.	96	142,579	30	31.3	43,897	30.8	8	8.3	9,495	6.7
Total.	592	528,533	¹ 131	22.1	¹ 160,516	30.4	49	8.3	43,497	8.2

¹ In addition, 1 company with 19 company unions in as many establishments, embracing a total of 21,880 workers, reported for all these company unions that "in some instances, employee representatives of 1 plant have contact with those of another", but it was impossible to determine from the reply to which of the establishments the statement had reference. The entire chain is, therefore, excluded from the group reporting contacts.

Personnel Managers

Personnel managers handled employer-employee relations in almost half of the establishments in which company unions functioned. The presence of both personnel managers and company unions was twice as common in establishments having more than 500 workers as in those with less than that number.

TABLE 25.—*Establishments with personnel managers, by size of establishment April 1935*

Number of workers	Total	With personnel manager		Without personnel manager	
		Number	Percent	Number	Percent
Under 500.....	268	81	32.1	187	67.9
500 and over.....	179	124	63.6	55	36.4
Total.....	1 447	205	45.9	242	54.1

¹ Data not available for 145 cases, of which 101 had less than 500 workers and 44 more than that number.

Combinations of Attributes

Seventeen company unions were reported as possessing simultaneously the attributes of dues, regular employee meetings, written agreements, contacts with other workers' organizations, and the right to ask arbitration of differences whereby the management relinquishes its absolute veto power. The total number of workers in these establishments was 9,403, or 1.8 percent of all workers in the establishments with company unions. On the other hand, 76 of the company unions, or 12.8 percent of the total, exhibited none of these features. These 76 plants employed 17.7 percent of the total number of workers in establishments with company unions.

Various combinations of these attributes appeared as indicated in table 26.

TABLE 26.—*Combinations of attributes among company unions studied, April 1935*

Combinations of attributes	Number of company unions	Percent of total	Number of workers	Percent of total
Dues, regular employee meetings, written agreements, contacts with other worker organizations, arbitration.....	17	2.9	9,403	1.8
Dues, regular employee meetings, written agreements, arbitration.....	28	4.7	17,496	3.4
Dues, regular employee meetings, written agreements.....	36	6.0	21,075	4.0
Dues, regular employee meetings, arbitration.....	48	8.0	31,644	6.0
Dues, regular employee meetings.....	141	23.8	87,516	16.6

PART III
Organization and Functioning of 126 Company Unions

Organization and Functioning of 126 Company Unions

Supplementing the mail inquiry, the results of which have been presented in part II, members of the Bureau's staff visited 125 firms in which 126 company unions existed. They interviewed employers, personnel directors, officers and members of the company unions, trade-union members, and local citizens who were interested in employer-employee relationships. Copies of minutes of meetings, constitutions, agreements, and other pertinent literature were obtained. The analysis in part III is based on the results of these visits. (See appendix V for details on scope and method of this field study, as well as for a copy of the schedule used by the field representatives.)

Part II is primarily a quantitative study of the various types of employer-employee dealing and the characteristics of company unions. Part III is a detailed analysis of the structure and functioning of company unions as revealed by first-hand contact.

Chapter VI

Conditions Attending the Formation of Company Unions

An understanding of the characteristics of any particular institution is aided by a consideration of the forces leading to and the events attending its establishment. The period in which it was formed and the factors in the immediate situation out of which it arose shed some light upon the essential nature of the organization.

During the 20 years in which company unions have been a factor in labor relations, industrial conditions have varied greatly. They embrace the war period, a rather bitter subsequent adjustment period, 7 years of prosperity, 4 years of severe depression, and the rush and experimentation of the N. R. A.¹ These industrial conditions have stimulated or retarded the development of company unions.

TABLE 27.—*Period of formation of company unions covered in field study*

Period of formation	Number of company unions	Period of formation	Number of company unions
1915-19.....	14	1930-32.....	1
1920-22.....	9	1933-July 1935.....	196
1923-29.....	6	Total.....	126

¹ See footnote 3.

The formation of company unions has concentrated in certain of these periods.² Thus more than three-quarters of the 126 company unions visited date ³ from the period of the N. R. A. (See table 27.)

¹ A fuller discussion of the periods before March 1933 has been presented in the Historical Introduction, chs. I and II.

² See pt. II, table 7, p. 51.

³ Almost all of the company unions studied were created full-fledged in a more or less definite form. It is therefore possible to allocate their initiation with some definiteness to a particular time period.

At least five of the company unions covered in this survey, however, went through a process of evolution from a more or less informal beginning. The date of this beginning is unknown in two cases, in one it goes back to 1924, in the others to the period just before the World War. In these few cases the date of the organization of the company union has been taken as the first date which seemed to mark the setting up of a more or less formal representative agency for the workers. Thus, although several of the company unions have a developmental history carrying back to the pre-war period, none is indicated as having been formally initiated before 1915.

A slightly different problem of dating appears where company unions in existence at one time or another had been abandoned and then, in the period of company union activity beginning in 1933, new or revised plans were set up. In four cases the company union had been dead for some time before 1929. The new plans in these 4 cases were consequently definitely assigned to the period from 1933 to 1935. In four other cases the company union had dropped into inactivity sometime between 1929 and 1933. In two additional cases the company union had survived into the N. R. A. period, to be replaced temporarily by a trade-union. Although these last six company unions were reestablished in their present form during the period of the N. R. A. and are assigned to that period in table 27, they had a history and a tradition of employee representation going back a decade or more.

The next largest group, with about 11 percent of the total number of the company unions surviving ⁴ in 1935, dates from the war period. Only one dates from the depression period of 1930-32.

Company-union organization under N. R. A.—Most of the 96 company unions which came into being during the N. R. A. period were created in companies which had had no previous experience with company unions. About a quarter of the organizations established in this period represented an attempt to build on long-abandoned plans or to expand the scope of existing organizations which had had more limited functions. Thus four war-time company unions had been dropped long before 1929, but new company unions were set up in these companies during the N. R. A. Four others established during the twenties, had become moribund after 1929 but were reestablished or set going again. In nine other companies, enactment of N. I. R. A. turned attention to the existing benefit associations and the possibility of utilizing them as agencies for collective bargaining.⁵ Eight company unions which were in more or less active operation at the time of the adoption of N. I. R. A. were revised in response to the new legislation.

In more than half of the cases of company unions formed during the N. R. A. period, recently established trade-union locals contended for the right to represent the workers. In these cases, there had been no agency for collective dealing before March 1933. The sequence of events in the great majority of these cases indicated

⁴ The mail survey indicates that 32.5 percent of the company unions were established before 1933. The smaller proportion in the field study is due in part to the exclusion of company unions in lumber from the field study. Such company unions, almost all of which were set up before 1933, comprised 3.4 percent of the mail-study company unions. In addition, abandoned company unions which were reestablished after the passage of the N. I. R. A. were included with the N. R. A. group in the field study. They comprised 5 percent of the field-study company unions. In the replies to the mail questionnaire, many if not most of these company unions were probably dated by the year of their first organization.

If allowance is made for these two groups, the company unions chosen by the Bureau for intensive field study seem to represent fairly well, from the standpoint of age, the larger group which replied to the mail questionnaire.

These figures give only the approximate rate at which company unions were organized in the different periods. They indicate the age of the existing plans and the period in which the surviving plans originated. It is well known that the mortality rate among company unions has been high and has varied with economic and other conditions.

⁵ In two of these nine companies, organizations set up as safety and efficiency suggestion systems and, in three others, welfare associations were converted into representative agencies to perform functions more closely related to collective bargaining. In two other companies it was attempted to have the welfare association assume bargaining functions. When these efforts proved unsuccessful, new organizations were set up. In other cases, existing organizations of a welfare or athletic nature, while not transformed into broader agencies, were utilized as a springboard for the initiation of new plans. Meetings of these organizations were used as occasions for starting interest in or actually initiating measures for the setting up of a company union.

On the other hand, in some cases management definitely decided not to combine the company union organization with the preexisting benefit association. The reasons for this were concisely stated by one personnel manager:

"We decided not to combine the benefit association and the bargaining organization for the following reasons: (1) The bad name which mutual benefit associations have as collective-bargaining agencies; (2) the group insurance plan of the benefit association is compulsory for all employees and the company did not wish the representation plan to have any compulsory features; (3) the company did not wish to have the group insurance take the chance of failing if representation failed."

that the trade-union had appeared on the scene first and had tried to establish itself as the bargaining agency for the employees.⁶ The company union appeared either immediately following the trade-union or after the lapse of some time. In some cases the new trade-union local was more or less completely eradicated following the establishment of the company union. In other instances, the trade-union continued to function more or less effectively but the company union received recognition by the company as the sole bargaining agency or as entitled to equal recognition with the trade-union.

A reverse movement also took place, though its extent cannot be established from a study of company unions in existence in 1935.⁷ In a few instances the company union was either captured or displaced by trade-unions. In other cases the displacement of the company union by the trade-union was only temporary. When the N. I. R. A. company union in one firm voted to affiliate with a trade-union, management laid off the leaders of the trade-union movement who were officers of the company union and selected new officers. In another case, management influenced the workers through a series of conferences to bring about the return of the company union that had existed previously for 10 years but had been supplanted by trade-union organization in 1933. In two instances a company union, displaced by a trade-union, was subsequently in turn replaced by the company union when the trade-union called a strike.

The ever changing situation with respect to company unions in the N. R. A. period is further indicated by the cases in which company unions established or reestablished after March 1933 were subsequently more or less drastically revised.⁸ One company union, for example, adopted four different constitutions in the space of about 2 years.⁹ These revisions were in the direction of increased employee control of the company union and decreased management participation. They represented a response to legislation and other statements of public policy, the rulings of labor boards, and the increased activity of the trade-union movement.

Influences and pressures leading to company-union organization.—Four factors have been of outstanding importance as far as the conditions facing the individual companies at the time of the formation of the company unions were concerned: (1) Strike situations; (2) trade-union activity in the particular plant or in the locality;

⁶ See ch. XXII, p. 191, for further discussion of order in which organizations appeared under N. R. A.

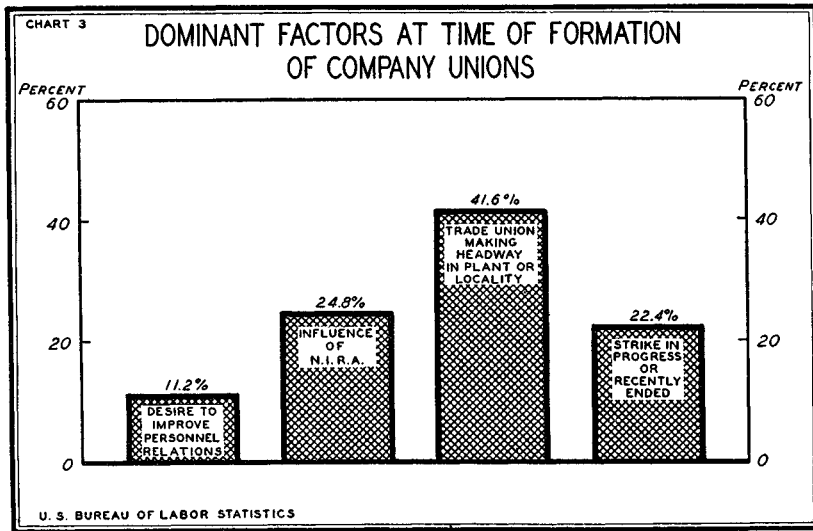
⁷ A study of company unions existing at any particular time does not indicate, of course, the amount and causes of mortality during previous periods. Thus, this study, made in April-June 1935, cannot reveal the extent to which company unions set up before that time had succumbed to advancing unionization or the decrees of Government boards since March 1933.

⁸ Fifty-one of the company unions studied reported some change in structure or procedure after March 1933. While many of these were minor and only on a few matters did more than a few company unions show the same type of change, a more or less definite trend emerges out of the changes.

⁹ See appendix III, p. 273.

(3) a desire to comply with section 7(a) of the N. I. R. A., which was widely interpreted as making necessary some form of organization of employees; and (4) a desire to improve personnel relations without any significant stimulus from external forces.

The weight of evidence indicates that activity of trade-unions among the workers in the plant or in the community was the most important



factor in 52 cases; the influence of the N. I. R. A. in 31 cases; a strike or recent strike in 28 cases; and desire for improved personnel relations, not closely related to any of the other 3 factors, in 14 cases.¹⁰ The relative significance of these factors, however, has varied with the several periods.

TABLE 28.—*Labor conditions at time of formation of company unions*

Dominant labor conditions	Total	1915-19	1920-22	1923-29	1930-32	1933- July 1935
Strike in progress or recently settled.....	28	5	7	2	1	13
Trade-unions making headway in plant or locality.....	52	2	0	0	0	50
N. I. R. A. influence.....	31	0	0	0	0	31
Company desire to improve personnel relations.....	14	6	2	4	0	2
No information.....	1	1	0	0	0	0
Total.....	126	14	9	6	1	96

¹⁰ Two or more of these factors were present in many cases, and it was difficult to assign their relative importance. This was especially true with respect to the relative influence of the N. I. R. A. and of trade-union activity in the company or locality. The decision as to which was dominant was made in each case by taking the whole story of the formation into account and sifting the evidence which the field agents obtained in their interviews with management, employee representatives, rank and file, trade-union employees and representatives, and others who were interested in and had some knowledge of the situation.

Improving personnel relations.—As far as can be judged, in 14 of the 126 company unions studied, the chief factor in the labor situation at the time of the establishment of the company union was not external pressure from trade-unions or legislation but rather the desire of management for improved personnel relations.¹¹ This motive was of special importance in the period from 1923 to 1929, and was also very significant in the war period. Whereas it was dominant in two-fifths of the company unions set up prior to 1933, it was of major influence in only 2 out of the 96 company unions established or reestablished during the N. R. A.

In these 14 concerns, company unions were instituted as a means of establishing closer contact with employees. Insofar as can be judged from the company unions studied, those which had this background emphasized the elimination of individual employee grievances, arising in day-to-day working contacts, which destroyed morale and interfered with efficient work. They were planned largely to provide a channel of communication between employees and management so that injustices might come to light. This was a part of the philosophy of scientific management, a method of reducing industrial and human waste.

One company announced its plan as follows:

* * * the management feels that a means should be provided whereby the more important matters which affect employees in general should have mutual discussion prior to the final decision by management.

As there is no regularly constituted medium for discussion of this kind, it has been decided to ask the ——— employees * * * to elect representatives * * *.

An official of another company in which the company union was reorganized after March 1933 said:

The old plan was only for *discussion*, like most such plans * * *. The majority of management decided (in 1933) that it should be revised as a genuine plan—for *settlement*, not just discussion.

Some of these 14 company unions were formed in plants in which the owner or someone in authority was unusually anxious to maintain good labor relations. One came into being because of the bequest of the voting stock of the company to its employees by the president. Another grew steadily in power and independence and has not only been tolerated but encouraged and advised by the president of the company, who is known to be a "sincere and idealistic employer." Another was established by an officer "who was interested in that sort of thing" and who has sincerely cooperated with the company union although it has become quite independent of the company.

¹¹ Here as elsewhere, several factors may have operated at the same time. It is known that in several concerns where the point of view of scientific personnel management was predominant in the labor situation there had been recent attempts at unionization or strikes.

Conforming to law and public opinion.—During the period of the N. R. A., one-third of the company unions were established chiefly to comply with the law, in letter or in spirit. While the possibility of trade-union growth in these industries played a part, it does not seem to have been the primary factor in these particular establishments. In many cases the encouragement to employees to form a company union sprang from a desire to live up to the standards seemingly set by public opinion as well as the law. It was generally felt, at least during the first months of the N. I. R. A., that individual bargaining with employees could no longer be unquestionably accepted. A number of these company unions included in their constitutions specific references to collective bargaining or collective dealing.

Special conditions affected the establishment of the company union in some of these cases. In a few the personnel director or someone in the organization had wanted a company union for a long time, but those in authority had been opposed. Some who had long opposed company unions changed their position in the early months of the N. R. A., even where the probability of trade-union bargaining was not very great. One company felt that the existence of a collective-bargaining agency would put it in a more favorable position to secure some Government contracts on which it had bid. It sent out a notice to employees to the effect that everyone was expected to conform to section 7 (a). The company, according to workers interviewed, gave the employees the impression that it was more or less necessary to have an organization in order to get the bids. In a number of instances, where the company had a large number of local units, central headquarters of the company, after the enactment of the N. I. R. A., sent out a uniform company-union constitution to the various individual establishments.

Strikes and trade-unions as stimulating factors.—Strikes were a factor in company-union organization in all periods. They were of greatest relative importance among the company unions which dated from the war and post-war periods. Trade-unions in the United States reached their peak strength in 1920. They resisted wage cuts and other losses. Many of the strikes which were called in 1920–22 not only failed to ward off wage cuts but were followed by the decimation of local trade-unions. The company union was an alternative offered the dissatisfied workers.

In nearly two-thirds of the 126 cases the most immediate influence leading to the formation of the company union was apparently the activity of trade-unions. Fifty-two were established when the trade-union organizer had already swung into action or was just around the corner. Thus in one instance the company union was set up shortly after the Regional Labor Board had held hearings on the trade-union's charge that the company had refused to recognize the

trade-union. In another, some employees had asked the American Federation of Labor for help in forming a local and had succeeded in signing up 75 percent of the workers in one division. The company thereupon called a meeting of the employees and outlined a proposed company union. Almost all of the company unions in which trade-union organization was the dominant driving force were formed in the period after March 1933, which witnessed the first significant increase in trade-union activity since the World War.¹²

Twenty-eight were set up when a strike was in progress or soon after a strike had been settled. The company union thus appeared on the scene as an alternative to a trade-union which had made its influence felt in the plant or locality.

While the philosophy of company unionism stresses harmony of interest between workers and management, new company unions were, for the most part, not formed in periods of peace but in periods of struggle. When the trade-union movement was weak, as it was from 1923 to 1932, the formation of company unions declined. Over the period of 20 years, the threat of unionism, frequently evidenced by strikes, was the most impelling force in the establishment of two-thirds of the company unions. While the passage of such legislation as the N. I. R. A. gave impetus to company-union formation, it was the actual presence of trade-union agitation which encouraged most of the swing toward company unionism. During the N. R. A. period, the number of company unions organized following a strike or while trade-unions were making headway in the plant or locality was twice as great as in instances where there was no strong or evident trade-union activity.

¹² From the figures here presented, however, which are confined to company unions in existence in 1935, it cannot be concluded that trade-union organization may not have been a more important stimulus to the establishment of company unions in other periods, especially during the war period, than appears from these figures. It is quite possible that company unions established for the purpose of counteracting trade-union influence merely suffered a greater mortality during the ensuing years. In all probability, many of the war-period company unions gradually disbanded as trade-union aggressiveness declined. The survival rate may have been higher if the company union was set up after trade-union organization had developed sufficiently to be able to call a strike.

Chapter VII

How Company Unions Are Established

It is frequently difficult to know how and where the impulse for a company union actually starts. Even though the idea may originate in the office of the president or the personnel director, he seldom carries through the establishment of the company union alone. Instead, he sells the idea as completely as possible to the employees or to influential groups and stimulates them to take a leading part in its organization. Thus a member of management may be the real directing force behind the scenes, but the company union may appear to have been granted to satisfy employee demand.

On the other hand, the request for a company union may truly originate with a group of employees who may fear or dislike trade-unions, or who may be convinced that a company union is the best solution for the labor situation of the concern, or who may hope to win favor from management. Even when employees take the initiative, however, they usually seek the assistance of management.

The influence of the employer is always an important factor. It is increased in a period characterized by general economic insecurity for the workers. The mere fact that the employer has proposed or suggested the formation of a company union gives it a certain advantage. To some workers, this approval is a guarantee of its utility; to others, it implies a veiled threat of discrimination against those who do not accept the company's suggestion.

Management's role in initiating company unions.—About 80 percent of the company unions were originated solely by management.¹ (See table 29.) In 18 of the management-initiated cases, the initiative did not come from the management of any particular plant. Instead, the plan had been sent out by the central headquarters, to be put into operation as a separate company union in each subsidiary plant.

¹ Management initiative in organizing a company union was more common among the automatic participation than the optional membership type. (See chapter X for description of these types.) Thus, of the 68 automatic participation company unions, 91 percent were initiated solely by management. Management action in initiating company unions of this type is a logical accompaniment of their character as arrangements for cooperation between management and employees rather than as associations or organizations of employees. Even among optional membership company unions, however, 60 percent were set up solely by management initiative.

TABLE 29.—Forces responsible for organization of company unions studied, by time periods

Initiating force	Total	1915-19	1920-22	1923-29	1930-32	1933-35
Management.....	96	13	7	5	1	70
Management and employees.....	18	0	1	0	0	17
Primarily employees.....	8	0	0	1	0	7
War Labor Board.....	1	1	0	0	0	0
No information.....	3	0	1	0	0	2
Total.....	126	14	9	6	1	96

The forms and procedure utilized by management in establishing a company union ranged from the simple statement of management's attitude to the outright dismissal of workers who joined a trade-union or refused to join the company union.

In some cases the company announced the plan either on a bulletin board or through the employees' magazine and then called for the election of representatives. No expression of opinion by the employees was obtained and no vote on the plan itself was taken. In one instance the local management received from the New York office of the company a plan drafted by the company's attorney. The local management immediately posted notices that the plan would be put into effect and that elections for representatives would be held.

Frequently, management's proposal to set up a company union or its approval of a movement to that end was definitely stated in a letter or folder sent to employees on the subject. Several letters specifically stated that management wished a genuine expression of opinion and that there would be no discrimination because of opposition to the plan. The following is illustrative:

To employees of the ——— Company:

From newspaper reports the officials of the company have learned that one and perhaps two groups of our employees engaged in a particular line of work have affiliated themselves with a labor organization, evidently for the purpose of gaining some supposed advantage under the National Recovery Act.

In consideration of the interests of the great mass of our employees, we feel that the true facts in connection with the N. R. A. should be presented as they are written into the act, and not as they are interpreted in a distorted form by various individuals having a more or less selfish interest in endeavoring to disrupt the harmonious relations between employer and employee, which in many plants has extended over a long period of years. To that end the following facts are set forth:

In order to gain the greatest benefits that the N. R. A. can confer, IT IS NOT NECESSARY FOR ANY EMPLOYEE OF ANY INDUSTRY TO JOIN ANY ORGANIZATION WHATSOEVER * * *.

The officials of the company feel that while *no organization* is necessary to secure the benefits of the N. R. A. for its employees, yet the present management has always thought that the workers and the company both might benefit by having an organization comprising all its employees, to cooperate with the officials of the company so that the best interests of the employees and the company

might be served and the _____ Company may continue its leadership of the _____ industry of the country, thus bringing increased prosperity to the employees, the company and to the city * * *.

It is evident, we believe, to any thinking employee that numerous small organizations in our plant would result in nothing but confusion and discord on account of many and different ideas, while an organization representing *all* the employees with a central committee to confer with the management would result in the orderly and efficient carrying on of the business * * *.

In an endeavor to determine the feelings of our employees regarding this plan, we are attaching herewith a ballot for each individual employee to select his representative * * *.

This organization is in no sense a company union as the management will have no part in guiding the ideas of the representatives. To the contrary, they will welcome the advice and assistance of all the employees as expressed through the representatives, so that the combined efforts of all will work for our mutual benefit.

The management of the business and the direction of the working forces, including the right to hire, suspend or discharge for proper causes, or transfer, and the right to relieve employees from duty because of lack of work or for other legitimate reasons is vested exclusively in the management and these rights shall not be abridged by anything contained therein.

_____,
Vice President.

EMPLOYEE'S BALLOT	To be deposited in the ballot box at any of the gates on leaving or coming to work, _____.	Department No.
----------------------	--	----------------

I hereby select _____ to be my representative in all matters pertaining to my employment with the _____ Company, and I agree to abide by all the decisions in connection with such employment as made by the elected representatives and the executive committee, which may be elected by the majority of the representatives of the employees of the _____ Company.

A more common procedure was to call a mass meeting of all the workers or of the workers in a particular department. In some cases, the original meeting called by the company was either in the nature of a social or so arranged that the workers were unaware of its exact purpose.² In a few cases they even thought that the meeting was called to organize a trade-union. The mass meeting was addressed by an official of the company or by the company's attorney. In two instances management asked the trade-union organizer to address the employees and present his side of the case.

Addresses by management were less guarded and more partisan than printed communications. In most instances the tenor of the talk was an attack on outside unions or a defense of inside unions or a combination of these two points of view. The workers were then asked to vote on the matter either in the open meeting or later in a more or less secret fashion.

² The titles adopted by some company unions, which called themselves "clubs", "social clubs", or "good-will clubs", contributed to such misunderstanding.

Sometimes the employer interviewed individuals or groups of employees to enlist their support for the company union or to dissuade them from joining a trade-union. One company, which saw an employee-committee system of long standing threatened by a growing trade-union movement among its employees, resorted to a systematic series of personal interviews. Management officials pointed out to the employees that a trade-union meant dues and strikes, and that the company preferred the inside organization. As a result, the company union, which had become practically dormant, was revived on a broader and more formal basis. The management in another instance called in groups of employees and had them study various plans and suggest the features which they wished included in the company's plan.

Since, in so many cases, the company union is the alternative offered by the employer to employees considering organization of an outside union, one phase of management's activity consisted in waging a strong fight against the trade-union. In a number of cases management made open or veiled threats that the plant or certain divisions might be closed down unless the workers abandoned the trade-union for the company union. One company, engaged in a distributive trade, threatened to lease out its delivery work unless the drivers withdrew from the trade-union. This company prepared and had the workers sign a resignation from the trade-union, including a statement that they had joined "under false pretenses." When signed, these resignations were all mailed to the trade-union by the company. In another instance, the morning after the trade-union had held its initial organizing meeting, the manager interviewed influential employees, three or four at a time. He told them that the company would close down if the men affiliated with an outside union. If they wanted to form an inside union, he would help them.

In some instances where the trade-union had secured a foothold among the employees, it was sidetracked by delay and postponement while the workers were cajoled or coerced into dropping out of the trade-union and joining the company union. In one company, management reported "Racketeers wanted them to join the trade-union. We thought the men would be better off without paying the racketeers." The business agent of the trade-union said, "I had the men almost 100 percent. I was referred from one manager to another. The day I was to see the top man, the company union was organized."

Dismissals of employees who were active in the trade-union or who refused to join the company union were not infrequent. The personnel manager of one company reported that the company had broken up a trade-union movement by discharging its leader. Wholesale discharges of trade-union sympathizers or of persons who refused to join the company union were reported in some cases. One com-

pany eliminated one of its departments and at one stroke got rid of the leading trade-unionists among its employees. The secretary of one trade-union was laid off in slack season and was not rehired although he had the highest seniority in his department. The employment manager told him he couldn't be rehired now "but maybe it will blow over." In another instance, when the company union voted to affiliate with a trade-union an entire shift was discharged, including the president of the company union and others active in the affiliation movement. Employees in another company, as they came in for their pay checks one day, were told by the efficiency engineer to sign a resignation from the A. F. of L. union. Later, according to affidavits from four workers, the superintendent warned them to sign up for the company union if they wanted their jobs. One man who refused was dismissed, but was later rehired at the direction of the Regional Labor Board.

Pressure in favor of the company union was often exerted by minor executives and foremen rather than by those in higher positions. Direct or indirect threats of dismissal, hints that if employees wished to hold their jobs they'd better sign on the dotted line, a "white list" of employees who had joined the company union posted in the work-room, actual dismissal of men sympathetic with trade-unions—all of these and other methods were used by foremen or those in lesser authority with or without the approval of officers higher up.

In view of the role played by foremen and minor executives, attention should be called to the cases in which these officials played an important part in the organization of the 96 company unions studied in which management took the initiative. In at least 10 cases the foremen circulated the petition or the constitution or carried the management's message about the company union to the workers. In another case, the foremen circulated the ballots, which were marked in their presence. In two cases a committee set up by management to represent the workers was found to consist wholly or mostly of foremen. In one of these it was claimed that the company-union petition was placed on a desk next to the time clock and as each man punched out he was told by the stockroom clerk: "If you want a 10-percent raise, you'd better sign."

Workers' initiative in organizing company unions.—Although management initiated and established the great majority of company unions, in about 20 percent of the cases one employee or a group of employees were reported to have been actively connected with the formation of the company union. Genuine employee initiative was apparent in most of these cases. In some, however, the real initiative came from management rather than from the men. In one instance the initiators apparently acted on a hint from management;

in another a member of management was discernible in the background, very much the director of forces. Such management initiative was evident in 6 of the 26 cases.

Where employees of their own volition initiated a movement for a company union, a number of motives operated. Perhaps the least important of these contributing motives was the ambition of a prospective foreman or some aggressive employee who found in the organization of a company union an outlet for his desire for leadership. The employee or employees who could turn the tide at a critical moment when a trade-union was making progress could feel that they had earned the gratitude of their employers. At the same time, they created an activity in which they could find a means of self-expression and recognition.³

A much more important influence was the necessity of choosing whether or not to join a trade-union. With organization in the air, many workers were presented with the choice of joining a trade-union or supporting the establishment of some alternative form of organization.⁴ In nine instances employees who took a part in company-union organization expressed themselves as either opposed to trade-unions on general principles, or as having had some experience as trade-union members which had left them disillusioned or resentful.

In this connection it is significant that employee initiative was rare in the periods before N. R. A. Only 2 of the 30 company unions dating from before 1933 showed any employee initiative in their establishment. Of the 96 company unions established in 1933 and later, 24 were attributed in part, at least, to initiative by an employee or employees. Thus it was in the period of the N. R. A., when trade-unionism was advancing, when government policy evidenced a new emphasis on the right of collective bargaining and of self-organization for collective-bargaining purposes, that initiatory action on the part of any employee or group of employees became a factor in the establishment of company unions.

Where an employee or a group of employees took the first step in organizing a company union, the next step was almost invariably to ask the management's approval. Not only was this approval forthcoming in almost all instances but in most of the cases under consideration the company took an active part in the organizing work. The forms and procedures utilized by the company in pushing to a successful conclusion a company-union movement initiated by the employees were largely the same as those used by the company where manage-

³ In two of these cases men active in organizing the company union were later promoted to salaried positions or positions as foremen and straw bosses. This may have been mere coincidence, but it was not so regarded by employees, as was indicated by the comments made to the field agents.

⁴ Trade-union organization campaigns were being carried on in 18 of the 20 cases in which employees took the initiative in the formation of a company union. In 6 cases a strike was in progress or so recently over that the sense of conflict was still sharply evident.

ment itself took the first step. In one instance, names of employees who had joined the company union were posted on department bulletin boards. In another the company called a mass meeting of employees on company time, at which the company's attorney attacked the American Federation of Labor and praised the inside union movement begun by an employees' committee.

Union organization by craft with its complicated jurisdictional demarcations tended to confuse workers otherwise willing to abandon company unions for trade-unions and kept some company unions from assuming trade-union affiliation. Several company unions that decided upon trade-union affiliation were informed that they would have to dissect themselves on a craft basis and join the various craft unions having jurisdiction over those particular occupations. The employees, confused by the proceedings and wishing to retain their organization intact, continued the company union.⁵

Although employee initiative existed in 20 cases, in only 8 of these did the company union appear to have been initiated and set up primarily as a result of the initiative of one or a group of workers. The variety of backgrounds and situations which gave rise to employee-established company unions is apparent from the case descriptions⁶ of these eight cases which represent the most marked instances of independent action by employees in initiating company unions.

In some of these cases, the methods used by the trade-union concerned, as well as antiunion sentiment on the part of the employees, contributed considerably to the setting up of the company union. Demands with which the workers were not in sympathy and inability to secure concessions from management caused the demise of the trade-union in one case. In another case, a violent physical attack on nonstriking company-union members, set against a background of intense company opposition to the outside union, caused the employees to leave the outside union. In still another case an impending strike led employees of one company to break away from the outside organization and set up an inside organization to make their own settlement with the company.

In none of these cases, however, was the employer hostile to the establishment of the company union. In one case the establishment of the company union by the employees followed an unsuccessful attempt by the company to set up such an organization, the employees utilizing the same constitution originally proposed by the

⁵ In one plant the trade-union organizers who came to organize the workers began to parcel them out into two trade-unions of skilled workers who consisted of the key employees, and one federal labor union in which were to go the remaining workers. The workers, unsophisticated in the technique and traditions of trade-union structure, were baffled. Most of them became frightened and dropped out. Friction also developed among the three unions, tending to weaken all of them. This, together with some other factors, caused the trade-unions to lose out to the company union.

⁶ See appendix II, pp. 267-269.

company. Once established, the company union turned to management for financial assistance and received it. In none of the cases was anyone dismissed for organizing or joining the company union.

All but one of these organizations were set up after the passage of the N. I. R. A. Unionization was an actual threat in each of these cases. In some, a strike was in process or recently over. The employer in almost all instances readily agreed to recognize the inside union. In almost all cases he gave it more or less substantial concessions or assistance in the form of funds for printing and postage, a signed agreement which had been refused to the trade-union, or a cash contribution equal to the dues collected by the company union.

Chapter VIII

Ascertaining the Workers' Choice

After a plan was formulated and proposed, was an effort made to obtain a free and complete expression from those who were to participate in and be served by the organization? When the machinery for expressing a choice was available, what alternatives were presented to the worker?

In two-thirds of the company unions studied the workers were given some opportunity to express their approval of a proposed company union. One-third of the company unions were installed without any expression of choice by the workers, their first expression being a vote for representatives in an organization that had already been set up.

When an expression of opinion by the workers was obtained, the secret ballot was used in about half the cases. In the other half, an open statement by means of signatures to a petition or to a membership card or roll or a vote by acclamation at a public meeting was used.

TABLE 30.—*Method of ascertaining the workers' choice*

Method used	Total	Period of formation				
		1915-19	1920-22	1923-29	1930-32	1933- July 1935
Secret vote.....	1 35	5	3	1	1	1 25
Acceptance by acclamation.....	14	3	1	1	0	9
Signature to membership roll or petition.....	2 25	0	0	0	0	2 25
No direct employee expression of opinion on acceptance.....	34	4	2	3	0	25
Incomplete information.....	18	2	3	1	0	12
Total.....	126	14	9	6	1	96

¹ The figure includes 5 cases in which the results of the secret ballot were negative, but the company union was set up despite this result. In 2 of these cases the company union was subsequently established on the basis of signatures to a petition. In the remaining 3 cases the company proceeded to the election of representatives.

² This does not include the 2 company unions, referred to in the preceding footnote, which were established by signatures to a petition after having been rejected by the employees in a secret vote.

Though trade-union organization was an active issue in about two-thirds of the cases, it was presented on the ballot as an alternative method of dealing with the management in only two instances.¹ Both were secret ballots on company unions established during the N. R. A. The difference in the procedures followed in these two cases was strik-

¹ See footnote 2 for another case in which the trade-union was presented to vote of the employees.

ing. One company proceeded with the organization of the company union despite the fact that two secret ballots showed large majorities for the trade-union. The other company was unique in giving opportunity for free and comprehensive discussion of the issues involved. The company, when the trade-union drive for organization was in full swing all over the country, suggested to the men in a plant meeting that they organize a company union. Some workers spoke against it and favored trade-union organization. At a following meeting, at the request of the men, the company called in a trade-union organizer to state the union side of the story. Following the talk by the trade-union organizer, the company officials again addressed the men. After the meeting, arrangements were made to hold a Government-supervised election. The election went in favor of the company union.

In 33 cases of secret ballot the workers were given the choice of voting for or against the company union.² The alternative of a trade-union was not presented on the ballot. While such a general question on the desire to organize poses a possible choice between individual bargaining and any type of collective action, there is no means on such a ballot to register for any type of organization other than the company union.

In 13 of these cases unionization was not an important issue at the time of organization. Most of the company unions in this group were started in the period after March 1933 as a means of compliance with N. I. R. A. In all of these 13 cases there was a careful presentation of the proposal to the workers by means of conferences and letters and a serious effort was made to enlist employee cooperation.

In 20 cases where a secret election was held to vote for or against the company union, the question of trade-union organization was a very important factor in the labor situation. These fall into several more or less clearly defined groups according to the methods by which the situations were handled.

In the first group, the approach was that of a well-developed personnel department which made careful preparation for the establishment of the company union. Although the trade-union alternative, which some of the employees were clearly anxious to consider, was ignored, employees were afforded an opportunity to vote under the protection of a secret ballot and with no intimidation. One company sent the following letter to its employees:

To employees of ——— Company:

A large number of employees of the company have expressed a desire for some plan of organization within this company for employee representation for collective bargaining:

² In one case, workers in one unit in the company were asked in addition to vote for or against the trade-union; they voted overwhelmingly against it. The result was then notarized. See appendix II, p. 262.

A tentative plan is submitted herewith which is believed to be practical in our scattered operations. A sincere effort has been made to make this plan truly representative. The amendment provision would appear to leave the way open for any changes which the employees might later consider necessary or desirable to adapt the plan to any particular problems which may arise.

In order that the employees may have an opportunity to express themselves on these questions, an election will be held on _____ at which the following propositions will be submitted for vote:

(a) The question of whether the employees desire to organize for the purpose of having representation for collective bargaining;

(b) The adoption of the tentative plan transmitted herewith as a basis for initial operation, in the event organization is desired by a majority of the employees.

Employees identified with the management of the company * * * will not be eligible to vote.

The management desires a full and free expression of the wishes of the employees with respect to the organization of its employees, and will in no way attempt to influence or control the election of the employee representatives, or their subsequent action. The attitude of any employee on these matters will not in any way jeopardize his or her standing or position with the company, nor the right to bargain individually as to the terms and conditions of his or her employment.

All voting on _____ will be by secret ballot under the supervision and control of the employees themselves. At some time prior to (that date) the employees of each department in each division should by secret ballot, or otherwise, select three tellers, who, with such assistants as they may select, will conduct the election * * *. If the plan is adopted, these tellers will also conduct the election to be held shortly thereafter under the plan in order to make it fully effective.

Vice President and General Manager.

In another company, which had the problem of dealing with a great many scattered units, the personnel department took the lead in establishing the plan, after a trade-union leader had been dismissed. The director drew up a series of suggestions for a plan to be presented to the employees, and he compiled arguments for the acceptance of the plan to be used by branch and minor executives. The company then called a series of night mass meetings, one or two to a unit. The personnel director presented the plan and urged its adoption. No action was taken at these meetings. Later a series of district meetings was held at which personnel representatives presented the plan to employees more in detail. Management then withdrew and employees voted by secret ballot upon the plan and for representatives. Evidence that the employees generally exercised a free choice in the selection of representatives is shown by the fact that, in strong trade-union districts, trade-union men were elected as representatives.

Another firm, also with a well-established personnel department, took four chief steps in establishing its plan: A meeting was called with the supervisory forces, especially foremen, at which the plan was carefully gone over; departmental meetings were held with employees, at which the plan was explained; employee representatives were

elected to set up tentative bylaws; all employees voted on the plan by secret ballot.

In some instances the elections were held in an atmosphere of strong management pressure. The men were told that establishment of a trade-union would react against their interests. In one case, about a month after the trade-union committee had had its first conference with management, the president of the company called a mass meeting of the workers. At this meeting he attacked the trade-union as being in the same class as communism and as a source of strikes. He stated that, with the cooperation of the employees, the company would try to continue operations even though it was not making a profit. However, if communism was to govern the plant, the company could operate more cheaply in another State. He then held up for inspection a sample ballot which, he stated, he had printed at his own expense. It read: "I desire to express my interest in forming an association composed of employees of the _____ Company." The president said they could sign their names or simply mark an X on the signature line; in any case, no one would know how any individual voted. Ballot boxes were placed in the plant and the ballots were distributed among the employees, in some instances at the same time as the pay envelope.

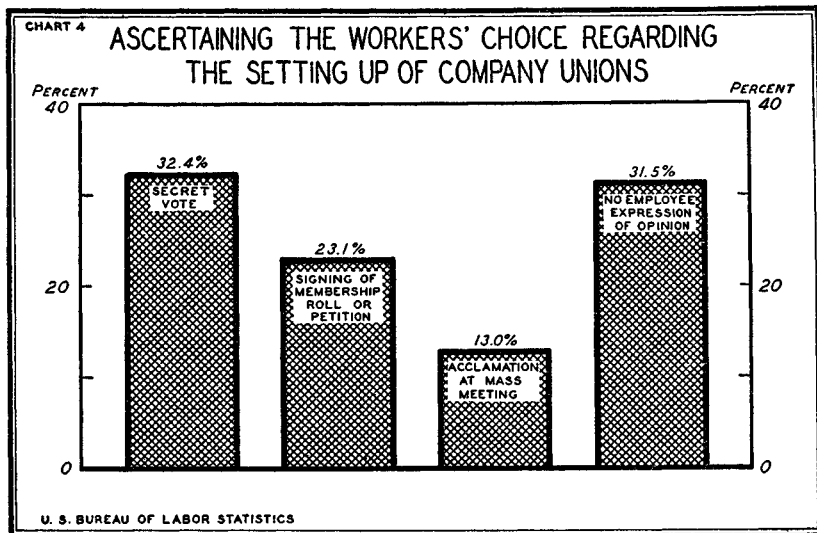
In another case, the morning after the trade-union had held a mass meeting, the vice president of the company started interviews in his office with groups of two or three of the most influential workers of each department. He explained that the company was losing money and could not increase wages, that if they wanted to form a union he would help them, and that affiliation of the men with an outside organization would force him to close the plant. From among these men he picked a group to draw up a plan for a company union. This plan was then submitted to a group of 30 to 40 workers who met in the vice president's office on company time. The plan was apparently accepted by them, but with some changes. An election on the acceptance or rejection of the company union was then held at the plant. The bylaws had been printed and the back page constituted a detachable ballot. The vote was 468 for rejection as against 335 for acceptance, but the company proceeded to the election of representatives.

In all, five company unions were established after secret elections which resulted in a negative vote.³ In three cases the returns of the elections were simply ignored and employees were asked to vote for representatives as if the original elections had been favorable. In

³ In the nature of this study of existing company unions, it is not possible to determine how generally workers' negative decisions were accepted, since in such cases company unions would not now be in existence. In one establishment, it was reported that the company in 1922 had twice submitted an employee-representation plan to secret vote of the workers but had dropped the plan when both votes showed a majority against the proposal.

the other two, the company union was set up by signatures to membership cards after it had been voted down by the workers.

In about two-thirds of the cases there was no formal secret vote on the organization of the company union. In about one-third of these cases the question of trade-union organization was not important at the time the company union was set in motion. In a majority of the cases, however, the prospect of unionization was fairly good or a strike was in progress or just over.



Sometimes the first notice given to employees was in the form of a request or announcement to vote for representatives. In one instance while an outside union was organizing, a company-union plan was drawn up by the company and announced by the foremen. There was no general vote on its acceptance or rejection but merely a vote, announced a few days in advance, for the election of representatives. Some of the employees objected to holding an election with so little time to decide on what they wanted to do about the situation, but their protests were without effect. When the works council was elected, it accepted the constitution already prepared by the company.

In another case where a trade-union was organizing, management held conferences with supervisors to explain its proposed plan. They in turn appointed one or two employees from each department to serve as a steering committee and to manage the election of representatives. No general vote was held on the acceptance or rejection of the plan.

Participation in such elections after the organization was already set up cannot, however, be assumed to have been a vote in favor of the organization itself. It indicated in many instances no more than

a willingness to cooperate, or a desire to make the best of what was offered. It was not a free choice of what kind of employee representation, if any, was wanted.

The method of determining the wish of the employees by signatures to a petition or to a membership roll or card lent itself, in many of the cases studied, to the use of various forms of coercion to swell the number of signatures. Sometimes such documents were circulated by supervisory officials. When an employee in one case suggested to management that some organization should be started among the employees before an outside union got in, management suggested that a petition to that effect be circulated among the men. Some of the foremen passed one around and practically all of the employees signed it. In another case, while a strike was in progress, a house-to-house canvass was conducted, and the men were told that if they wanted to return to their jobs they had better sign up for the company union. In a third case a "white list" of those who had signed was posted in each department. A fourth company union was established on the basis of signatures to application blanks signed at group meetings addressed by the manager of the company.

Approval by acclamation at a public meeting meant in almost all cases that only the arguments for the company union were presented. Rarely was the meeting held away from the plant without any management representative attending, and with employees who favored trade-union affiliation given a chance to speak. Most of the voting was done in the presence of management officials. One company union was proposed by management and adopted by open vote at a banquet given the employees by the company. In some instances, however, management representatives did not attend the meeting or, after speaking in favor of the formation of a company union, withdrew from the meeting before the vote was taken.

Chapter IX

Constitutions of Company Unions

In any discussion of company-union constitutions, the distinction between constitutions and collective agreements must be kept in mind. A collective agreement is a negotiated contract between an employer and a group of workers, each of whom has negotiated as a separate agency. A constitution, on the other hand, embodies the basic rules and regulations under which an agency operates. If a company-union constitution binds the employer, it follows that such a constitution represents, not the framework of an independent employee organization, but rather the basis of an agency to which both employer and employees are parties.

Of the 126 company unions studied, 108 had written constitutions, bylaws, rules, or other documents setting forth in greater or less detail the purpose, structure, and procedure of the organization.¹ In 13 cases—10 percent of the total—there seemed to be no written document which in any way resembled a constitution.² Of the 13 company unions without written constitutions, some were entirely inactive while others held infrequent and irregular meetings. In most instances the terms of office were indefinite and provisions for further elections vague. A mill foreman, who had been most active in setting up one company-union committee, stated that the committee had no bylaws or officers, had held no meetings with its constituents, and that there was no mechanism set up by which the committee reported to the employees on its activities. While the committee had met several times with the management, he was vague about the subjects discussed. In another instance, upon announcement of the N. I. R. A.,

¹ Field agents were able to obtain 97 of the 108 written documents, and the analysis which follows is confined, on most points, to these 97. Not all of the 97 written documents of which copies were obtained were complete constitutions, describing purpose, structure, and procedure. A few merely set up a system of elections. A few others indicated in a very general way a mechanism for consultation between management and representatives. 42 of the documents were not called constitutions. Absence of such a title to the written document setting forth the basic structure of the organization, while in many cases of no significance, on the whole seems to reflect the difference between the automatic and membership types of company union. (See ch. X for description of these types.) Thus, of 48 written documents covering optional-membership company unions, 39 were called "constitution", "bylaws", or "articles of association" and 9 had no title or were called simply "rules." The corresponding figures for the 49 automatic-participation company unions were 16 and 33. In this study, for brevity, all 97 written documents will be referred to as constitutions.

² The five remaining cases were distributed as follows: One company union devoted a paragraph in the employees' handbook to the employees' committee; in another case, management reported that there were two typewritten copies of rules in the plant, but other persons interviewed reported no "written constitution"; in one case a constitution was in preparation; in two cases information was lacking. All of these five were more or less inactive organizations.

the foreladies of the several workrooms in a southern plant were asked to appoint representatives of the workers for an indefinite term to meet with the management. These company unions were generally in smaller plants. They were hastily set up in connection with the legal requirements of the N. I. R. A. or to forestall trade-union organizations or a strike. In three cases the immediate object seemed to be to obtain a signed agreement to head off trade-union demands.

The absence of any written description of purpose and procedure was sometimes traceable to management's attitude. In one case a committee of employees asked management for permission to form their own association. Management approved but stated that it would sign no agreements and that it wanted the organization to have no written rules and bylaws as these would be a binding influence, a thing which the management did not want.

Among the 97 written documents obtained there are similarities that reveal the process of borrowing and adaptation that is universally found in studying forms of social organization. Thirty-six were very similar to one or more other constitutions. One group of nine constitutions were almost identical in content, arrangement, and wording. So were another group of seven.

The existence of similarity and of borrowing in company-union constitutions is chiefly significant as evidence of the fact that company unions tend to evolve and develop primarily out of the background of employer experience. Direct contact between employees of different companies or even between employees of different branches of the same company was too infrequent to account for such extensive similarity. The evidence indicates that in almost all cases³ employers or their representatives, personnel managers, or lawyers supplied the models for company-union constitutions; and that they obtained them either directly from other firms or through employers' associations or agents.⁴

Purposes as stated in written constitutions.—In discussing the purposes and objectives as set forth in the preambles, introductory statements, or purpose clauses of the constitutions, it must be kept in mind that a purpose formally stated in a written document may not be achieved in actual operation.⁵ Ninety-three of the ninety-seven constitutions of which copies were obtained contained some definite statement of the purposes and objectives of the company

³ There were three instances in which employees borrowed company-union constitutions from nearby company unions.

⁴ One company followed the model plan of the National Association of Manufacturers; another called upon the industrial secretary of the local chamber of commerce to plan and initiate the company union; two received aid from their trade associations; while two others in one city followed a model drawn up by the local industrial association. Six companies relied upon lawyers and consultants in industrial relations; two of these in the same industry used the same law firm, which specialized in installing company unions in that industry and area. See ch. VII for discussion of management's role in initiating company unions.

⁵ The discussion in the present chapter refers merely to constitutional provisions. See chs. XVII to XLIX for discussion of the actual carrying out of these expressed purposes.

union, or of the subjects which would fall within its scope.⁶ In the remaining four, the scope and purpose may be inferred from a statement of subjects specifically reserved to management and from the list of committees and their duties.

The statements of purpose were sometimes limited to general expressions of a philosophy and a point of view and were therefore vague guides to the activities of an organization. More frequently they listed specific matters to be treated by the company union. One constitution stated that "the objects of this club shall be to promote a feeling of good fellowship, to promote a condition of welfare for all employees, and to promote a fine relationship between employees of all company departments, and also of employees to employers." In contrast to this general statement was one which stated specifically that "the purpose of the ——— employees' association shall be to promote cooperation between the company and its employees, along the following lines: Hours of labor, wages, working conditions, safety and accident prevention, health and education, welfare of employees, efficiency and economy of operation, and all other matters affecting employees' interests directly or indirectly."

Most of the constitutions specifically or by inference indicated an intention of dealing with wages and hours. In 21 instances there was no specific mandate bearing on wages and hours. Jurisdiction may perhaps have been conveyed by broad provisions such as an interest in "all questions of welfare", "all controversial matters", "any matter requiring adjustment", "working conditions", "the conditions under which they labor", "suggestions and complaints", or "proposals, recommendations, and grievances."^{6a} Vagueness of phraseology on so important and possibly controversial a subject makes it particularly difficult for persons concerned with the formation or conduct of a company union to make sure that there is understanding and agreement as to intent.

A group of 40 constitutions, while making no specific reference to collective bargaining, collective dealing, or negotiating, listed wages and hours among the matters to be dealt with by the company union. On the other hand, there were 36 that specifically stated it to be the purpose of the company union to "deal" or "negotiate" with management on wages and hours or to engage in "collective bargaining."⁷

⁶ One-third of these statements were in the form of preambles to the constitutions, two-thirds in the form of "purpose" clauses in the body of the constitution.

^{6a} In seven cases persons interviewed agreed that wages and hours were not within the jurisdiction of the company union. See ch. XVIII, p. 172.

⁷ The term "collective bargaining" appears in 26 constitutions adopted during the N. R. A. Four of these company unions antedated the N. I. R. A. but amended their constitutions after the act was passed. The use of the term was more common among the optional-membership type than among the automatic-participation type, with 17 of the former and only 9 of the latter in the group of 26. In addition, two constitutions used the term "collective dealing."

Even among these there was evidently a wide difference in the intended scope of the company union's activities. There has been a tendency to include under the term "collective bargaining" any kind of joint discussion of working conditions, or to designate as bargaining the mere presentation to management of collective requests by employee representatives. The intended scope of these company unions is more clearly shown in those few constitutions that define the process of collective dealing. For example, one describes "collective dealing" as "to discuss and to recommend, subject to final review by the management." On the other hand, one specifies "to negotiate an agreement" and another gives as its purpose "to make contracts and maintain contractual relations" with the employer.

All but 10⁸ of the 97 constitutions revealed an interest in the settlement of the grievances of individual employees. This was specifically recognized as a function of the company union either in the statement of purpose or in a provision setting forth, in greater or less detail, the procedure to be followed in adjusting such matters.

Company-union constitutions emphasized the improvement of mutual relations between workers and management. More than two-thirds of the 97 constitutions included such statements of purpose as: "To provide a means of friendly and lasting cooperation * * *" or "to promote good feeling, harmony, and full cooperation * * *." One set itself the objective of—

promoting and developing such sympathetic relations between the employees and their representatives and the management and its representatives as will be to their mutual benefit and advantage.

The desire to establish a means of communication between management and employees found expression in the statement of purpose in 40 constitutions. The clauses varied in the degree of importance attached to the expression of employee opinion. According to 10 constitutions the company unions were set up "in order to give the employees of the company a voice in regard to the conditions under which they labor * * *." Four of these added to the above the clause "and to provide more effective communication and means of contact between the management and the employees on matters pertaining to industrial relations." Others expressed an intention of giving employees a chance to "present their views" or "to present suggestions and recommendations" or "to make suggestions and complaints." In some cases the announced purpose went beyond giving employees "a voice" and proposed "equal representation in the consideration of questions of policy relating to working conditions, health,

⁸ In some of these constitutions the intention of handling individual grievances might be implied from certain broad statements of purpose, such as "to provide the clearing house for problems of any sort" or "affording a means for the consideration of all questions."

safety, hours of labor, wages, recreation, education, and other matters of mutual interest.”⁹

About one-fifth of the constitutions of company unions set up after March 1933 expressed or implied a relationship to the N. I. R. A.¹⁰ Some quoted section 7 (a) of the act in full. Others stated that “as long as the National Industrial Recovery Act shall remain in effect, this plan shall be subject to such act and any codes or regulations” promulgated in connection with it. In other constitutions there were such references as “in accordance with section 7 (a)”, “in order to best exercise the right and provisions granted to employees of industry under the N. I. R. A.”, “to promote the objects of N. I. R. A.” One constitution, the draft of which was sent to the branch plant from the national headquarters of the company, stated: “The purpose is to treat with the company management in accordance with the terms of H. R. 5755, as it pertains to wages, working hours, and working conditions.”

Fifteen company-union constitutions specifically included discharge, lay-off, and transfer among the matters to be taken up by the company union. In the remaining cases, no specific reference to these matters was included in the constitution.¹¹ The most explicit statement referring to discharge appeared in the constitution of a company union which had developed out of a trade-union. The preamble charged the company union to “protect the place and position earned by years of faithful service with its consequent skill and efficiency * * *.”

On the other hand, 11 company-union constitutions specifically reserved to management the authority over hiring and discharge.¹² The most common form of reservation, found identically in nine constitutions, was as follows:

The management of the works and the direction of the working forces, including the right to hire, suspend, or discharge for proper cause, or transfer, and the right to relieve employees from duty because of lack of work, or for other legitimate reasons, is vested exclusively in the management; and, except as expressly provided herein, these rights shall not be abridged by anything contained herein.

⁹ There were four such cases. They were joint councils of management and employees. The practical operation of such provisions is discussed in ch. XIII, p. 135.

¹⁰ Explicit reference to the N. I. R. A. and the codes was found in the statement of purpose in 13 constitutions. Two others indirectly related their purpose to the N. I. R. A. in the provision regarding termination of the company union. Constitutions were obtained for 74 of the 96 company unions set up during N. R. A.

¹¹ In two of these companies, management officials interviewed specifically stated that hiring and firing were exclusively within the control of the company.

¹² Eight of these restrictive clauses were in constitutions of the automatic-participation type company unions, and only three in the optional-membership type. In three cases, where the constitution was silent on the matter, the same restrictive clause appeared in a supplementary agreement or in printed statements by the company accepting the company union. In one of these, the clause had at first been in the constitution but had been taken out in the course of an extensive revision and incorporated in a statement from the company to the company union.

Other objectives frequently encountered in these constitutions were the improvement of working conditions,¹³ the promotion of the safety and health of the employees,¹⁴ and the pursuit of social, recreational and athletic activities.¹⁵ A fourth of the constitutions mentioned among their purposes the improvement of operating efficiency and the achievement of economy.¹⁶ Ten constitutions either explicitly listed assistance against illness, death, or need, or made specific provision for the payment of certain benefits.¹⁷ Four included in their preambles more or less emphatic statements against trade-unions.¹⁸

Parties sponsoring the constitution.—The groups which are parties to a document are indicated either by explicit statement or by implication in certain clauses explaining obligations and duties. Thus some of the company-union constitutions contain in their preamble, in an introductory letter, or in an early article such statements as “the following * * * is hereby adopted by employees and management.” Other company-union constitutions have specific provisions binding management with respect to payment of certain expenses, participation on joint committees and conferences, or arrangements for appeal and arbitration.

Ninety-two constitutions contained provisions for management's relation to the company union. In 27 instances management used the constitution as a vehicle to announce that it was giving the representation arrangement to its employees.¹⁹ These constitutions

¹³ Forty-six included this in the statement of purpose, while 17 others provided for a committee on this matter.

¹⁴ Twenty-nine constitutions listed this among the stated purposes, while 17 others set up committees to deal specifically with this matter. This purpose was found somewhat more frequently among the automatic-participation than among the optional-membership type company unions.

¹⁵ Twenty-five listed this in the statement of purpose while 18 others provided for a committee. Three emphasized this aspect in their titles by terming themselves a club or a social club. One of these, in a southern mill, also included “moral activities” in the list of purposes, while another southern mill company union added “improvement of plant and village, education, religious exercises.”

¹⁶ Fifteen had a statement to that effect in the purpose clause, while eight others provided committees on this matter. Such provisions were somewhat more common in company unions set up before N. R. A. than in those set up after March 1933 and in the automatic-participation type of company unions than in the optional-membership type.

¹⁷ All were in the optional-membership type company unions. Two were based on benefit associations which dated back 10 or more years and to which the companies contributed; a third was an outgrowth of a trade-union, from which its members had split away in 1921. The remaining seven were set up during the N. R. A. period.

Three other constitutions listed committees on pensions and relief or some similar subject. In two of these, as well as in another in which benefit plans were referred to as one of the purposes, the company union was apparently to function solely in relation to the benefit features already established by the company.

The discussion here covers only those containing benefit features in their constitutions. Many more company unions actually provided some form of benefit feature. See ch. XIX, p. 181.

¹⁸ The most extreme statement read: “Whereas they desire by united action to further their common interests and protect themselves against labor organizations dominated by unscrupulous and racketeering leaders and having for their purpose the exploitation of labor, and the creation of industrial strife.” Seventeen, including three of these four, either directly or by implication excluded trade-union members or barred them from office. One also added an attack on radicals. See p. 112. See also, ch. X, p. 113, footnote 20.

¹⁹ Management sponsorship was expressed in 5 of the 27 cases by an accompanying or introductory letter from the president of the company or, in one instance, from the chairman of the board of directors. In the remaining cases it was evidenced by a statement in the preamble.

stressed mutuality of interest and need for better understanding, as exemplified in the following:

The company believes absolutely that the interests of employer and employee are mutual * * *. The company also believes that its employees are entitled to a fair and just wage * * *. The company further believes that practically all misunderstanding between men of mutual interest is due to lack of knowledge of each other * * *. With this basis of common understanding and common beliefs * * * the firm of ——— established the following plan of joint representation.

Five other constitutions stated that²⁰ the company union was introduced jointly by management and the employees.²¹ A typical statement of such sponsorship was:

The employees and the management of the ——— Company join in the formation of this plan in order to establish industrial relations upon a permanent basis of mutual understanding and confidence.

Fourteen constitutions contained the contradiction of an explicit introductory statement that they were employee-sponsored coupled with later clauses binding the company and necessarily implying management participation in such sponsorship. In the remaining 46 cases there was no explicit statement of sponsorship, although the constitutions contained specific provisions obligating management.

Only 5 of the 97 constitutions studied gave indication of being completely independent of management participation. They contained no clauses of any kind referring to the role of management in the company union and no references to mutual sponsorship by employees and management or to the assumption of obligation by management. One of these started as follows:

We, the employees of the ——— Company, having formed this union upon our own initiative, at our own expense, and under the advice of our own counsel, do establish the following constitution * * *:

There was a definite tendency for constitutions written during the N. R. A. not explicitly to state management sponsorship although clauses in the constitution usually indicated mutual responsibility. Half of the constitutions dating from before 1933 were explicitly management-sponsored, but only about 20 percent of the constitutions dated after March 1933 contained statements to that effect. On the other hand, all but one of the constitutions explicitly stating exclusive

²⁰ Sole or joint management-sponsored plans were almost entirely confined to the automatic-participation type of company union. Of the 32 constitutions containing a reference to management sponsorship, all but 4 were of this type. On the other hand, of the 17 constitutions that contain an explicit statement of employee sponsorship, 12 were of the optional-membership type and only 5 of the automatic type.

²¹ Another constitution established in 1933 "by the ——— Company and its employees" was, according to a 1934 revision, "established by the employees of the ——— Company." In two other company unions dating from 1933, recommendatory letters from management were dropped in the first revision, and no statement of sponsorship remained. Since the classification used above was based on the situation existing at the time of the visit of the field agent, these cases were not classed with the jointly-sponsored group but with the employee-sponsored and no-sponsorship groups, respectively.

employee sponsorship were drafted in the period after March 1933.²²

Amendments.—Seventeen of the constitutions contained no provisions for amendment.²³ Of the 80 constitutions having such provisions, 51 permitted changes to be voted by employees or employee representatives only. In a few of these, however, approval by management was required for all or certain amendments.²⁴

In 29 cases amendment was possible only by vote of joint groups of management and employee representatives. In some of these, amendments had to be approved by management after being passed upon at joint meetings. One constitution²⁵ specified that the board of directors could take the initiative and “alter, amend, or repeal the plan.”

Provision for termination.—Twenty-seven of the ninety-seven constitutions available contained provision for termination of the company union. Although in most of these cases the organization could be terminated by the employees, in 13 instances management also had the power to terminate the company union by its own action.²⁶ In three instances joint action by both management and employees was required.

In most cases from 3 to 6 months' notice was required before termination. However, a few tied the life of the company union to that of the N. I. R. A. One provided that “this plan shall be and remain in full force and effect during the term of the National Industrial Recovery Act.”²⁷ The others added the provision “and thereafter may be terminated by the management or by a majority of the duly elected employees' representatives upon 3 months' notice.” One expressed the trial nature of the plan in its termination provision thus:²⁸ “This plan having been adopted in the belief that it will prove of permanent value and usefulness, and with the intention that it be given a full, fair, and honest trial, the plan is entered into subject to

²² This tendency away from formal statements of management participation in the establishment of the company union and toward specific statement of employee sponsorship was reflected also in a few cases in which statements of sponsorship were changed with revision of the constitution after March 1933.

²³ In three other instances, no amendment could be passed abolishing the equal voting power of employee and management representatives in the joint committees.

²⁴ In three instances, two dating from 1919, amendments voted by employees required final approval by management. In another case, the approval of management was required if the amendment concerned the organization's relation to management, not if it dealt with matters of purely employee concern. In still another case, management's approval had to be obtained if the amendment was made while a previously entered agreement with management was in force.

Management's participation in the amending process was eliminated in two cases by constitutional change after March 1933; while in a third, amendments instead of requiring management approval were merely made subject to management veto within 15 days.

²⁵ This was in a company union organized during the N. R. A.

²⁶ Constitutional revision after March 1933 in two cases eliminated provisions which gave management a voice in the termination of the company union. In another case the provision for termination was eliminated.

²⁷ A change in the direction of the elimination of such clauses took place among some company unions in 1934. See U. S. Senate, Committee on Education and Labor, Hearings on S. 2926, To Create a National Labor Board, pt. 3, p. 724, Washington, 1934.

²⁸ This provision was replaced later by one permitting termination only on vote of two-thirds of the employees. A similar provision was entirely eliminated in another case.

the express condition and limitation that it may be terminated after June 30, 1935: (a) Upon 3 months' notice by the board of directors of the company, if said board has reason to believe that the mutual benefits anticipated by its adoption have not been realized; (b) upon the expiration of 3 months after a majority of the electors shall have voted in favor of its termination at a special election called for that purpose, by a majority vote of the representatives, and held under the supervision of the workmen's council."

Chapter X

Membership

Limitation of membership to the employees of one plant or company is the basic feature which distinguishes participation or membership in company unions.¹ Such limitation reflects a basic difference between company unions and trade-unions. However, participation in company unions does not necessarily follow from employment. There is one broad class of company unions in which the right of participation in the organization flows automatically from employment. In another, the right of participation arises from membership which, while open only to employees of the company, is optional.

In the first group, membership in the company union and employment cannot be distinguished. To be sure, certain qualifications in addition to employment may be set up—length of service with the company, age, or citizenship—but all employees who meet these thereby automatically acquire the right of participation. They participate as voters in the selection of representatives to deal with the employer. They do not join any association. There is no organization of employees with control over its members. Management spokesmen have pointed out that membership in the usual sense of the term does not exist in this type of company union.² Constitutions of automatic-participation company unions invariably use the term “employee” instead of “member.”

This basis of participation characterized a little more than half—68—of the 126 company unions studied.³ They were predominantly

¹ Employees temporarily laid off retain the right of participation but only so long as they are considered as remaining in the status of employees. See p. 113.

² See U. S. Senate, Committee on Education and Labor, Hearings on S. 2926, To Create a National Labor Board, pt. 3, p. 722, Washington, 1934:

Question. How many of the workers belong * * * how many of them are members that sign the roll, so to speak?

Answer. There are no membership dues; there is no form of organization to which they subscribe as members. They indicate their participation in the plan by participation in the nominating ballot and election ballots annually, by contacts with their representatives at town meetings of departments held after the regular representative meetings have been held.

³ A smaller proportion of automatic-participation cases was found among the 592 company unions which replied to a mail questionnaire inquiry. See ch. V, p. 60, and also p. 31, footnote 1, where one reason for the difference is considered.

in the larger plants and in company unions established before the N. R. A.⁴

In the optional-membership group the employee is required to express an intention to join or to cooperate with the organization. This was true in 58 of the company unions studied. The procedure varied. Sometimes⁵ signing a card or a written declaration of intention to vote was sufficient. In other cases the prospective member was required to make application. In some instances the application was passed upon by a membership committee or by a full meeting of the members. In a few cases, a formal pledge of loyalty and conformity with the principles of the organization was required.⁶ Sometimes membership cards or badges were issued⁷ and, in a few cases, there were initiation ceremonies.

Two company unions with nominally optional membership had clauses in their agreements similar to the closed-shop clause in a trade-union agreement. One of these agreements, in a small distributive concern, stated:

Any man working continuously for 30 days shall be considered an employee and shall be compelled, either by the employer or this organization, to join this organization.

The other followed trade-union provisions more closely:

Three months after the engagement of an employee his application for membership in the company union shall be approved or rejected by the union.

The employment of any operative whom the shop committee of the union has found undesirable shall terminate upon receipt by the company of the shop-committee findings. Appeal may be had to the arbitration council of the union.

In another case the company union, which split away from a trade-union, had so complete a control of the jobs concerned that membership was in effect compulsory. No specific closed-shop clause appeared in the agreement, however.

⁴ At the time of the study only four of the pre-N. R. A. company unions were based on optional membership and one of these had switched to the optional basis after March 1933. The company unions with optional membership thus date almost entirely from March 1933 and represent a definite shift in the basis of participation. This shift is further indicated by the fact that five company unions, formed since March 1933, also subsequently changed from an automatic to an optional membership basis. In several instances the change from automatic participation to optional membership was made in several steps. When the outside trade-union was organizing and threatening to displace a company union based on automatic participation, employees favoring the company union established "employees' associations." Their purpose was to provide the backing of a membership organization for the company union but not to displace it. Subsequently, however, the representation plan merged into the association and the company union became an optional membership organization.

⁵ There were seven such instances.

⁶ There were four such cases. Typical of these pledges was the following:

"I, ———, solemnly swear that I believe in the principles of ——— Association of ——— as set out in the preamble of its constitution; that I shall, to the best of my skill and ability, strive by precept and example to make said principles and purposes the rules of my life and conduct as a member of the Association.

"* * * I shall keep secret all transactions of the Association * * *."

"I am not now and shall not be during my connection with this Association a member of or affiliated with any other labor organization."

⁷ Fifteen of these company unions referred to the issuance of such cards or badges.

In three cases, the company union had requested a closed shop, but the company refused. A written agreement in one of these cases contained a specific open-shop clause:

Employer and association mutually agree that neither membership nor non-membership in the association shall in any way deprive the individual employee of his or her full constitutional rights as to individual or collective bargaining.

Employer and association mutually agree that employment in the (company) during the period of this agreement shall be open to all individuals equally, without prejudice as to employees' membership or nonmembership in this association.

Some other constitutions stressed the voluntary aspect of membership. The following provision was inserted in the constitution of one company union when it changed from an automatic to an optional membership basis:

Membership in the association shall be purely voluntary and shall continue until such member leaves the employ of the company either when he quits, is discharged, or laid off, exempting, however, all temporary seasonal lay-offs not exceeding 90 days or when he voluntarily resigns from the association by turning in his membership card along with a written 30-days' notice of his intention.

Three constitutions of company unions set up during the N. R. A. contained the following statement:

Membership in the ——— Employees' Association is purely voluntary and not discriminatory in any form, as provided in the National Industrial Recovery Act.

The line of distinction between automatic participation and optional membership is sometimes extremely vague. In one case most of the persons interviewed stated that all employees were automatically considered participants, although the constitution specifically provided that membership was to be voluntary. In 23 of the 58 optional-membership company unions, membership had no more special significance to the employee than in company unions operating on an automatic-participation basis. Membership was acquired by signing a card, without initiation fees or dues. Management's desire that all employees join, which in many cases meant possible disadvantage to those who did not, was evident.

Despite the frequent absence of clear distinction in the character of membership between the two types of company unions, each had definite structural characteristics. Most company unions based upon automatic participation provided in their constitutions for joint committees of representatives of management and employees.⁸ They were designated as "plans", "committees", "congresses", or "councils"⁹—which terms refer to agencies of representation rather than organizations of employees. They rarely provided for dues and never for initiation fees. They seldom provided for regular meetings of employees.

⁸ See ch. XIII for description of different committee procedures.

⁹ All but 8 of the 69 automatic-participation company unions had such titles, 3 others having no definite title.

The group of company unions based on optional membership tended toward the employee-committee procedure. Their constitutions almost never provided for joint committees of management and employee representatives, which by definition make management a party to the company union. They were usually called "associations", "unions", "societies", "fraternities", or some other name emphasizing the organization of workers rather than the meetings of their representatives.¹⁰ They usually termed their basic written document a "constitution" or "bylaws", as opposed to "rules", which was used for the other type.¹¹ In this group were included practically all company unions providing for dues and for frequent and regular meetings of employees. Of the 58 company unions with optional membership, 42 possessed at least 2 of the 3 structural characteristics described above—dues, employee-committee procedure, and frequent¹² and regular meetings of employees. On the other hand, only 4 of the 68 company unions with automatic participation had as many as 2 of these characteristics, while 39 had none at all.

The number of company unions with dues, frequent and regular employee meetings, and employee committees was distributed between the two different types as indicated in table 31.

TABLE 31.—Number of company unions with specified attributes, by basis of participation, spring of 1935

Attributes	Number with automatic participation	Number with optional membership	Total
Company unions with dues, employee meetings, and employee-committee procedure.....	2	16	18
Company unions with any 2 of these features.....	2	26	28
Company unions with any 1 of these features.....	25	13	38
Company unions with none of these features.....	39	3	42

Restrictions on membership.—The most common restriction to participation, aside from employment status with the company, was the exclusion of persons in executive positions. In four-fifths of the organizations¹³ persons holding such positions were excluded

¹⁰ All but 8 of the 58 optional-membership company unions had such titles.

After March 1933, in line with the tendency toward optional-membership organizations, the title "association" was much more commonly used. Although rare before that date, this title or some related name was used by half of the organizations set up after March 1933. Two company unions which were first formed after 1933 as "plans" with automatic voting rights changed to "employees' associations" when voluntary membership was established. Three organizations set up during N. R. A. used the term "union", one was subtitled "an independent vertical union", and another adopted a title similar to that of the trade-union in the field. None of the pre-N. R. A. organizations used the term "union", although one changed under N. R. A. from the designation "cooperative association" to "shop union." A few company unions established during N. R. A., although they presumed to be employee-representation agencies, had such titles as "club" or "mutual aid association."

¹¹ See ch. IX, footnote 1, p. 99.

¹² Monthly or oftener.

¹³ No information on this point was obtained for 20 company unions.

altogether.¹⁴ The excluded group was defined as: "Persons with the right to hire and discharge", "persons identified with management", "persons in executive positions". Sometimes the excluded positions were specifically enumerated. Promotion to such positions normally terminated the right to participate. A few company unions admitted all employees without restrictions. In some cases higher executives were not allowed to take part but foremen and subforemen possessed full participation rights. Some admitted foremen and supervisors to membership and benefits but denied them the right to vote or hold office.¹⁵ Office employees and other persons in salaried positions were excluded by the constitution of 50 company unions and included in 37.¹⁶

Ten company unions limited their membership to employees in particular groups or crafts.¹⁷ In all but one of these cases, the particular limitation was related to the jurisdictional lines followed by trade-union organization.¹⁸ A very common restriction on participation was length of service with the company.¹⁹

Fourteen company unions either directly or by implication stipulated that their members must not belong to or have dealings with

¹⁴ Two company unions adopted this restriction by constitutional revision after March 1933. In three cases this restriction was disregarded in practice. Two plans which followed the congress type of procedure (see footnote 2 to table 32) had separate councils for foremen and executives respectively.

¹⁵ In one instance honorary membership was provided for foremen and officials of the company.

¹⁶ There was no information on this point for 39 company unions.

¹⁷ This is in addition to the limitation to a particular subsidiary plant, or other geographical unit of the company.

¹⁸ For instance, in two printing establishments the company union was confined to a particular craft while some or all of the remaining crafts were organized in trade-unions. Division on occupational lines also resulted in division on sex lines in one case. In two other companies, each of which had a production plant and a distributing division, two separate company unions were set up in line with this division. In one of these, a company union confined to the nonproduction workers had been set up in 1924. With the passage of the N. I. R. A., the company established another association for the production employees in order to keep them out of the older company union, which had become relatively independent. The vice president of the company negotiated an agreement with the president of the old company union to delimit the jurisdictions of the two organizations.

¹⁹ Such restrictions were found in 55 company unions. Twenty-two required 1 month's continuous service with the company before an employee was entitled to take part in elections, 16 required 2 months, 9 set the service period at 3 months, 1 at 4 months, 4 at 6 months, and 2 required 1 year's continuous service. One other company union limited voting rights to those enrolled on the company pay roll by April 1 of the election year. In 4 of these 55 cases a distinction was made between 2 types of membership—a limited membership which could be acquired immediately but did not carry the right to vote, and a full membership acquired after a specified period of service and carrying with it the right to vote or hold office. Comparatively few company unions had age restrictions. Eight constitutions set 18 years as a minimum age for voters, while two others specified 21 years. One which emphasized sick benefits, required a statement as to health and a medical examination. Another demanded that members understand the English language. Three required citizenship and five at least first papers. In a southern mill membership was restricted to "white citizens", and in another southern establishment white and colored employees in the several departments elected separate representatives.

Such constitutional changes after March 1933 as dealt with these matters were all in the direction of relaxing the restrictions on participation. Thus four company unions dropped their service requirements, while two of these also struck out citizenship and age restrictions. Another reduced the term of employment required for voting. For reasons for the abandonment of the service qualification for voting in one case, see appendix III, p. 274.

It should be noted that at this point only restrictions for general membership or for voting are being discussed. There are similar, but more stringent, qualifications for representatives, which are discussed below (ch. XII).

other labor organizations.²⁰ Such restrictive clauses occurred only among organizations of the optional-membership type. All but one²¹ were in company unions set up after March 1933. In all of these cases a trade-union was active among the employees at the time the company union was set up. In most there had been strikes or bitterly contested elections to determine the bargaining agency. A number of these restrictions were applied to "any other labor organizations". Some, however, limited the restriction only to unions competing with the company union. Thus one applied it only to "another labor organization or union within the factory."

In a majority of the company unions, 73 out of 126, the right to participate in company union activities continued during a lay-off. Some of these placed limitations upon this right.²² Those which charged dues suspended payment of dues during the lay-off. Four provided that discharged members who questioned the justice of their discharge retained membership until their cases had been decided by the last body of appeal.

The widely varying estimates of number of persons belonging to a particular company union further indicated the occasional vagueness of membership. Even where there were nominal dues the company union and company officials disagreed widely on the extent of membership in their plants. Estimates varied from "under one-half" to "practically all"; "70 percent" to "100 percent"; "44 percent" to "67 percent."

Reasonably consistent estimates were obtained for 45 of the 58 company unions established on an optional-membership basis.²³ Twenty-seven of the forty-five were reported to have enrolled three-fourths or more of the eligible workers. Three of these, in effect, had a closed shop. Eleven had a membership of from one-half to three-fourths, seven from one-fourth to one-half of the workers. Benefit features, where they existed, tended to swell membership.

²⁰ No information on this point was available for 25 company unions. Of the 14 which had such restrictions, 2 required that members must agree that the company union would be the sole collective-bargaining agency. Three other company unions permitted trade-union members to join the company union, but barred trade-union members or officers from holding office in the company union.

In one case the company, as a condition of signing an agreement with the company union, insisted that the organization remove from its constitution a clause excluding trade-union members.

²¹ This was an organization whose members broke away from a trade-union during a strike.

²² Eleven limited the length of time, varying from 2 to 6 months, or "as long as retained on the pay roll", or "as long as he retains his time clock number." One permitted retention of membership only with the approval of the shop committee. Two restricted the member's right to vote for the period of lay-off.

²³ Since most company unions did not bar trade-unionists from joining and many trade-unions did not forbid their members to join the company union, there was an overlapping in membership which, in certain cases, was considerable. Thus trade-union officials in one case stated that many workers became members of the company union through fear of discrimination. As evidence of this they stated that many trade-union members in good standing also joined the company union on getting jobs at the plant. Trade-union members in another company joined the company union to protect their seniority. In one case, in which many trade-union members also belonged to the company union, the activities of the inside union, which were largely social, were considered as not being in conflict with those of the trade-union. In another case in which a large duplicate membership existed, a bitter fight against the trade-union had been carried on by the management.

Chapter XI

Finances and Dues

The significance of funds for a functioning organization must be judged in relation to its aims and ends. Among the company unions studied, the chief use for funds was to compensate employee representatives and company-union officials for time lost from work on account of company-union business, and for such miscellaneous expenses as secretarial services and printing. Some company unions had benefit features or furnished occasional assistance to needy members. Few rented meeting places since most met on company property. Still fewer used funds for the employment of experts or advisers. None attempted to build up any strike funds.

About two-thirds of the company unions relied entirely on the employer for financing.¹ The constitutions of some of the organizations entirely financed by the company contained an explicit statement that "all expenses of the plan are to be borne by the company." Some indicated the company's responsibility in a negative way by providing that there were to be no fees, dues, or assessments of any kind. Some merely provided that the company would pay representatives for time lost from work on account of company-union business. Others made no mention of finances in the constitution although the company paid the bills.

Lack of provision for raising funds meant that the company union had to depend entirely upon the employer for such activities as involved expenditures. In a number of plants the budgetary control was general rather than specific, the company regularly contributing a fixed sum to the treasury. In others, approval for specific expenditures was obtained from the management in advance. All notices of meetings, mimeographed and printed minutes of meetings, meeting places, ballots, ballot boxes, stationery, and stamps, were provided by the company. If the company union wished to hire an outside expert for any purpose, the consent of the management was required. Such controls, however, did not always result in restricted expenditures. One full-time paid company-union official stated: "I can go in any mill (of the company) at any time, travel where I like."

¹ Eighty out of one hundred and twenty-five company unions. This includes one in which social functions were paid for by employee assessments, but no extra income was received from these functions. The constitution provided that "The cost of each function shall be prorated among the members attending that particular function." Information on this point was lacking for one case.

The assumption by management of company-union expenses did not always mean that the employer undertook as a matter of principle to bear the whole expense. In a few cases, management clearly indicated its intention or desire to have the company union finance itself. One constitution, after stating that the company would provide suitable meeting places and pay representatives for time lost from work, continued: "Except that, if the employee representatives so desire, they shall be at liberty to arrange for compensation to be paid by pro-rata assessment among the employees." Another stated that "The employees may arrange to pay all or any part of this compensation." Although some of these company unions had been in existence for a number of years, one of them as far back as 1919, only one had undertaken to share any expenses.²

In some cases management contributed more or less regularly to the company-union treasury rather than meet expenses directly. One company union opened a bank account, out of which payments were made by the company-union treasurer. He accounted to the company for all expenditures. At intervals the company gave him a check for deposit to this account, which was entered on the books of the company as "donations to the employees' association."³

The cost to the employer of financing a company union varied with the activity and elaborateness of the organization and the payments made to representatives and officers of the company union. One company had a budget of \$800 a month for its company union, not counting the salaries of the personnel men. Another contributed \$500 a month to the company union. In a third case the company occasionally paid \$500 to the association treasurer. Another company reported \$227 paid in a 6-week period, exclusive of \$40 a week for the paid secretary, and compensation and traveling expenses for employee representatives. In some cases the expense was only for postage and mimeographing.

Dues and assessments.—Thirty percent of the company unions required regular payment of dues from members or participants. Six others raised some funds by assessments, raffles, and parties, while one inactive organization apparently had no dues and no expenses.⁴ Among the company unions covered, the practice of charging dues was in the main a development of the N. R. A. period⁵ and was con-

² This company union paid a part of the expenses of a delegation to the N. R. A. code hearings.

³ In this procedure the purpose, as stated by the management, was to prevent the payment of representatives for their time from appearing on the company's books. It regarded donations to the association as "nobody's business."

⁴ The origin of this plan was thus described to the field agent by the employer: Upon announcement of N. I. R. A., the employer called his men together and told them they could go ahead and form an organization for collective bargaining, and that they had better get a lawyer to show them how, but that he would not give them a penny for it; whereupon the men decided they could do it just as well without paying a lawyer.

⁵ For some qualification as to the general validity of this conclusion, see pt. II, p. 63.

financed almost entirely to optional-membership company unions.⁶ The proportion which charged dues was somewhat lower among the companies with less than 200 employees than among those with more.

Dues were, as a rule, set at a fixed amount per week, month, or year. In a few cases, however, they varied with the earnings of the employee⁷ or were limited to an amount "sufficient to defray the necessary operating expenses."⁸ Ten⁹ also charged an initiation fee. Some provided for special assessments in addition to fixed dues.¹⁰

Eleven company unions collected dues through a check-off from the pay roll.¹¹ In two other cases a request for a check-off had been refused by management. The remaining dues-charging company unions collected their dues through delegates or representatives in the shops, or through the treasurer or his assistant at meetings.

In most cases, the dues charged were nominal. The most common rates were 25 cents¹² and 10 cents¹³ a month. A few charged 50 cents a year. More than two-thirds of the total charged \$3 a year or less.¹⁴

⁶ The 38 company unions which charged dues included only 4 that had been organized before 1933. Thirty-five of the 38 had optional membership.

Reliance on financial support from management was either formally or actually reduced or eliminated in a number of cases by changes made after March 1933. Three constitutions were amended to eliminate provisions calling for company financing. In one case, however, the separation was more apparent than real, for the company continued to pay the company-union expenses. (See footnote 21.) One company stopped paying employee representatives for time spent on company-union business outside office hours. Four company unions adopted dues provisions, the constitution having previously been silent in two cases on the source of funds. Another increased its dues and became self-supporting.

The problem of dues and company-union financing became more prominent with the passage, in July 1935, of the National Labor Relations Act, which prohibited companies from financing or otherwise dominating organizations of their employees. One company sent a letter to all employees announcing the passage of the act and interpreting its significance for the company union:

"That provision of the act which chiefly interferes with the operation of the employees' association is the prohibition upon any employer from rendering financial or other support to an organization of its employees. It appears unavoidable that under this provision *membership dues will be necessary* to finance certain activities of the association. Presumably it will also be necessary to make some changes in the constitution and in the articles of agreement between the association and the company. In short, many questions arise as to what of past practices of the company in its relationship to the association will or will not be legal in the future."

The company union subsequently adopted a provision for dues of 40 cents a year, to cover printing, postage, and other incidental expenses. The company continued to pay travel expenses of representatives and to compensate them for time lost from work on company-union business.

⁷ The variation was from 10 to 25 cents a month in two cases and from 25 cents to \$1 a month in the third.

⁸ The fee of the lawyer who drew up the company-union constitution and the cost of printing the constitution were, however, paid by the company in this case.

⁹ Two each charged 25 cents, 50 cents, \$1, and \$2; one charged \$1 for men and 50 cents for women; and one, \$5. In two other cases the constitutions referred to an initiation fee, but there is no evidence that it was actually charged.

¹⁰ In one case special assessments, if voted by the members, were to be levied "proportionally to earnings"; as possible occasion for such special assessments, the plan mentioned "to employ counsel." One company union, on the other hand, specifically forbade extra assessments, advertising the company union as "no rackets or assessments."

¹¹ Since the check-off is a means of controlling and maintaining the membership of an organization, it is significant that in nine of the cases in which it was used, a trade-union was seeking or had sought the right to represent the workers.

¹² Seven cases.

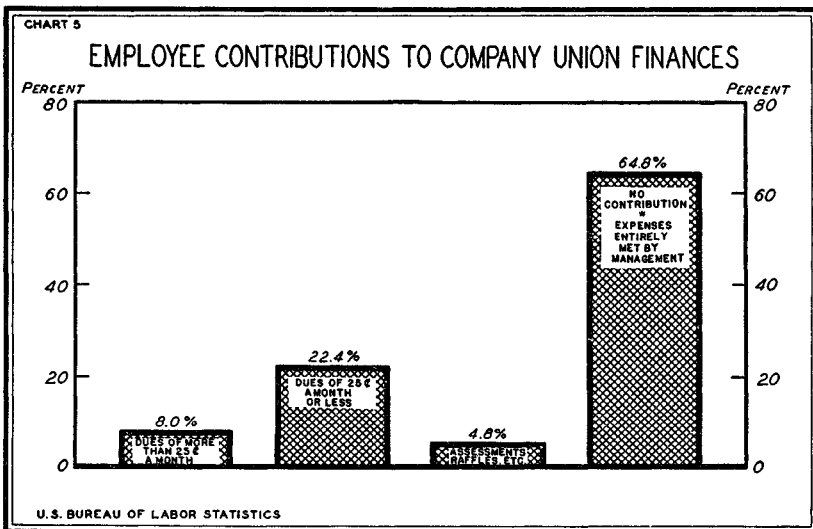
¹³ Six cases.

¹⁴ Six charged between \$5 and \$10 a year, three from \$10 to \$13, and one from \$3 to \$12, according to earnings. In only 3 of these 10 cases were all the funds collected available for functioning as a representative agency in dealing with the employer. In the other seven cases, a more or less considerable part of the funds collected was used to provide some form of sickness, death, or other benefit payments for the members.

The receipts from assessments were always small. One organization of 1,300 members that obtained its funds by selling buttons had an annual income of \$95. The constitution of another stated:

Practically the only expense of this organization is for printing, and as we are to remain self-supporting this small amount shall be raised annually either through an entertainment or an assessment of some kind.

The fact that 38 company unions charged dues and 6 others levied assessments did not mean that they were self-supporting. In some cases a fairly considerable part of the cash budget was contributed by management,¹⁵ although the most common financial assistance was the payment of employee representatives. Twenty-five companies reimbursed such representatives for time spent on company-union business. Another provided an office for the full-time official of the company union who was paid from membership dues.



Nine company unions received no financial assistance from management other than the use of plant property for meetings or elections or compensation to employee representatives only for time spent in actual conference with company officials.¹⁶

The organizations least dependent upon the management for financial aid varied in their attitude toward financial independence as a

¹⁵ Nine made regular or occasional direct cash contributions, such as making good all deficits, matching employees' dues, paying expenses of the full-time official of the company union, paying traveling expenses of employee representatives, paying the lawyer who drew up the bylaws as well as for the printing of the bylaws. Ten others paid for printing or stationery and other incidental expenses in addition to compensation to employee representatives.

¹⁶ In one of these nine cases there was no use of plant property by the company union and no compensation for employee representatives. Four held elections in the plant apparently on company time.

principle of labor organization. In three, which were among the group set up primarily upon the initiative of the workers,¹⁷ there was apparently a definite feeling that independence was important as a matter of principle. They did not possess large treasuries, however, thereby limiting their potential activities. In one or two cases, although the organization had been set up by management, the feeling had developed that financial independence of management was desirable on principle.¹⁸ One was described by its members as having been established and maintained by the employees in order to keep the trade-union out rather than to function as a collective-bargaining agency. It had a clause limiting its treasury to \$3,000. The secretary of the organization indicated the following prospective uses of its current \$2,100 treasury fund:

With almost 1,000 members we have a good cash balance sufficient to help members in distress on short notice, aid Boy Scouts, Fish and Game Association, and care for crippled children.¹⁹

Dues are a factor in the competition between trade and company unions. Much of the literature presenting advantages of company unions emphasized that they charged no dues. It emphasized that the workers were not being forced to contribute anything out of their own income "to support racketeers and high-priced union officials who smoked big cigars and stopped at expensive hotels." The workers were told that equal benefits could be obtained through the company union without expense.²⁰ The following quotation from a company union publication illustrates this attitude:

We want to handle our affairs free from the control and greed of labor leaders. We feel that we can reach the best results, both from the point of view of our pay envelope and of good feeling and working conditions if we who are closest to the situation sit down and calmly talk over the differences and reach an agreement like gentlemen. No amount of hot air by high-salaried union officers, nor strikes, nor violence ever get the worker farther ahead on the rough road to industrial security * * * . We don't believe that we are the tool of the company just because we see eye to eye with them about the union problem. We're going to get everything we want within reason, and it won't cost you a dollar a month or a cracked head.

That dues were at times a drawback to company-union membership was evidenced by the figures on membership and the attitude of employees. The members in several organizations said that they would not belong if dues were charged. One personnel director stated

¹⁷ See ch. VII, pp. 90-92.

¹⁸ One of these which had been in existence since 1922 was reported as "now self-supporting", with a treasury of \$8,000.

¹⁹ A few others expended their funds to provide small benefits and social features. Others had a small income which went not for benefits but for operating expense.

²⁰ Management complained in one case that some employees thought that "paying dues to the company union entitled them to a raise."

that charging dues would cut down membership.²¹ The chairman of one company union charging 10 cents a month said, "We are handicapped by lack of money. But we can't raise our dues now, because we would lose too many members. We should have started out with higher dues."

²¹ In another instance in the course of a thorough revision in 1934, it was intended to provide for dues and to make the plan self-financed. The company, however, feared that this would prove unpopular. Consequently, although a provision that "the company shall defray such expenses as are necessarily incident to the discharge of duties herein set forth" was dropped from the constitution, no provision was made for financing the company union by dues or any other definite means. On written order of the treasurer of the company union the company contributed \$400 monthly.

Chapter XII

Officers and Representatives

The activities of any organization are carried on primarily by its officials. An organization's strength is increased by the absence of restrictions that limit it in securing officers and advisers who can best serve its needs. Its value to the members is enhanced where their will is readily manifested through the freest and most effective choice of officials and where there is close and frequent contact between officials and members.

Company unions are usually administered by two kinds of officials—officers and representatives. The officers, such as president, secretary, and treasurer, perform the duties normally attached to such positions. Representatives, as the name implies, are to maintain contacts with the employees in their districts, hear their grievances and demands, and, either directly or indirectly, see that they receive consideration. Employee representatives are usually elected by districts.¹ These districts generally follow the lines of regular plant departments, or occupations, or the geographical divisions of the employer's business.²

Employee representatives were required to be employees of the company,³ and were generally not allowed to continue serving after

¹ Only about one-tenth of all the company unions studied had any other pattern. Three had no representatives and functioned entirely through officers elected directly by all of the employees. Nine others elected representatives from the plant at large rather than from particular districts. All of these exceptions were in plants with less than 700 workers. Some of the larger establishments had large districts, each with several representatives, rather than small districts with a single representative.

² The methods are not necessarily mutually exclusive, since company departments may follow geographic division or occupational divisions. In some cases, more than one basis was used.

³ In two cases the requirement was not definitely stated in the constitution but was implied. Two other company unions reported that they had once deviated from the practice. In one of these, an attorney connected with a company official once met and voted with the employee representatives, but he was not elected by any district. Management stated that he offered his services gratis in order to publicize his practice. Representatives of another company union stated that a man who was not an employee had served as a representative in 1934, but the workers were dissatisfied and within 4 months replaced him with an employee. In one constitution the election of outsiders was formally permitted but characterized as unwise:

"While it is recognized that workers may select as their representatives any person, firm, or organization, whatsoever, they consider it wiser that the representatives elected shall be workers * * *. They will thus be familiar with the problems of their respective departments and know all the workers whose problems they are to adjust."

The same clause appeared in the constitution of another company union, but was later taken out.

leaving the employ of the company.⁴ The great majority of the company unions required that an employee representative must be employed in the division which he represents and that he must not hold a supervisory position.⁵ From this principle there usually flowed the corollary rule that a representative's tenure of office ends when he is transferred to another department or promoted to a supervisory post.

Eligibility requirements for representatives were usually more stringent than those for membership or voting. More than half required a definite period of service, usually a year.⁶ An age minimum⁷ and American citizenship were frequently specified.⁸ In a few cases a knowledge of the English language was required.⁹

More than three-fourths of the company unions reported that voting districts were set up to correspond to the regular departments of the company.¹⁰ Sometimes, particularly where the number of employees per representative was large or the process of manufacture extensively subdivided, he was expected to represent the interest of employees engaged in a variety of occupations or types of work. Sometimes a department with an unusually large number of workers was subdivided into "natural" sections. On the other hand, several departments with only a few workers each were often grouped to form a single voting district. Voting districts in 15 organizations were on a craft or occupational basis. In distributive companies with a large number of scattered small units each unit was a voting district or else several units were grouped for representation purposes.

Representatives served for a 1-year term in the great majority of company unions. A few had a 2-year term, and a few others a term

⁴ In only 11 company unions was there no such rule. Four constitutions made no reference to termination of employment and the persons interviewed reported that representatives were permitted to continue in office after leaving the employ of the company. Two constitutions provided that, if a representative terminated his employment, he might be retained by a majority vote of the employees he represented. In four additional company unions the constitution stipulated that the representative might retain his office if only temporarily laid off, one limiting the time to 60 days. In another case there was no formal provision to this effect, but representatives interviewed reported that a representative if only temporarily laid off might stay in office if two-thirds of his constituents voted to retain him. Two company unions revised their constitutions after March 1933 so that employee representatives were not automatically displaced as representatives if they lost their jobs.

⁵ This regulation took the form of either a restrictive clause limiting participation in the company union to hourly employees or of specific clauses listing qualifications of representatives.

⁶ There were 67 in all, of which 45 specified 1 year's service and 11 required 6 months' service. One other stipulated 6 months in "one section", another 6 months' membership in the company union. One specified only 2 months' service, another only 1 month. One of these (setting a 1-year service condition) required an additional 4 months' service in the particular department.

⁷ There were 53 in all, of which 50 set 21 as the minimum age. Another stipulated 21 years for men, but 18 years for women. One set 24 years, another 25 years.

⁸ There were 49, of which 7 specified that first papers sufficed.

⁹ Two company unions specified that candidates need only be able to "speak English"; three, to "read and write English"; and two, to read, write, and speak English. Such language requirements would naturally not be mentioned in a large number of companies which employed English speaking workers.

¹⁰ This was the case in 77 out of 98 company unions reporting on this point. Twelve company unions either had no representatives or elected them at large. (See footnote 1 above.) Information was lacking in 16 cases.

of only 6 months. Eight company unions had no provision for elections and one held elections "when asked for." In order to avoid having an entirely new set of representatives come into office at once, many provided that half the voting divisions should hold elections at one time and half at another. All but one company union permitted reelection of representatives, although several limited the number of terms representatives might serve.¹¹

The nomination of candidates for election as representatives was most commonly by secret ballot.¹² Usually the two persons receiving the largest number of votes were declared nominated, but sometimes three, and even four, were so designated. Fifteen company unions provided for nominations from the floor either at a general meeting or electoral divisional meeting. Other methods were the use of nominating petitions, nominating committees, and filing of notice of candidacy.¹³ In 20 cases no nominations were made prior to the formal elections.¹⁴

The secret ballot for electing representatives was employed in almost all company unions. Certification of nominations and supervision of elections was entirely in the hands of employees in more than five-sixths of the organizations.¹⁵ Management representation on the election committees was reported for 12 company unions,¹⁶ while in 4 management alone supervised elections.

In comparatively few instances was there indication of company influence over the elections as between different candidates.¹⁷ The evidence indicates that management had selected the chairman in two cases and that the representatives were "hand-picked" in three cases.¹⁸ The members of the grievance committee of one company union apparently had been appointed by management. In another case where the company union was just being organized and formal elections were scheduled for the near future, the chairman of the company union had already been designated by management. Lack of freedom

¹¹ One limited reelection to "not more than four terms", another to three consecutive terms, two to two consecutive terms, and a fifth to "not more than twice." Still another plan stipulated that representatives could not succeed themselves but could be reelected later.

¹² This was the procedure in 64 company unions, or 58 percent of the 111 on which information on this subject was furnished.

¹³ Six company unions used the petition, the required number of signatures ranging from 10 persons to 25 percent of the voters in the district. Nominating committees were used in five cases, but in three of these nominations were also made from the floor at employee meetings. In two cases only filing of candidacy was required.

¹⁴ In five of these a list of all eligible employees was either posted on bulletin boards beforehand or handed to the voters at the election. One company union used the preferential ballot without prior nomination.

¹⁵ Information on this point was not available on 36 cases. When elections were in the hands of employees, the supervision was by a standing committee or a specially appointed committee, or the outgoing representatives acted as a special committee for this purpose.

¹⁶ This was particularly true in the case of joint or combination type company unions. In six other cases elections were taken out of the hands of management by changes made after March 1933.

¹⁷ This does not apply to elections to determine whether or not a company union should be set up. See ch. VIII.

¹⁸ In one of these the present representatives had been appointed by management to replace elected representatives who had affiliated with the trade-union.

in voting was evidenced in two company unions, where the ballot carried the employee's signature or his check number. In two others, representatives stated that ballots had to be marked in the presence of the supervisor or the time clerk.

About 80 percent of the company unions provided for the recall of a representative in case he failed to carry out his official duties satisfactorily.¹⁹ In the great majority of cases recall action could be carried through entirely by the employees in the representative's district. In some cases the representative council or some committee exercised a check on recall proceedings by employees, while in a few others it had sole power of removal. In one instance management could remove a representative without the consent of his constituents.

Three of the company unions studied²⁰ had recalled a representative. One representative was recalled because, during a discussion on a wage increase, he strongly urged other representatives to keep in mind the financial difficulties of the company. In another case, after the company had put through a wage reduction by means of the company-union mechanism, one district in derision elected as their representative a person whom they knew to be incompetent to fulfill his duties. He later had to be recalled.

Officers.—All but eight of the company unions studied had, in addition to employee representatives, one or more employee officers to perform specific duties.²¹ They were chosen either by the employee representatives or directly by the workers. Eligibility requirements for officers were generally the same as for representatives.²²

In all company unions functioning on an automatic-participation basis, as well as in about half of those with optional membership, officers were chosen by the representatives. In some company unions all officers and all members of subcommittees were thus

¹⁹ Eighty-one provided for recall. Thirty had no such provision although one of these reported that despite the lack of a formal provision recall was possible. Information was not available for 12 company unions, while 3 had no representatives. In addition to these provisions for the recall of representatives elected directly by the employees, seven company unions, in which a primary council elected from among its own number representatives to a higher council, permitted the primary council to recall its representatives to the higher council.

²⁰ In another case, management reported that an employee representative had been recalled, but an employee representative interviewed did not corroborate this statement.

²¹ In four cases all officers of the company union apart from employee representatives were management officials, while in four other cases the company union functioned entirely through a small informal committee of representatives elected at large by the employees.

²² Any distinctions which were made usually involved such slight matters as a few more months' service with the company, or a year or two more in age. Thus the figures already given as to the tenure of employment, age, citizenship, and education requirements for representatives apply on the whole to the officers of the company unions. In all cases officers, except full-time paid officials in some cases, had to be employees at the time of election. Company unions permitting representatives to serve after leaving the employ of the company also extended this provision to the officers.

The term of office of officers was, in all but one case, the same as for representatives. In this exceptional case, officers served for 2 years, as against 1 year for representatives.

Few company unions made formal provision with regard to reelection of officers. Most of them seemed to take it for granted that if an officer was reelected as a representative, he was similarly eligible for reelection as an officer. Likewise, in those few company unions placing restrictions on the reelection of representatives, officers were subject to the same terms.

elected. In others, one or two key officers were elected and they, in turn, appointed other officers and the necessary committeemen. In all but a few instances officers had to be chosen from among the representatives.

Direct election of officers on a scheduled election date by the membership at large occurred in about half of the optional-membership company unions. In one, for instance, candidates for all offices were nominated from the floor at the annual membership meeting. The names of all the candidates were then posted in each department at least 10 days prior to the date of election. Officers were then elected on the scheduled date by secret ballot of all qualified voters.

A few of the company unions in which employees did not directly elect officers provided for the removal of such officers by the representatives. In the large majority, the officer could be removed only by indirect means. Where his constituency refused to recall him as a representative, or had no such power, there was no legally recognized means of removing him as an officer of the company union. On the other hand, in almost half of the company unions with direct election of officers the recall was permitted.

Compensation to representatives and officers.—Representatives were compensated for their work in 90 percent of the cases. In most cases this compensation was at the regular rate of pay for time spent during working hours. It thus served to assure the representative that his earnings would not suffer as a result of attendance at meetings or performance of other company-union work during working hours.

About one-third of the company unions paid the employee representative something above his regular earnings, making the position a source of extra income to him.²³ In 10 cases, the extra compensation amounted to \$50 or more a year; in 1, to as much as \$15 a week.

Seven company unions paid their representatives out of independent-financed treasuries. In the great majority of cases the employer paid representatives directly.²⁴ In some instances, however, they were paid out of company-union treasuries to which management regularly contributed. One company union used its own funds to pay representatives for work done outside of hours, while the company paid for time lost during the day.

Employee officers who, while retaining their jobs, assumed duties with respect to the company union received extra compensation for

²³ One hundred and four provided compensation and 11 did not pay representatives. Information was not available on seven company unions, while three had no representatives.

Sixty-five company unions paid only at the wage rate for time lost during working hours. Thirteen others paid at wage rate for time spent both during and after working hours. Eleven paid wage rate for time lost during the working day plus some stipulated sum per meeting or per day, week, or month. Sixteen others paid representatives some stipulated amount but it is not possible to tell in all of these cases whether any working time was spent by these representatives and, if so, what the relation was between this time lost and the flat compensation rate. In most of these 16 cases, it would appear that the net result was to create some additional income for the representative. For a case of another form of compensation, see footnote 32, below.

²⁴ This was true in 91 cases including, with 5 exceptions, all cases where the wage rate was paid.

these services in 15 instances.²⁵ This extra income amounted to \$120 or more a year in two-thirds of the cases. In eight cases officers were paid out of company-union treasuries built up from dues payments,²⁶ while in five they were paid directly by the company. In two they were paid out of treasuries to which the company contributed regularly.

Information is incomplete as to what control, if any, was exercised by the company over the amount of time which representatives and officers might spend on company-union business. In some cases in which they were paid by the employer they were free to spend as much time as they felt necessary. Thus in one plant many of the representatives did very little besides shop-council work, the president of the company union stating that he worked less than six hours a week on his regular job. In another case an employee representative who was also a union member stated: "A representative is free at any time to investigate a problem. He just tells the foreman, who asks no questions." On the other hand, many constitutions provided reimbursement only for earnings lost while in attendance at regular meetings or at special meetings or conferences jointly approved. Some companies allotted a definite time period to the representatives for transacting their duties. Others which paid representatives for time spent in meetings frowned upon any discussions or contacts between employee representatives and their constituents during working hours.²⁷

Salaried full-time officials.—Eight company unions among the 126 had salaried executive officers who devoted their full time to company-union affairs. In some instances such officers were paid directly or indirectly by the employer. Thus in one company having a number of branch plants, employee representatives selected the officer, but the employer paid his salary of \$40 a week and his traveling expenses. Management gave him full freedom to visit any plant whenever he thought necessary. In two cases, the salary of the full-time officer was paid out of the company-union treasury to which the company contributed.²⁸ Five company unions paid a full-time official out of a treasury to which the company did not contribute.²⁹

²⁵ Representatives were not paid in 3 of these 15 cases in which officers were paid. In eight cases only the secretary or secretary-treasurer was paid. The secretary of one company union received \$2 for each meeting; in other cases payment was by the week, month, or year at a rate ranging from \$1.50 a month to \$50 a month. In one company union in which representatives were paid \$15 a month, the president received \$30 a month, the chairman of the wage and welfare committee \$25 a month, and the members of that committee \$20 a month.

²⁶ In two of these instances, however, the company paid officers the regular wage rate for any time lost on company-union work during working hours, while the company union paid them an additional fixed amount per month.

²⁷ For further discussion of this point, see ch. XIV, p. 141.

²⁸ One paid its business agent \$150 a month, but the company contributed a like amount each month to the association's treasury. In the other case the secretary, who had held this office for several years, had been hired by the company and was in effect paid by it, since it guaranteed any deficit in the treasury, and there was always a considerable deficit. Information as to the amount of salary was not available.

²⁹ In one instance, the company furnished an office for the full-time official.

Salaries ranged from \$1,500 to \$3,900 a year. The highest salary was paid to the chairman of an association which functioned primarily as a benefit association.³⁰ The bylaws in one case stipulated that the business agent "shall receive a weekly salary to be fixed by the shop committee." He received \$2,300 a year, half being paid by the company union and half by the benefit fund, which was run by the company union but to which separate membership applied.

Only one constitution specifically provided that the full-time salaried official need not be an employee of the company at the time of selection. One constitution had no references to any requirement, but persons interviewed stated that the paid chairman might be an outsider. The incumbents were all former employees who, upon election to this office, either resigned or were granted leave from their jobs.³¹

Of these eight full-time paid officials, three of those paid by independent treasuries and one paid by the company displayed a real ability for leadership in the adjustment of grievances and the advancement of the wages and working conditions of the members. Two others, while capable and aggressive, interested themselves primarily in benefit and welfare work. Another appeared to be of indifferent ability and was most concerned with preventing difficulties from coming to the surface. One of the best-paid officials was not the real leader of the organization. It was controlled, instead, by the organizer of the company union, who at the time of the study was serving only as a representative.

Independence of officers and representatives.—Effective representation of the interests of employees requires that representatives shall at all times feel free to raise with management the complaints or issues brought to them by their constituents. The fact that company-union representatives are themselves employees of the company, and that they are unsupported by an organization or group outside the sphere of the company's authority makes necessary some form of assurance that vigorous action will not jeopardize their own jobs or standing with the company.

Recognition of this fact is evidenced by the frequency with which there was a declaration of intent on this point by the employer. Somewhat more than half (57) of the constitutions contained a clause binding management to avoid discrimination against company-union representatives. The most common "guarantee of independence" clause read as follows:

³⁰ The company contributed to the benefit fund through a profit-sharing arrangement. This same chairman promoted the establishment of the company union while a strike was taking place in the plant.

³¹ One incumbent, formerly manager of a branch for the company, had served the company union for 10 years and was no longer considered an employee of the company. Another was employed by the company to manage the welfare fund before the welfare association became a representation agency, and continued on in the same capacity after the change. The paid chairman in another case stated that, if defeated for reelection, he would return to his position as manager of a branch for the company.

It is understood and agreed that each representative shall be free to discharge his duties in an independent manner, without fear that his individual relations with the company may be affected in the least degree by any action taken by him in good faith in his representative capacity.

Another clause frequently used was:

Every representative serving on any division committee, plant council, committee of plant council, or on the joint council shall be wholly free in the performance of his duties as such, and shall not be discriminated against on account of any action taken by him in good faith in his representative capacity.

Three companies made a declaration on the subject either through the employees' handbook or by letter to the company union. It was made a part of the formal agreement between the company and the company union in one case. In the remaining cases no specific guarantee of independence existed.³²

In only one case did the company union itself, an organization of the optional-membership type, undertake to assure independence.³³ To protect the independence of its officials, it included an arbitration provision in its constitution. The acceptance of the provision by management implied its participation in the guarantee.

All officers and representatives shall act with scrupulous fidelity to the association and its members. To assure their independence of action any complaint of personal discrimination against them, or any of them, because of authorized acts or conduct, shall be taken up promptly with the management and, if not adjusted promptly, shall be referred to a board of arbitration as set up in article _____.

Thus the guarantees ranged from simple encouragement, without any defined procedure for redress in case of violation,³⁴ to specific restrictions upon changes in the employment status of representatives. One constitution protected its representatives from future discrimination in the following manner:³⁵

An employee who has at any time served as a councilman or deputy shall not be transferred, demoted, laid off, suspended for disciplinary reasons, or discharged, nor shall his individual rate of pay be decreased until the mill manager, or the corresponding executive, after personal consideration and investigation, has approved the contemplated action.

One provided that a representative could not be dismissed "during his term of office, or for 6 months thereafter", unless the cause for

³² In one case an understanding had gradually arisen between management and the company union that representatives would be guaranteed a full year's employment and put on hourly wage jobs without promotion or demotion during the year. Since the plant operated on a seasonal basis, guarantee of a full year's work amounted in effect to a 3 to 6 months' bonus. The result was to make the position of representative much sought after. A measure to guarantee independence thus became a form of compensation for representatives.

³³ Some other constitutions assumed that discrimination might be employed against a representative by employees as well as by management:

"Neither the company nor the employees shall discriminate against any representative on account of any position taken in the free exercise of his own convictions while discharging his duties as such representative."

³⁴ This was true in 22 of the 57 constitutions containing a guarantee clause.

³⁵ This provision and the following one were added by constitutional changes made after March 1933.

dismissal was first approved by the joint council. If the council vote was tied, the matter was to be referred to the president of the company for final decision. Another provided that—

In the event a councilman or ex-councilman be laid off or transferred to another section, the executive committee shall be satisfied no discrimination has been shown.

In about 40 percent of the 35 company unions where a procedure for redress was provided, appeals regarding alleged discrimination were confined to successive officials of the company.

To insure to each representative his right to such independent action, he shall have the right to take the question of an alleged personal discrimination against him, on account of his acts in his representative capacity, to any of the superior officers, to the general joint committee, and to the president of the company.

About an equal proportion of the constitutions provided arbitration of discrimination cases by an impartial outside agency. In one-fifth of the instances the case might be carried to the State Department of Labor or to the Secretary of Labor of the United States. One permitted appeal to the Regional Labor Board.

Among the company unions studied this elaborate machinery for arbitration had never been invoked by an individual representative who charged discrimination for his activity in the company union.

The study revealed few cases in which charges were made that management had discriminated against company-union officials and representatives who were active in the interest of the employees. There were five cases in which workers related discharge or failure to rehire after lay-off to activities in connection with the company union. In one instance where the company union had a formal guarantee of independence in its constitution but no machinery for redress, the company discharged two employee representatives after they had openly opposed certain activities of the president and founder of the company union. Even though there was some sentiment among the rank and file against the discharge of the two men, no attempt was made by the other representatives to have them reinstated.

In another company in which representatives and ex-representatives could not be laid off or transferred unless the executive committee was satisfied no discrimination was being shown, a "very active and energetic member of the works council" who, according to the company union committee, "had drawn much attention to himself by his fearless and aggressive attitude in the council", was not rehired when work was resumed in his division following a lay-off. Despite the attempt on the part of the company union to obtain his reinstatement, the

vice president refused to reverse the manager's decision. The committee's report concluded as follows:

Our committee still believes that the reemployment of Mr. ——— would have resulted in a much better feeling between the management and the great mass of employees, and would have reacted to the benefit of the company and it is with regret that we must now report that any immediate further activity on the part of this committee at the present time seems futile but would recommend that the case be left in our hands to forward at the proper time to the end that Mr. ——— may finally be reinstated.

The other three cases of discharge of representatives were in company unions having no guarantee of independence. In one, the president of the company union was discharged for visiting officials of company unions in neighboring communities. In the second, when the company union voted to affiliate with the trade-union, the company discharged an entire shift containing the former president of the company union and a number of those active in the affiliation movement. The company then reestablished the company union, and a new set of officers took charge. In the other, an employee representative who had fought for wage increases was discharged after having worked for the company for more than 4 years.

Chapter XIII

Committees

Three types of committee machinery prevail among company unions—the joint committee of employer-employee representatives, the joint committee accompanied by occasional or regular employee-committee meetings, and the employee-committee arrangement. The joint committee is a body composed of representatives of both management and employees. The employee committee is composed only of employee representatives. It meets to formulate requests either for presentation to a joint committee, or for discussion and negotiation with one or more management officials as occasion arises.

The pure joint-committee type of organization makes no provision for separate meetings of employee representatives.¹ It is based on the conception that difficulties and questions between employer and employees can be settled satisfactorily and justly by discussions of individuals around a conference table. It assumes that employee representatives as individuals have no hesitancy in expressing their opinions and the demands of their constituents before their employers.

The employer is necessarily a party to the functioning of the joint-committee type of company union. As a corollary of this fact, extensive employer participation exists in their establishment, operation, and financing. Of the 21 joint-committee type organizations studied, all but 1 were set up entirely by management. Not only did their constitutions indicate the participation of management through the joint committees, but two-thirds of the constitutions explicitly announced that management was setting up the organization for the employees. None of them provided a choice with regard to membership. All were based on automatic participation by reason of employment. None which provided for termination could be terminated without the consent of management. Two-thirds required the consent of management for any amendment to the constitution. None provided for employee dues or financial contributions, all relying entirely upon management for funds.

The second type of committee arrangement, hereafter referred to as the combination type, holds to the same philosophy of joint action

¹ Seven company unions in this group, however, had moved somewhat from this position by permitting informal caucuses of employee representatives before the joint meetings. In such cases the difference between the joint-committee type and the second or combination type becomes less distinct. However, they differ with regard to the regularity of the separate meetings of employee representatives and the authority which seemed to be vested in or exercised by these meetings.

but assumes that employee representatives should meet by themselves, at least occasionally.² Separate meetings of employee representatives are considered necessary in order that they may arrive at a clear understanding of the wishes of the group, the procedure to be followed in presenting such wishes, and the selection of a spokesman who can most effectively present the common opinion of the group. It thus differs from the joint-committee type in that the employee representatives are more definitely the representatives of a group point of view.³

Here again management representation is an essential part of the structure of the joint committee, although as far as other activities are concerned, management participation has been less extensive than in the straight joint-committee type. Of the 20 organizations having this combination arrangement, only 7 definitely stated in their constitutions that they were set up by management, while 2 stated that they were employee-sponsored.⁴ Two could be terminated by action of the employees alone. Although most of them were based on automatic-participation rights for all employees, one-fourth had optional membership. One provided for dues, the remainder relying entirely upon management for expenses.

In the third type of committee arrangement, there is no necessary management participation in the operation of the company union. The structure tends to stress the existence of an exclusive employees' agency. Representatives of employees meet alone⁵ to discuss problems and grievances and, as a united group, present their formulated

² Some plans specify that the separate meetings are to take place before each joint council meeting, others provide that separate meetings and joint meetings are to be alternated. In some cases the joint committee is formed by adding to the employee committee two or three representatives of management.

³ Two combination type company unions did not actually hold separate meetings of employee representatives. In one, which did no negotiating, two management representatives came to be present as a matter of course. The other provided that the general committee and all standing committees of employee representatives should meet on alternate months as joint committees with an equal number of management representatives. In addition, a specially designated management representative was to be available to attend separate meetings of the general committee of employee representatives on invitation. Invited to the first meeting he attended all subsequent ones as a matter of course. As a result, the joint general committee fell into disuse, only the joint standing committees continuing to function on a joint basis. At the same time the general committee of employee representatives was shorn of any legislative power. Its work was limited to hearing the reports of the joint standing committees but it could not overrule them; it could only appeal from their action to a joint appeals committee. The joint appeals committee had not been called on to act in the past 9 years.

In one large organization, there were no separate meetings of all employee representatives, but such meetings were held by the employee representatives of the five divisional wage and welfare committees. These committees, each consisting of chairman and four members elected by the divisional employee representatives, met monthly. Management attended these meetings only on request. The wage committees were important, handling all problems pertaining to hours of work, rates of pay, etc. Each division had a joint committee also, which served as a court of first appeal from the wage and welfare committees. In another, and equally large, company the only separate meetings provided for were monthly meetings of the executive committee with each of five division groups of employee representatives.

⁴ Actually only one was primarily established through employee initiative.

⁵ Although the employee-representatives' committee usually meets by itself, generally at a stated time and under the direction of its leading officer, one or more management representatives may attend on request or, in some instances, by constitutional provision. These management representatives, however, do not form a part of the committee and do not vote. They attend to advise and to state management policy.

plans and requests to management. These meetings with management do not take the form of joint-committee meetings where a decision is reached by a vote of the joint body. They are, rather, meetings of representatives of two parties for the purpose of negotiating or discussing certain matters. If the committee is not satisfied with the decision given by the management representative it can, according to the provisions made by many company unions, appeal to a higher official or authority, such as the president of the company or the board of directors.

Even in this type, however, management's relationship to the organization was frequently so close as to blur the distinction between the several types.⁶ Although management participation was not as apparent as in the joint-committee arrangement, it was, nevertheless, extensive. All but 18 of the 80 organizations of this type were set up entirely by management. More than half relied entirely on management for funds. In almost all instances, management through the constitution assumed certain obligations.⁷ However, one difference from the other types of committee was that automatic participation of all employees was not as prevalent among the employee-committee type, nearly two-thirds being based on optional membership.

The possibility of an exclusive employees' agency becomes greatest among this last group of 51 company unions which combine the employee committee with optional membership. The 8 company unions set up primarily through employee initiative took this form in all but one case. Only 2 of the 51 company unions with this form explicitly indicated management sponsorship in the constitution. Even among this group, however, the close relationship of management was marked. More than two-thirds were set up through management initiative. Only five constitutions contained no reference, explicit or implicit, to management's relationship to the affairs of the company union. One-third of the associations obtained all their funds from the employer, and most of the remainder received some financial assistance from management.

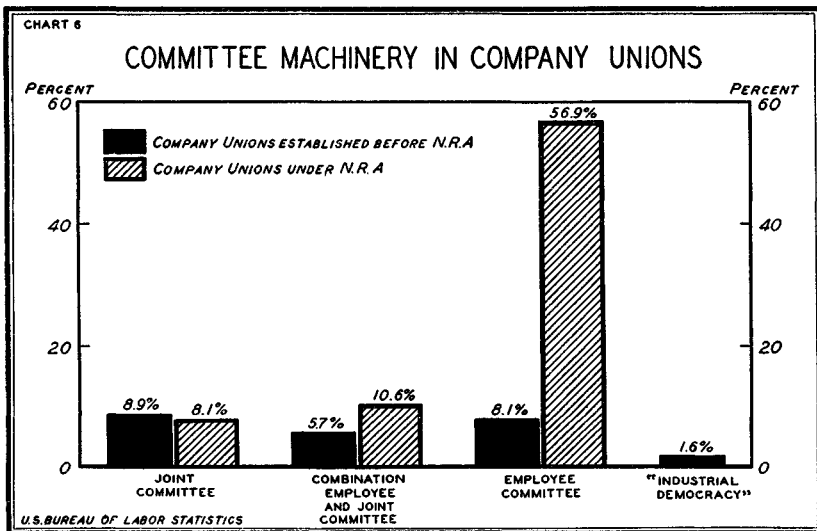
Since 1933 there has been a shift away from the joint-committee type and to a less degree away from the combination type. (See table 32.) Revisions in individual plans after 1933 show that the

⁶ Because of this essential similarity in many cases, the classification of company unions in this report is not generally by committee type but rather on the basis of the character of participation, whether automatic or on an optional membership basis.

⁷ On the other hand, where there was specific mention of sponsorship in the constitutions, the employees were more frequently named than management.

movement is to some extent from joint committees through the combination type to employee committees.⁸

Varying factors played a part in effecting these shifts. In some it was directly traceable to a desire on the part of management and workers to comply with what they felt were the requirements of section 7 (a). In a number of cases management, stimulated by legislation and labor-board rulings, took the initiative in modifying plans in order to give a formal appearance of greater independence. In a few others, revision was instituted by the workers themselves. In these instances, employee representatives reported that they had felt the need for an opportunity to talk over matters by themselves. In one, employee representatives had gradually become accustomed to having meetings by themselves to decide on matters to be taken up



at the joint-council meeting. Decisions then made by the joint council were taken up with the general superintendent, who rendered the final decision. This system was so cumbersome that the joint meetings were finally abandoned, and the employees' committee took its complaints up with the general superintendent directly. In another, the apathy of the workers toward the company union was responsible for abandoning separate and formal joint-council meetings,

⁸ Thus, of the 10 joint committees which revised their form after March 1933, 6 changed to combination types and 4 to employee committees. Two combination arrangements were modified to a straight employee committee. None changed to joint-committee form, and none from the employee committee.

To these changes may be added certain other shifts. Thus a company which for several years up to 1930 had had an industrial-democracy type of company union dropped the plan at that time. In 1933 it set up a combination plan. In addition, three joint-committee organizations amended their constitutions during the N. R. A., to give employee representatives the right to meet separately.

Four others changed their constitutions to permit management to attend meetings of employees' council only on invitation, instead of by right of specific constitutional provision.

the representatives merely conferring with the superintendent when occasion arose.

TABLE 32.—*Committee machinery in company unions, spring of 1935*¹

Type of committee	Total	Period of organization	
		Before N. R. A.	Under N. R. A.
Joint committee.....	21	11	10
Combination employee and joint committee.....	20	7	13
Employee committee.....	80	10	70
Industrial democracy ²	2	2	0
No information.....	3	0	3
Total.....	126	30	96

¹ Company unions are here classified according to their present form rather than their form at the time of organization. If the existing company unions dating from before the N. R. A., including the 6 plans re-established in 1933, were classed according to the form which they followed before 1933, there would be a slight but not a significant change in the figures. The figures would then be: Joint committee 13; combination employee and joint committees 8; employee committee 12; industrial democracy 3.

² In this form of company union, the employee representatives, elected by the workers, constitute the house; supervisory officials appointed by the company comprise the senate; and a few management officials make up the cabinet. Matters may originate in either house and after passage go to the second house. If the 2 houses cannot agree, a joint committee similar to a conference committee of the United States Congress attempts to arrive at a compromise acceptable to both houses. Matters passed by both houses go to the cabinet for approval or veto. This form, which became popular during the World War period, has been largely abandoned because of its cumbersome structure.

Divisional committees and subcommittees.—In smaller establishments, the company union usually functioned through a single council or committee, whether joint or of employee representatives only. To this body came all grievances which employee representatives had been unable to adjust, and it considered in full session all matters handled by the company union. More than half of the company unions, however, distributed the work among a number of committees which either had full responsibility for the functioning of the company union in a particular division or unit of the company or had certain authority with respect to the consideration of particular matters.

In 28 large companies or companies with a geographically scattered or otherwise complicated structure, separate committees were set up for each division, or other appropriate unit of the company. These were integrated into a central committee through representation either directly or through one or more intervening committees, depending on the complexity of the company's structure. Employee representatives on a superior council were chosen by and from among the employee representatives on the council next below it in the hierarchy. Each divisional council attempted to settle the grievances and problems arising in that particular division of the company's operatives, after the employee representative concerned had failed. If it did not succeed, it passed them on to the next higher council for settlement. In some organizations only matters of general importance could be carried to the council higher up, and matters of interest to a division only were settled by that division's council.

Fifty-nine company unions set up subcommittees for specific purposes—wages and working conditions, cafeteria, safety and health, grievances, and other matters.⁹ These subcommittees performed much of the preliminary work, work which might otherwise have had to be done by the full committee. In some cases, the grievance committee attempted to settle grievances before they were turned over to the full committee, or conferred with management on the matter after approval by the full committee. The standing wage committee sometimes not only investigated cost of living and other pertinent facts but also served as the negotiating committee on questions of wages and hours. One company union required that all questions be acted on by the appropriate subcommittee before action could be taken by the full committee.

On all divisional committees or standing subcommittees in joint-committee type organizations, management had equal voting power with employee representatives. Conversely, in employee-committee type company unions, only employee representatives served on the divisional committees or subcommittees. When such committees were included in the set-up of the combination type of plan, management representatives were generally excluded entirely or were called in only on invitation. Where the constitution provided for only joint subcommittees, an additional clause gave employee representatives the privilege of meeting separately before joint subcommittee meetings or on alternate months.

Procedure at joint meetings.—One-half the constitutions providing for joint committees specified that the presiding officer should always be a management representative. One-fourth provided for an employee as presiding officer. In the remaining fourth the chairman was elected by and from the joint-committee members, or the chairman and secretary alternated between management and employees from meeting to meeting.¹⁰

In about half of the cases the secret vote was provided for, although it was actually used in a comparatively few instances.¹¹ Three joint committees rarely put questions to a vote of any kind, while in eight “there was no voting at all—only discussion.”

Three methods of determining whether or not a proposal was carried were used in joint meetings. In most cases, all the representatives voted as individuals and a majority of two-thirds or three-fourths of the representatives present was required. In a few cases, only

⁹ Sixteen company unions had both divisional committees and standing committees on specific matters.

¹⁰ In one of the latter cases, however, at the insistence of the employees, the personnel manager always presided despite constitutional requirements.

¹¹ Eighteen out of twenty-five on which information was available reported using the secret ballot.

Three of these specified “always” and another “usually”. Three used the secret vote ordinarily only on major issues. Eight others provided for a secret vote upon request of either management or employee representatives or a majority of the joint council, but the privilege was rarely used. Four more reported that it was seldom used. In two of the cases in which a secret vote was never used the rules of procedure permitted such a vote.

a unanimous vote of the representatives could carry a measure. A number of company unions used the unit method. Under this method, the majority of representatives in the employee group and in the employer group determined how the vote of its group should be cast, and agreement by both groups was required for approval.

In all but one of the joint committees the constitutions provided that decision by the joint committee was in effect only a recommendation made to management. Although many constitutions permitted employee representatives to carry matters turned down by the joint council, to management, such appeals were rarely used.¹² Many of the employees' requests, therefore, never went beyond the joint-committee stage.

While three-fourths of the constitutions of the combination type of company union nominally provided that final disposition of questions was to be made in the joint committee, in only two cases was there an impression among the persons concerned that a decision of the joint committee could be final without the approval of a superior officer. The joint-council meetings turned out to be largely discussion periods, the management representatives having no power to make decisions. Six of these company unions had never taken a vote on any issue at the joint meetings.

Where the general manager or owner of the company was a member of a joint committee with power of decision, the final decision was in reality made by him acting in his capacity of manager or owner. Management representatives in one case said:

The joint council developed simply into a discussion group unless the business manager was present. If he was, he made immediate reply to the employee requests or replied in writing later.

The ability of the employee representatives to secure favorable action on their recommendations through joint committees was affected in some instances by fear of discrimination. This was particularly true when the foremen and immediate supervisors were among the management representatives. Employee representatives expressed their fear of bringing up grievances under such circumstances. As stated by the business agent of one company union, "A workingman won't express himself if the superintendent or foreman is present at the meeting as he will without them."

The feeling of inferiority in the presence of the management representatives sometimes further militated against the workers' representatives pressing their recommendations. Thus for example one representative said:

What chance have we against a well-educated, very smart man like _____ (a personnel officer), who can take advantage of every loophole? He is a square shooter, but * * *.

¹² See ch. XV, p. 153.

Another said that in joint meetings matters which the employees want are discussed and the management opinion usually prevails:

They are smarter than we are. And so we just let it go because they can out-talk us any day in the week.

In case after case the field agents reported that in the joint meetings all the talking was done by the management representatives. The employees' representatives were inarticulate, partly because they felt unable to answer or question the statements of the management representatives.

In all equally divided bodies requiring a majority decision, either side can block action. In these joint committees, representatives of management had to vote with the employee representatives to carry a workers' proposal.¹³ Similarly, workers had to vote with management to carry an employer's proposal.

In the last analysis, however, management was not always dependent upon the committees' decision for putting its policies into effect. In the large majority of company unions it reserved the right to act outside the established machinery.¹⁴ In practice, it frequently raised or lowered pay, lengthened or shortened hours, and changed working rules without waiting for affirmative action by the company-union council. In contrast, the employees could act only through the company union on matters of general interest. Inability to obtain a majority decision of a joint committee, therefore, precluded the passage of any matter which the employees might want.

Meetings of employee representatives.—Although separate meetings of employee representatives, with no management representatives present, were provided for in more than four-fifths of the company-union constitutions, one-fourth of these never actually held employee-representative meetings without at least one management representative being in attendance.

About 70 percent (90) of the company unions provided for meetings of representatives once a month or oftener. More than one-half pro-

¹³ Under the unit system, a majority of the management representatives must approve before a workers' proposal could carry.

The data on actual votes taken in joint committees are meager, partly because many committees rarely or never took a formal vote. A few instances were reported in which employee representatives split their votes, but none in which management representatives divided on a formal vote.

¹⁴ One constitution had a provision that "The management shall inform the committee of employee representatives of all changes which it desires in wage scales, hours of labor, or other working conditions of a major character." All such changes required a two-thirds vote of the committee of employee representatives. In the event that this vote was not obtained, management might submit the matter to arbitration, "but in no event shall there be a lock-out or other independent action by management or its representatives." Although this constitutional provision implied that all important matters would necessarily come before the committee, the head of the company union complained that the meetings were confined to more or less insignificant topics.

vided for monthly meetings.¹⁵ The larger organizations favored monthly meetings. One company union held representative meetings bimonthly, and four quarterly. One of the latter occasionally held meetings "on call" between quarterly meetings. Another of these 4 was a company union in which the central committee, composed of the chairmen of 10 widely scattered plant committees, met quarterly. At the plants studied, no separate meetings of the local plant committee were held. As a result, neither the rank-and-file workers nor the local employee representatives had any effective contact with or influence on the business conducted by the central committee.

Fourteen company unions—11 percent of the total—did not hold regular meetings of representatives but met only on call or as the occasion arose. These were primarily in the smaller companies.¹⁶ In four there was some indication that meetings were held rather frequently. In a fifth, while the employee representatives met only occasionally, the executive board, consisting of the officers of the company union and some of the employees' representatives, met monthly. General membership meetings were held biweekly in another case, although representatives met irregularly. The secretary of another stated that when meetings were held regularly, as stipulated by the constitution, it was impossible to get out enough employee representatives to form a quorum. As a consequence, the president began to call meetings once or twice a month as "necessary." In the remaining company unions where representatives did not meet regularly, the irregularity was accompanied or caused by an indifference on the part of the workers and representatives toward the company union.

TABLE 33.—*Frequency of company-union committee meetings, spring of 1935*

Frequency	Number of company unions	Frequency	Number of company unions
Weekly.....	8	Dormant or displaced.....	8
Semimonthly.....	14	No employee representatives ¹	3
Monthly.....	63	Incomplete or no information.....	6
Bimonthly.....	1	Total.....	126
Quarterly.....	4		
On call.....	14		

¹ See ch. XII, footnote 1.

Well over half of the total (67) of company unions reported holding all meetings of employee representatives on company time. In nearly a third of the company unions, all separate meetings of employee representatives were held outside of regular working hours and on

¹⁵ In tabulating the frequency of meetings, the determining factor used wherever possible was practice rather than constitutional stipulation. Several company unions reported deviations from their constitutions. Four stated that they were meeting oftener than the constitutions called for. On the other hand, representatives of two company unions which met monthly should have met oftener according to their constitutions.

¹⁶ Only 3 of the 14 had more than 700 workers.

the workers' own time. One organization held its meetings on or off company time, according to convenience. In 11 other cases, no definite time was given but indications were that the meetings of representatives were held sometime during working hours. All but 12 held their meetings on company property. One employees' committee, eight out of nine of whose members were also members of the American Federation of Labor local, met at union headquarters.

Chapter XIV

Employee Meetings and Participation

Contact with rank-and-file workers in order to know their aims and wishes is essential if employee representatives are to be true spokesmen for their constituents. Of considerable importance in determining the effectiveness of company unions, therefore, is a consideration of the means through which such contacts are made and the degree to which the views of the rank and file govern its actions.

Although provision is generally made for more or less regular meetings of employee representatives,¹ about 40 percent of the company unions studied had never called the rank-and-file employees or members together in any kind of group meeting. They relied entirely upon the informal procedure of isolated discussions between representatives and workers to maintain the necessary contacts between them.² About 60 percent had held at least one membership meeting. Such meetings were much more common in organizations with optional membership than in those with automatic participation. In the latter, where there is no special roll of membership,³ workers in most cases can express their views and indicate their support for the company union only by voting in an election once a year. Under such circumstances it is difficult for the employee representative to know the attitude of his constituents on general issues. Said an employee representative in one such case:

We don't get much backing and therefore we can't take too much on ourselves in important cases for fear we'll find our army has left us.

That there is a desire for guidance is illustrated in those cases where employee representatives insisted upon a petition being signed by the affected workers before proceeding to press an issue.⁴ In a number of cases petitions served as a partial substitute for the general employee meeting and a means of measuring the extent and intensity of popular interest in a particular matter.⁵

¹ See ch. XIII.

² In two companies management called mass meetings to explain why requests for wage increases could not be met. One company union provided by constitution for general membership meetings, but in practice only the employee representatives attended. Another permitted general membership meetings on petition of 50 members from 3 different departments. The provision had never been used.

³ See ch. X, p. 108.

⁴ See, for example, ch. XVIII, p. 172.

⁵ Petitions were found to be undesirable by one company union competing with an active trade-union in the plant. Shortly after the question of a wage increase had been raised by petition, the company union, after consultation with the works manager, decided that "Upon receiving a request from any employee about anything which concerns all other employees in his district, the representative shall determine the desires of the majority of the employees in his district by personal discussion with the various individuals and take such action in the matter as may be necessary to comply with the wishes of the majority. Petitions shall not be circulated or recognized by representatives because it has been proven that they may be used as a means of intimidation or coercion by minority groups."

For a case in which the company, following aggressive action by the company union, took steps to hamper the contacts between representatives and workers, see ch. XVI, p. 161.

Some companies made special provision for representatives to secure the point of view of their constituents. One firm allowed each representative 1 hour per week for this purpose. Another company whose employees were scattered over the whole city gave representatives 1 day a week to visit their constituents. A company which had hundreds of outlets throughout a large metropolitan area allowed each representative 1 full day before and after each quarterly conference. The first day was spent visiting each constituent to determine his opinions in advance of the meeting; the second to report the proceedings. In another company it was reported that representatives spent most of their time hearing and investigating complaints. The importance of the task of keeping in touch with constituents was emphasized at considerable length in one case:

The committee member should remember that he has an obligation to his division in that he is their representative. He therefore must be conscientious in his representation and present fairly and without personal bias the prevailing sentiment of his division.

He should make sure that he covers his division thoroughly to obtain this prevailing sentiment. He should not be influenced by one or two employees into presenting the opinion of a minority as that of the division, when actually the sum total of the division, if actually canvassed, may be entirely different.

He should go back to his division, after a committee meeting, and interpret the results of the meeting to his division conscientiously and thoroughly, without personal bias.

In contrast to these few instances where representatives were allowed much time to communicate with employees, there were many in which the management or at least the supervisors forbade such contacts during working hours. In one instance, where no provision was made for regular meetings of employees, the chairman complained at a joint meeting that the foremen would not allow him to transact company-union business during working hours. The company replied:

The men employed in our shop have regular duties to perform and therefore if representatives are permitted to discuss employees' problems and other matters in connection with the duties of the employees' representatives, production will be retarded, costs increased, and the general discipline of the department destroyed. These are the only reasons why we think it best to withhold the privilege of discussing these matters during the regular hours of employment.

The difficulty of handling company-union affairs when no provision was made for regular meetings at which workers could present their grievances and when the right of representatives to confer with their constituents singly or in groups during working hours was not clearly recognized was emphasized in several instances. A rank-and-file worker said:

The men don't take grievances to delegates. They are afraid of being fired. If two or three men talk, the foreman finds out why.

Another employee said:

It is very difficult for a worker to get out of the production line in order to talk to his representative. Of course, it is also very conspicuous. The practice tends to be frowned upon by foremen and supervisors but it is the only method the employees have of dealing with their representatives.

Where no regularized basis of contacts during working hours existed and where regular and frequent membership meetings were not held, persons interviewed stated that dependence was placed almost entirely upon informal or chance contacts between representatives and their constituents. "During lunch time or going home from work" was a common statement of how grievances and matters of general policy were discussed by the employee and his representative.

These difficulties were most pronounced in connection with matters which affected the group as a whole. In a number of cases, the answer to the question of how employees discuss their general problems with their representatives was, "They don't." In several instances the lack of adequate means by which the representatives could consult their large constituencies was given as an important reason for the fact that the company union had become moribund.⁶

In 76 company unions there had been at least 1 meeting of the employees since its establishment.⁷ Their frequency and character differed. Regular meetings of employees were provided for in 47 cases. A monthly interval was the most common, though a few met more frequently. More than one-third provided for less frequent meetings, although many of these also provided for special meetings "on call."

Occasional rather than regular meetings were held in 29 instances. Where no stated intervals for meetings existed, they occurred less frequently than where regular intervals were provided for.

The practice of company unions with respect to employee meetings⁸ is shown in the following list:

	<i>Number of com- pany unions</i>
No meetings.....	47
Occasional meetings ¹	29
All regular meetings.....	47
More than once a month.....	5
Monthly.....	28
Less frequent than once a month and more frequent than once a year.....	7
Annually.....	7

¹ Includes 2 cases where only 1 meeting had been held since the formation of the company union.

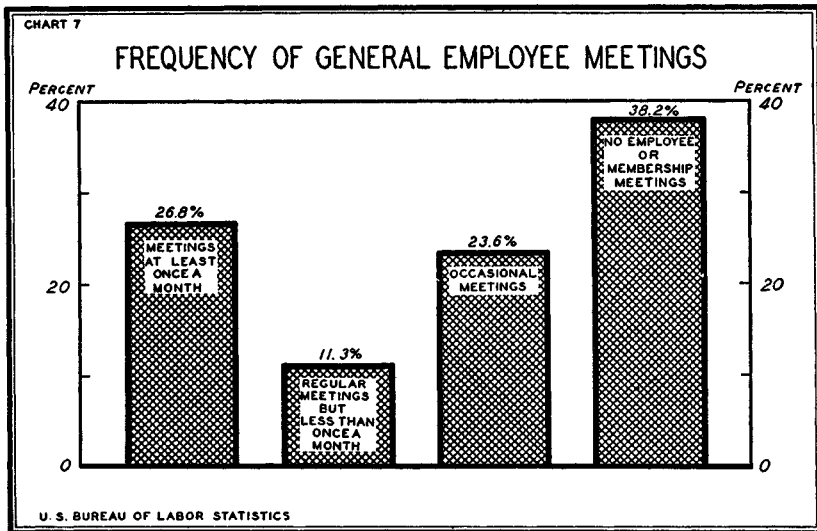
⁶ Although large constituencies were a hindrance to effective functioning in some cases, this was not a significant factor in the group as a whole. Other elements in the situation were in most cases more important than the size of the constituency. More than two-thirds of the company unions averaged less than 100 employees to a representative, and in one-third the ratio was 1 representative to every 50 or less workers.

⁷ In two instances only one general meeting had been held since the inauguration of the company union.

⁸ Incomplete information in three cases.

Employee meetings were held on company property in the majority of cases. A substantial number were held in outside halls, churches, schools, or members' homes.⁹ Four-fifths of the company unions met after working hours.¹⁰ In all cases in which employee meetings were held during working hours and in a few of those that met after working hours, employees were paid their regular wage rate by the company for time spent at the meeting. One company made such payment only when the meeting was called at the request of management.¹¹

Employee meetings were held without representatives of management being present in half the company unions. In another one-third, representatives of management were permitted to be present only on



invitation. In one case a management official was invited to speak at a series of branch meetings to explain the new agreement signed by the company and the company union. Management representatives attended all employee meetings as a matter of course in a number of instances, including two organizations in which the management staff was eligible to membership.

In many company unions all employee meetings were open to anyone who might choose to attend. The president of one company union, addressing a general membership meeting, pointed with pride

⁹ Forty-one met on and twenty-four off company property. Three met in clubrooms. In one case the clubroom was given to the association by the company. In another case it was owned by the company and rented by the association. In the third case the ownership was not indicated. No information about place of meeting was obtained for 8 of the 76 company unions which have had membership meetings.

¹⁰ One company union met partially on company time and partially after hours, while another varied its meeting time according to convenience. Eleven company unions held their meetings during working hours.

¹¹ Two paid for part but not all of the time spent in meetings. Another gave the workers equivalent time off with pay.

to the fact that the meeting was open to all and asked "if the meetings of the (trade) union were held with an 'open door'." On the other hand, several organizations adopted a more exclusive attitude. One company union, engaged in a severe competition with a trade-union, asked its members to bring their postcard notices to the meeting as identification and admission cards.

The effectiveness of employee meetings depended upon the character of the discussions. At a few meetings there were discussions concerning wages, hours, and working conditions, and of collective agreements from which emerged a formulation of employee attitudes and demands. In others the employees were merely called upon to ratify a *fait accompli*. In one case members met only once a year, the meeting being called to ratify the agreement with the employer. Two others held a series of branch meetings to explain a new wage agreement. In at least a fourth of the cases, the discussion was confined to production and sales problems, business conditions, social and recreational activities, and minor grievances.¹² Some spent a large part of their time decrying trade-union practices. The only employee meeting held by one company union was taken up with addresses by a company official and by an outsider who also spoke in the same city under the auspices of the chamber of commerce. The former discussed the profits and losses of the company; the latter spoke on education.¹³

Employees had the right to vote on specified issues in eight instances.¹⁴ In two company unions strike votes were provided for. A third required that articles of the wage agreement between the company and the association must be approved at the annual general membership meeting. Another stipulated that all contracts recommended by the executive committee must be ratified by a two-thirds vote of a general membership meeting. One broadened the list of items to be so voted on:

Any matter of major importance such as the settlement of wage scale and the number of working hours in any of the various groups shall be voted on by ballot by members of the association who are to be affected by the action taken before a conclusive settlement can be made between the company and the association representative.¹⁵

A number of company unions which had no formal requirement for vote by membership on specified matters did submit certain questions to the membership for decision. In four cases starting and

¹² One company union provided an extensive entertainment program for its membership meeting. "Sports", "social affairs and the management of the sick-benefit fund", "charity cases, the sending of flowers, and a discussion of finances" were described as being all the subjects covered in membership meetings in some cases.

¹³ The company union paid a \$25 honorarium to the speaker out of funds obtained from dues.

¹⁴ Five were provided for in the constitutions and three in agreements between the company and the company union.

¹⁵ No person interviewed in connection with this company union was aware that such a provision existed.

quitting hours were so determined; in two cases, number of hours per week.

None of the company unions studied, whether holding employee meetings or not, gave the general membership the power to call for a referendum on any act of the officers or council.¹⁶

Keeping employees informed.—Somewhat different from the task of ascertaining the wishes and problems of the workers is that of reporting to them on actions taken by the company-union officials. Where adequate meetings were held or contacts placed on a regularized basis, both tasks were performed at the same time. One company union required its president to submit detailed reports in writing annually to the members. These reports described all transactions of the association and the council for the preceding year.

Publication of minutes of council or committee meetings¹⁷ was another means used to keep employees informed of the actions of their representatives and officers. Such minutes were read at employee meetings in a number of cases. In about an equal number of instances the minutes were printed either separately or in a company or company-union news sheet and distributed to the workers. More commonly minutes of council meetings were posted on bulletin boards. In a number of cases minutes were kept in the company office or in the possession of company-union officers and employees could see them only on request. The company-union president in one case reported that minutes of employee-representative meetings and records of cases were not publicized to all workers because—

We're not looking for trouble * * *. If they come to us, all right, we take their cases up * * * but we don't want the whole plant down on us asking for the same thing.

Minutes in a number of cases were taken by a management official or an employee of the company who was not a representative. Condensation and summarization of the minutes was in several cases the task of the personnel manager or some other company official.

There was considerable variation in the fullness of the minutes made available to the employees. In several instances a full summary of the discussion, point by point, was printed in the company paper or in separate form. In others, the answers made by management representatives were given in much greater detail than the demands and arguments of the employee representatives. In one organization, such reporting caused frequent protest by the em-

¹⁶ One constitution provided that any question on which the committee could not agree by a two-thirds vote should be submitted to vote of the membership. Provisions for recall of representatives and officers have been discussed previously. See ch. XII, p. 123.

¹⁷ Some committees kept no minutes of their proceedings.

ployee representatives.¹⁸ The speeches of management officials on business conditions and the political situation, which formed an important part of many committee meetings, were frequently reproduced in considerable detail while discussion of employee requests received briefer attention.

Some of the minutes distributed to the employees were merely brief accounts of issues raised and terse statements regarding the disposition made of them. Employees interviewed in several cases commented on the brevity of the minutes and the lack of detail. One said: "We don't see how they spend 3 or 4 hours talking and have such brief minutes."

¹⁸ An example of this method follows: "The council thereupon engaged in a very thorough discussion of that subject (a request for the 44-hour week and a 25-percent wage increase), the management representatives taking the position that to comply with the request of the employee representatives as presented would so affect the business of the company as to seriously endanger its prospects and that such a condition, if brought about, would injure every employee. The employee representatives also engaged in discussing the question and presented their side of the question."

Chapter XV

Procedure for Dealing with Employer

The treatment of individual complaints and grievances is generally considered one of the major functions of company unions. Such grievances are usually handled through elected departmental representatives. The procedure is generally based upon the assumption that injustices or causes of dissatisfaction develop inadvertently, perhaps even unknown to management, and that equitable adjustment requires no more than a conference between employer and worker. Consequently in negotiating individual grievances, many company unions throw considerable responsibility upon the worker concerned and upon his representative.

Grievances.—The individual worker was permitted to seek the assistance of the company-union mechanism without having made any attempt to settle the matter directly with the foreman or other company official concerned in nearly three-fifths of the company unions.¹ In the remaining cases he was required to try to adjust the matter with his foreman before turning it over to his representative. In some, before he could ask action through the company union, he was required to carry his complaint above the foreman to the division superintendent, and in a few instances to the plant manager.

The procedure followed by the employee's representative after a grievance was referred to him varied. In about one-third of the company unions the complaint was immediately placed in the hands of a committee or of some official of the company union specially charged with the function of negotiating with management.² The employee representative in such cases served primarily as a channel through which complaints came by direct referral from the worker or workers concerned. Two company unions had a specific provision that, in any negotiations with management, "more than one representative of the council shall, whenever practicable, be present." A third provided that—

All negotiations and conferences with the employer must be conducted by the whole committee or board in a body; and not singly and/or individually.

¹ Of the 126 company unions studied, 4 had no grievance machinery of any kind. Data on grievance procedure were lacking in five cases; in another the company union was still in process of organization.

Of 116 on which data were available, 65 did not require that the worker take the matter up with his foreman directly.

² In eight company unions which had full-time paid officials, the task of preliminary negotiation was generally thrown upon this official, with action by the full committee only in case he failed. In one such organization, however, the employee representative was expected to handle the first negotiation, turning the case over to the paid official in case of failure to adjust.

In about two-thirds of the company unions the employee representative was given the responsibility of seeking personally to adjust the difficulty with the supervisor involved. Only after he failed could he turn to some form of group action. One constitution provided that—

Each department representative is to serve as far as possible to settle all differences arising within his department. If this cannot be accomplished, the case will be referred to the executive council for final judgment.

A clear statement of the heavy responsibility sometimes placed upon the individual employee representative in handling individual complaints is presented in the following description of the "Duty of a representative" found in the employees' handbook of one company:

It is the duty of a representative to represent, in the employees' congress, the men of his department. This he should do without fear or favor. It is the intention of the management that he should do this and he will not be criticized for the performance of his full duty as a representative.

Any employee having a complaint which he cannot get adjusted through his foreman, has the privilege of taking it up with his representative, who will in turn bring the matter before the congress.

In handling a grievance he should insist that the person having the grievance appeal first to his foreman. If the foreman fails to handle it satisfactorily the representative should take it before the congress. If, however, he thinks he can get a satisfactory adjustment by again going to the foreman, or by going to his superintendent, or a member of the industrial relations department, he may do so.

Once having agreed to investigate a grievance a representative should never consider his duty done until he returns a definite answer to the person or persons whom he is representing.

Where the employee representative was individually responsible for direct negotiations with management, there were differences as regards the extent of his responsibility. In one-half the cases, before turning a complaint over to the committee, he was required to see only the foreman involved, or in a few cases, and at his own option, the foreman's superior or the personnel manager. An equal number, however, provided that the employee representative should push the matter beyond the foreman. Some of these required further that he handle the adjustment through the foreman, the personnel manager, and the factory manager before presenting the matter to the committee of employee representatives. In a few cases, before turning it over to the committee, he was required to take the matter through four separate stages and in a few others through "each higher ranking executive officer of the company."

The study was not directed toward analyzing the relative effectiveness of these methods of handling individual grievances. It is, therefore, not possible to say, without further investigation, whether direct or indirect or a combination of direct and indirect methods were most conducive to effective grievance adjustment.

In this connection it is interesting to note that a majority of the company unions provided for direct application by the individual

to his employee representative without having first taken the matter up with his foreman, and a similar proportion required the representative to deal directly with the foreman before seeking group aid. It is of further interest to note that in 32 company unions, about two-thirds of the cases where direct negotiations between the individual worker and the foreman were provided, further direct negotiations between the individual representative and the foreman were required. Twenty-two consistently followed the opposite policy of indirectness, both with respect to employees and representatives. On the other hand, 18 company unions which required direct handling by the worker did not require such action by the employee representative, while 43 required the representative but not the worker to deal directly with the foreman.

If the individual worker or representative first attempts a solution, there is an informal contact of the persons with a first-hand knowledge of the problem. However, there was evidence, in a number of cases, of a hesitancy in pushing for adjustments with a foreman under whom the individual worker or his representative must work from day to day. Group action or action by a grievance specialist, although making the adjustment more indirect, relieves the employee or his representative of certain fears. Furthermore, the use of a grievance specialist or committee places the different departments on a more even plane than action by each of the representatives as individuals.

From several company unions in the group which required the employee representatives to handle grievances directly came reports of significant differences between employee representatives in the handling of complaints. Thus an employee representative in one plant stated that effectiveness depended upon the individual representative. "If he is willing to talk and fight, things are done, but not otherwise." A rank-and-file worker in another case said: "The plan works fairly well if the councilman is good. If not, it doesn't work at all." In a third case, a rank-and-file worker said: "We are the best-represented district in the plant because our representative (a trade-union official) knows a bit more about bargaining than the rest do. Besides, he has no fear of losing his job, since he has another offer elsewhere."

The committee could proceed in a number of different ways after a grievance was called to its attention. Some referred the matter to a standing grievance subcommittee for investigation and report.³ Others heard the matter before the full committee. The task of presenting the employee's case before the committee was frequently entrusted to his employee representative although the employee concerned was sometimes permitted to state his own case. Sometimes

³ Sometimes the grievance committee attempted to settle grievances before they were brought before the full committee. In some others, after the full committee had decided on the recommendation of the grievance committee, the latter committee conducted the appropriate negotiations with management.

he was given the right to call other employees as witnesses before the committee.⁴ Others gave the council the right, by majority vote, to call witnesses.

Wages, hours, and working conditions.—The great majority of constitutions specifically or by implication indicated that general questions of wages, hours, and working conditions were to be handled in a manner different from that prescribed for individual grievances. They usually provided that negotiations concerning wages, hours, or other general questions be started by the committee, omitting all the stages of negotiation in which the individual employee and the individual employee representative are involved.

In a few company unions wage and hour questions had to be submitted to a special committee for investigation before they could be considered at the joint conferences. In one organization with both an employee committee and a joint committee, the employee committee took no part in handling such matters, which proceeded immediately to the joint committee. Generally, however, after such general questions were referred to the committee, the procedure was the same as that which applied to the handling of individual grievances.

General questions or complaints involving more than one worker received no mention, however, in a number of constitutions.⁵ The constitution in such instances spoke only of "an employee, having a complaint" or of "any employee having a complaint, regarding work, prices, or anything pertaining to his or her employment." There was no reference to any procedure for handling questions affecting groups of workers.

Appeals.—Most of the company unions studied provided for one or more appeal stages in the handling of grievances and other matters, once they reached the committee. The procedure depended to some extent upon the internal organization of the company, as well as the area covered by the company union. Thus a company union in a public utility operating in a great many places scattered over a large area would have a more elaborate hierarchy of committees and appeals than a company union functioning in a small shop with a more or less homogeneous group of workers. In some cases the evidence suggested the complete absence of any careful consideration of procedures for adjustment.

It is impossible to classify the variety of arrangements utilized for the review of grievances, after those grievances have reached the committee stage of dealing. In some, the first and only appeal from the joint committee was to outside arbitration.⁶ In others, appeal was from the division or departmental joint committee to a higher joint

⁴ One company union had a provision for an employee attorney and a management attorney, and outlined in detail a procedure similar to a court trial.

⁵ This was true in 14 constitutions.

⁶ In practice, outside arbitration was not resorted to by any of these company unions. See ch. XVI.

committee. In still others, dissatisfied employee representatives might appeal from the highest joint board to an official of the company. In the employee-committee type, as a rule, appeal was from one company official to another.

Eleven company unions provided joint boards of appeal which were regularly elected or appointed. Such boards were rarely if ever used.⁷ In three company unions arrangement was made for setting up a special ad hoc board, made up of persons within the company, for adjustment of particularly difficult matters.⁸ Two of these were in public-utility companies. The board consisted of three representatives from management and three from the employees. Decision was by majority vote. While no specific provision was made for cases in which a decision was not reached, the constitution recognized the possibility of appeal to the National Labor Relations Board or to some other Government board by providing that, in case of such an appeal, the evidence and findings of the joint board should be certified to the outside board. A third provided that, in case a matter could not be settled by unanimous vote of the management and employees' executive committee, the general employees' committee should elect five members and management should appoint an equal number to an arbitration board. A majority decision of this arbitration board was binding upon both the company and the employees. If a majority could not agree within 10 days after their selection, an additional member "mutually agreed upon by the company-union chairman and the president of the company" could be added. The decision of a majority of such "members shall be binding upon both the company and the employees respecting all matters referred to such arbitration."

In some cases "more important matters" such as wages and hours could be appealed to an official or officials of a higher rank than the person having final authority over individual grievances. One company union provided that important matters be taken up directly with the president of the company, less important matters with the vice president. Another provided that a matter affecting a particular business unit only could not be appealed beyond the company-union committee for that unit:

The department councils shall have authority to negotiate, bargain, and agree upon any such matters specifically and exclusively relating to its department. Matters which fall outside the scope of the department shall be referred to the division council. Matters pertaining directly and only to members in a depart-

⁷ One provided that final and binding decision should rest with a standing board composed of two employer members appointed by management, two employee members elected by the employee representatives from among the hourly rated employees, and a fifth person elected by these four from among the hourly rated employees. The employees thus had three of the five representatives. This board acted only once in 17 years, deciding in favor of the employee.

⁸ Such a board must be distinguished from outside arbitration, although in one case it was a preliminary step to arbitration.

ment shall be dealt with and determined by the department council rather than by reference to the division or general council.

The difference in procedure for various types of subjects becomes very distinct in the following:

When the (joint) conference board reaches an agreement on matters other than those declared by the chairman (a company official) to be matters affecting major company policies, this decision shall be final.

When the conference board reaches an agreement and makes a recommendation on matters affecting major company policies, the acceptance or rejection of their recommendation shall rest with the management.

In about 20 percent of the company unions studied, the company officials possessing final authority were not directly connected with the particular plant concerned.⁹ Conferences were held between employee representatives and branch-management representatives on important matters. The requests and arguments were then transmitted to the main office by the branch manager or personnel director. Thus the company-union representatives never came in direct contact with the person who had final authority. The following incident illustrates the procedure in one of these cases:

The chairman of the employees' committee stated in the joint-committee meeting that he had received a petition, signed by a majority of the employees, requesting that the company be asked to make a uniform wage increase of 15 cents per hour to all employees and that the general (employees') committee had approved submission of this request to management. The plant superintendent said the matter would be presented to the president of the company in Chicago. At the following meeting, a lengthy letter was read from the president explaining why the increase could not be granted.¹⁰

Although most of the company unions provided for appeals through various stages up to the top management, very few requests were taken from lower to higher officials.¹¹ The failure of some company unions was attributable to management's refusal to let grievances get past the plant manager. The attitude of one management official on an appeal submitted in accordance with the company-union rules was such as to discourage any repetition of an appeal.

The vice president stated that he thought it unreasonable to bring this case to him after the manager and his assistants had gone over it so thoroughly * * * he could not see any reason why he should reverse the decision of the manager.

Workers' representatives in some cases showed a hesitancy about requesting an appeal. A typical statement from employee representatives was: "We can appeal to the president but we never have." A works manager said:

⁹ This is, of course, apart from the fact that in many cases matters of broad policy were settled by officials in parent companies.

¹⁰ See also p. 176.

¹¹ For example, in 1 company union, of 165 matters acted on in 20 months only 4 were appealed.

They can appeal from me to the president and then to the board of directors. They never have. They are reasonable. If I say it can't be done, they abandon it.

The attitude of some representatives toward appeals is indicated by the following statement made by an employee representative:

This spring we wanted another 10-percent raise and no decision was reached. The company agreed we ought to have more but the company couldn't stand it. This is the only time the assembly didn't finally reach an agreement. The men in the shop were critical, but any one of them or a group could have petitioned for and got an appeal to the appeals committee. I, as representative, didn't think it was my place to take the appeal, having voted for the increase.

In one instance in which votes in the joint committee were divided, one employee representative said:

We wanted to refer the matter to the appeals committee but the chairman was scared of his job and we who wanted to thought that there was no use three or four pushing it if the employees weren't united.

Chapter XVI

Collective Agreements, Arbitration, and Strikes

Collective agreements are the outgrowth of negotiation between employers and organizations of workers. They usually record agreements with reference to wages, hours, and working conditions and may also provide a procedural framework for future dealings.

As has already been noted, there has been a tendency in company unions to embody the procedural details of employer-employee dealings in the constitution of the company union itself. In a number of companies some of the persons interviewed considered the constitution of the company union a joint agreement, even though it was not drawn up in that form. In several companies, management said that written agreements were unnecessary. "Our word and that of our employees has always been good." "An agreement doesn't mean anything if the spirit is not there." "It is a policy of the company not to sign agreements."¹

Less than one-fifth had some kind of bilateral agreement.² Nine of these 22 agreements were merely acceptances by management of procedural practices.³ In some instances the entire constitution was in the form of a joint agreement. In others, only those procedural arrangements dealing with management's responsibilities were covered in the agreement.

¹ Four companies which had no written agreements with the company union had such agreements with outside trade-unions covering one or more crafts in their plants. Some of these agreements with trade-unions provided for a closed shop for the occupations covered.

² Such agreements were reported in 23 out of the 126 cases. One company refused to furnish a copy of the agreement to the Bureau and it was, therefore, impossible to determine its form or content. In one case the company refused to sign the agreement but promised to put it into effect. It was generally accepted as a binding agreement and is so considered here.

Three company unions were reported to be in the process of negotiating an agreement. Two had obtained unilateral statements of policy from the employer. One of the unilateral statements was a printed "program of employment relationship" worked out in consultation with the company union. The program went into considerable detail as to hours, working conditions, hiring, discharge, and other matters, but the section on wages simply provided that at least the code minimum would be paid and that piece rates would be set on the basis of time study. The unilateral statement by a second company merely approved the proposed revised company-union plan and set forth a general procedure for negotiation, including a limitation of the subjects to be submitted to negotiation and arbitration. (See appendix III, p. 278.)

³ Thus in three cases the constitution was in the form of a joint agreement. Another was confined to an agreement with respect to the duration of the company union. Five others, all first signed since March 1933, simply provided methods of procedure and negotiation, matters which before N. R. A. were part of the constitution or bylaws of the company union. Such agreements may be compared to recognition agreements with trade-unions. They provide a basis for regulating wages, hours, and working conditions but do not actually undertake such regulation.

Company unions in two subsidiaries of the same company had very similar constitutions, but one was drawn up as an agreement and the other was not.

Thirteen bilateral agreements contained provisions regarding wages, hours, or working conditions, with or without additional provisions regarding negotiating machinery. Six of these were more or less complete agreements patterned along trade-union lines. Thus one agreement provided the following: Specific wage rates and hours of work for particular occupations; seniority in promotions "whenever men capable of filling the vacancy are available" and in lay-offs; 1 week's notice of lay-off; 1 week's vacation with pay; 1 week's sick leave with pay; consultation with the company union in case of reorganization of any unit; appeals machinery on dismissals; and machinery for the adjustment of disputes. The other seven covered only a few matters or were otherwise incomplete and indefinite. One covered wage rates and seniority rules only. Another gave wage rates only, with no provision for expiration or revision. In some agreements, wages-and-hours provisions were stated in general terms only or reference was simply made to code provisions.⁴ Two provided specific regulation of particular questions of working conditions.⁵

The conditions surrounding the granting of the 13 wage agreements are of some interest. Two agreements which dated from before 1933 were with company unions organized during a strike. The first ran for 10 years, with rates subject to revision every 6 months, if requested.⁶ The second pre-N. R. A. agreement was for 1 year and had been renewed annually for over 10 years.

Two agreements were in company unions established before 1933, which had never entered into such agreements before the N. R. A. In neither was trade-unionism a serious problem. Adoption of the written agreement in these two companies was largely a response to N. R. A. and to the feeling that written agreements were more conducive to clear understanding of what had been decided upon.

Nine of the thirteen agreements were among the 90 company unions first organized under the N. I. R. A. The activity of a trade-union was a factor in almost all of these cases.⁷ In two the organizations had

⁴ "Rates in force" were continued under one agreement. Code wages and hours were to govern under another but in this case, as in one other, wage rates were to be reclassified. In two other cases the overtime provision was taken from the code.

⁵ One of these formed part of a series of such regulations which were being worked out by joint action of the company and the company union.

⁶ Wage rates were to be based on the scale being paid for similar work by the majority of employers in the district. In case of the absence of a general wage level or in case of a strike, cost of living was to be used as the basis. The company was in an industry which was strongly unionized. Thus the company-union wage rate was indirectly determined by the trade-union rate.

⁷ In only one was a trade-union not an important factor. In this case the same kind of agreement was made as had been in effect before N. R. A. with another company union in the same company.

not met or functioned since the agreement was effected.⁸ One employee representative said:

The plan is not now in operation. It was started to prevent the trade-union getting strength and to do our own bargaining.

Two companies refused an agreement to the trade-union but promised one to the company union as an inducement for organization. In another, the company refused to renew a trade-union agreement, which had covered all the workers, on the ground that the trade-union had not obtained a clear majority of the votes in an election conducted by the Regional Labor Board.⁹ A written agreement was granted to the company union covering its members, but the trade-union refused a similar agreement covering its members alone. In another, an agreement was entered into with a bargaining agency set up by a governmental board, but since the trade-union representatives had withdrawn from the agency, it became in effect solely a company-union organization.

In addition to these written agreements there was one case in which the management representative said the minutes were considered the "written law" governing employer-employee relations. The minutes in question were full and contained discussions and results of negotiations, including wages. They were mimeographed for distribution to all employees. One company had posted an "agreement" which any individual might sign. It made no reference to the company union. Another had signed individual agreements with employees in one key unit.

Three company unions had a provision in the constitution giving them power to negotiate agreements with management, but none was entered into. Two others had asked for written agreements which management had refused.

Arbitration

In 40 percent of the cases studied¹⁰ joint agreements or constitutions provided for arbitration or recourse to some external agency. Thus differences between management and employees could be submitted to a disinterested agency for solution.

Among company unions having the right to arbitrate, one-half had

⁸ Neither of these agreements had a definite term or provision for renewal; one covered wages only.

In another case, the company signed an agreement with a hastily established bargaining committee composed of foremen. However, shortly thereafter the workers went on strike and obtained a new agreement between the company and a committee of employees representing workers organized in the trade-union.

⁹ The trade-union obtained more votes than the company union but not a majority of all the votes cast. For further details see appendix II, p. 267.

¹⁰ Such provisions appeared in 51 out of 128 cases. Two of these constitutions did not grant the right of external appeal directly but contemplated such a possibility indirectly. See p. 151.

This does not include constitutions which limited the right of arbitration to cases of alleged discrimination against employee representatives. For discussion of such provisions, see ch. XII, p. 128.

an unequivocal provision that unsettled matters coming within the jurisdiction of the company union should be submitted to arbitration or that the employee representatives acting alone had the right to demand arbitration.¹¹ In one-third, arbitration could be invoked only by mutual agreement of management and a majority of the employee representatives, or by a two-thirds vote of a joint council on which management had equal voting strength with employees. In the other cases the arbitration clause contained a general statement that arbitration might be invoked but outlined no procedure.¹²

Various methods of setting up arbitration boards were provided. The most usual arrangement was a one-man or three-man board selected in accordance with the following common provision:¹³

(the two parties) shall immediately proceed to select an impartial and disinterested arbitrator.

If they cannot mutually agree upon an arbitrator, then the representatives of the (company union) shall choose one such arbitrator and the (management) shall choose another, and if these two agree, their decision shall be final. If they do not agree, they shall select and call in a third impartial and disinterested arbitrator, and a decision of the majority of these three shall be final.

A few constitutions called for the addition of an impartial arbitrator to an existing joint body of employee and management representatives.¹⁴ A majority of the augmented body had the power of final and binding decision. Some provided for submission to the National Labor Relations Board, the Department of Labor, or some "duly constituted labor board or tribunal." One constitution provided that, in case the parties could not agree on the method of arbitration, the matter should be settled by the arbitration committee of the State chamber of commerce. Where parties could not agree on an arbitrator within a certain period of time, provision was sometimes made for appointment of the arbitrator by a Federal judge or some other Government official or agency. A number gave no details as to procedure or simply provided that the matter be referred "to an arbitrator or arbitrators, to be determined at the time according to the nature of the controversy."

Only a few of the constitutions or agreements stated how the expenses of arbitration were to be met. In six cases provision was made for the company to bear the expenses, while in four others expenses were to be shared jointly by the company and the company union.

Two recent tendencies with regard to arbitration provisions may be noted. Since March 1933 a number of constitutional revisions pro-

¹¹ Two of these 25 companies restricted the matters they would arbitrate to wages, or wages and hours; while a third exempted from arbitration "matters brought before the joint council which are not legal", and "matters affecting the majority of the employees and the employees' council is unable to prove they represent the desires of a majority of the employees in the matter."

¹² One of these specifically confined arbitration to a limited sphere not including discharges.

¹³ Fifteen constitutions provided for a three-man arbitration board, and four for a five-man board.

¹⁴ See ch. XV for description of such joint bodies.

vided for arbitration where none had existed before.¹⁵ In others existing provisions were strengthened.¹⁶ A second tendency has been to insert arbitration provisions, mandatory in character, in the bilateral agreement or in the unilateral statement of policy by the company rather than to include them in constitutions.¹⁷

In about 60 percent of the cases¹⁸ there was no specific provision for arbitration. In four of these cases, however, employee representatives claimed the right to take any unsatisfactory decision to the National Labor Relations Board or to some other outside agency, even though the constitution did not provide for such action. Another provided in its constitution that—

When * * * it is deemed impossible to arrive at a collective agreement by joint conference on any one issue, the management and the employees are at liberty to take such action outside of the plan as they may think desirable. But such action shall not of itself terminate the general use of the plan.

Four other companies stated that they would probably agree to arbitration if the men demanded it. A fifth company union had an understanding that arbitration would be granted, while another had an oral promise to that effect made at the time the company union was formed.¹⁹

In a few cases, arbitration was still an issue. In one, management was opposing arbitration on the ground that it would involve considerable cost and would be an unfair financial burden on the workers not affected by that particular dispute. In two cases employees had apparently voted against including an arbitration clause.

One proposed constitution set out to explain the omission of arbitration machinery by the following clause:

The employee representatives and the plant committee as a whole consist of men and women familiar with the departmental and plant conditions and men and women who have been sufficiently long in the employ of the _____ Company to understand the interests and the rights of both the employees and the company. In view of this fact, it is believed that all matters which may arise should be capable of satisfactory adjustment by conference and bargaining between such representatives and the company. Therefore, no further machinery is provided for the adjustment of such possible differences.

¹⁵ There was no distinct tendency, in the group studied, toward more frequent provision for arbitration in company unions established after March 1933. Of the 51 company unions studied having arbitration provisions, 40 were organized since 1933, 3 during the war period, 4 during the post-war period, 3 during the period 1923 to 1929, and 1 during the early depression period (1930-32). Evidence of a slight tendency toward arbitration provisions is, however, found in the results of the more inclusive quantitative study. See pt. II, p. 68.

¹⁶ Four company unions added arbitration provisions after March 1933. Three others changed from optional to mandatory arbitration.

¹⁷ Of the 51 arbitration provisions, 35 appeared only in the constitution, 9 only in the agreement, and 7 in both the constitution and the agreement. In the last group of cases, the provision first appeared in the constitution and was later incorporated in an agreement. Of the 16 arbitration provisions in agreements, all but 2 were dated after March 1933.

¹⁸ This was true in 75 out of the 126 company unions.

¹⁹ The personnel manager in this instance, however, said that although he had originally recommended arbitration, he now felt that it had serious drawbacks and that the company would probably hedge on carrying out an arbitration decision which it believed quite unjust.

This clause was eliminated in the constitution finally adopted but no provision for arbitration was included.

Despite the more or less elaborate provisions for arbitration in 51 constitutions or agreements, no issue was ever submitted to arbitration.²⁰ Indeed, in only one instance was arbitration requested by any of the company unions studied. This was true despite the fact that many of these company unions, in a few cases after a long campaign, had failed to obtain favorable action on their requests for changed conditions.

This failure to use arbitration machinery may be due to a number of factors. In a few instances management made unusual attempts to settle disagreements without going to arbitration.²¹ In some instances the company union limited its requests to what the company would readily grant. The president of one company union stated: "Our recommendation is always accepted by management. We don't ask the unreasonable."²² One of the most independent company unions withdrew its request for arbitration for fear it would endanger the good feeling existing between the company and the organization.²³ Some employee representatives expressed the belief that nothing could be obtained through external agencies which would not be granted by the company itself. In three cases all the persons interviewed were unaware that the constitution provided for arbitration.

Strikes

The possible value of arbitration provisions to the company-union is emphasized by the fact that almost all company-union constitutions ignore the possibility of a strike by the workers as a means of enforcing their demands.

The general attitude of company unions toward the strike is exemplified by the following quotation from a letter from a company-union committee:²⁴

²⁰ In three cases in which no arbitration machinery was provided matters were submitted by the company unions to decision by an outside agency. One case involved two employees who claimed they were entitled to a week's vacation under the arrangement granting such vacation to workers employed 5 years or more. On appeal, a Government conciliator ruled against them. In the other cases, the company union took a charge of code violation to the Regional Labor Board.

²¹ The joint board of one company union was once deadlocked on the question of reducing a certain type of work, but in order to maintain the company's record of settlement without recourse to arbitration the president of the company broke the deadlock by voting with the employees.

²² The extent to which company unions actively press matters involving fundamental issues is indicated in the discussion in chs. XVII and XVIII.

²³ A request for a wage increase had been refused by management. The employee representatives decided to request arbitration. Management expressed its opposition to such a course. After considerable discussion the employee representatives decided to drop the request for a wage increase rather than insist upon arbitration in the face of the company's opposition. Two reasons for this course were given by employee representatives interviewed. Arbitration would seriously endanger the good relationship established with the company, and "An arbitrator could hardly be expected to grant an increase when our wages are above the code."

²⁴ The letter accompanied a proposed agreement, signed by the committee which the workers subsequently repudiated.

We feel that your shop union has won a great victory for you and we strongly urge every fellow worker to give it his full support. We have been able to win for our workers substantial increases without resorting to strike and violence. This has been accomplished by peaceful negotiations. Compare this with methods used by professional agitators.

A letter from another company union to the employees stated:

Our job is to bargain and adjust complaints without strikes, trouble, and without loss of employment.

An agreement signed by one of the most independent company unions with the employer stated that it was being entered into for the purpose, among others, of "preventing lock-outs, walk-outs, strikes, boycotts, and all other forms of employer-employee discord."

One company union official, while maintaining the right to strike, said in a circular:

The final recourse we, as employees, have is to strike. Membership in the trade-union or the company union does not change this. Certainly we want no strike, and I believe Mr. General Manager will play fair with us in the future as he has in the past. A strike would make us lose wages and the company lose production. It would put them in wrong with their customers and mean a loss of business, which would mean that when the difficulty is straightened out there would be less jobs and some of us would be out of luck.

In six instances the strike was mentioned in terms of a restriction upon its use, but with no statement of any conditions under which it might be invoked. The restrictions were those which are customary under joint agreements. Thus two provided that there could be no strike or lock-out before arbitration had been tried or pending the rendering of a decision of the arbitration board. Another provided that there could be no strike or lock-out "prior to, pending, or following the award of the arbitrators." Three bound themselves in their agreements not to strike or engage in like activities during the term of the agreement.²⁵

Only two company unions made specific provision for a strike vote in their constitutions. In one of these cases the strike clause was inserted during a strike called by a trade-union.²⁶ The clause provided that no strike could be called except on vote of two-thirds of all members of the company union at a special election called for that purpose. The second company union required a three-fourths majority to call, and a simple majority to terminate, a strike.

Two company unions reported that they had engaged in strikes.²⁷ One was a 1-day protest strike against a Regional Labor Board ruling ordering the reinstatement of certain dismissed trade-union members.

²⁵ One of these agreements ran for 10 years.

²⁶ The first constitution was adopted in June 1933 and did not contain a strike clause. Such a clause was inserted in a revision adopted in August 1934 during a strike.

²⁷ In one, all of the workers in the plant went out on strike in 1926 on the order of the company union. Further details regarding the strike are not available. In the same company vague strike threats were made during wage negotiations in 1934; the representatives had discouraged such action and, according to one representative, the men were holding them responsible for failure to secure an increase.

A worker in this company said: "The superintendent told the workers it would be a good time to show their strength."

Open or veiled threats of strikes were reported in six cases. When one company union was first organized the workers by a threat of a strike secured a wage increase. Subsequently the company changed the arrangements for membership meetings, forbidding meetings or the transaction of company-union business during lunch hour. This practically severed the contacts between the representatives and the workers, and there were no further threats of strikes. Employee representatives in another company union voted to call a strike unless a discharged worker was reinstated. The worker was reinstated the next day. In another instance strike threats were made in the course of wage negotiations.²⁸ Threats that "the workers will take the matter out of our hands" were voiced by employee representatives during wage negotiations in another instance. The president of one company union stated that he believed the men would go on strike if wages were cut or a militant employee representative discharged. One management official stated that, although no arbitration provision existed with respect to his company union, he believed that the workers would strike if he refused to submit an unsettled dispute to arbitration.

The minutes of meetings, constitutions, and interviews revealed no instance in which the organization had given any consideration to the building up of a strike fund to be used in case a strike should be considered desirable.²⁹ Hardly any of the company unions had funds sufficient to carry a strike for any length of time. Said the secretary of one company union:

Of course, no company union is really independent. I don't know what we would do if a really crucial matter came up. We might strike but we haven't funds.

²⁸ It is not clear that the strike threat, which was considered a bluff by many of the persons interviewed, had much if anything to do with the outcome, which was a temporary wage increase.

²⁹ For the inclusiveness of these minutes, see appendix V, p. 288, footnote 7.

Chapter XVII

Matters Discussed or Negotiated

The final and real test of an institution lies in its actual accomplishments. No analysis of forms, structures, and procedures can be as significant as an analysis of the results achieved. This study of company unions was made in a period of industrial recovery and aggressive trade-unionism. The accomplishments of the company unions must be evaluated against this general background.

The range and number of subjects taken up with management indicate the vitality of company unions and the conception which their members and officials have of the scope of the activity of such organizations. Expressions of opinion from a variety of groups also give some measure of the prestige which the company union has achieved and how effective the persons concerned think this type of organization has been. Furthermore, the data gathered permit a judgment of the extent to which, in form and even in most cases in substance, the dealings between management and the company union approached the process of collective bargaining.

There was a wide variation in the extent to which particular matters were discussed and negotiated by company unions studied.¹ Grievances of individual employees were treated by 70 percent of the company unions. Complaints or suggestions involving the safety

¹ No information as to matters negotiated was obtained with respect to four company unions, but in at least three of these cases all indications suggested that the company union had handled few, if any, matters for the workers. A fifth company union was still in the organizational stage and had as yet no set-up for negotiation or discussion; but statements by management and by the individual selected by management to head the prospective organization indicated that it would have only a narrow area of functioning.

For the remaining 121 company unions, reasonably complete data on matters negotiated were obtained. The questionnaire used by the Bureau agent contained a check-list (see p. 297) of types of subjects negotiated with the employer between Jan. 1, 1933, and the visit of the field agent (April-June 1935); the persons interviewed were also asked to give detailed illustrations of the cases handled under each heading checked. In addition, minutes of meetings, which were obtained for 41 company unions, contained examples of such cases, while 4 or 5 company unions furnished tabular analyses of cases handled and their disposition.

It was inevitable that conflicting or varying answers should be obtained on this subject in some cases. In general, compilation of the list of matters negotiated was based upon the reports of management officials and employee representatives. Since these two groups were most favorable towards the company union, if there is any bias it is in favor of the company union.

In tabulating the matters negotiated or discussed by the company unions studied, an attempt was made to count as individual grievances all cases (except discharge cases) involving one or at most a few workers and not raising questions regarding the general rule to be followed under certain circumstances. General matters and rules were listed under the appropriate headings, and insofar as possible an attempt was made to exclude individual grievances from these headings. This was not always possible and a certain amount of overlapping remains. Thus, while the figure on individual grievances is more or less correct, it is probable that the figures on some of the other items, notably seniority and wage rates for specific occupations, contain cases of individual complaints as well as of general rules. In addition discharge cases were generally handled on an individual basis as they arose, rather than on the basis of general rules. (See p. 166.)

and health of the workers were considered by about two-thirds. This was nearly twice the number that raised questions involving seniority and more than twice the number that took up questions of type of wage payment. Wage rates for specific occupations were handled by about three-fifths of the company unions, general wage increases or decreases by about one-half.

The number of company unions which negotiated or discussed the various types of subject matter is given in the following list:²

	<i>Number of company unions</i>
Individual grievances.....	85
Safety and health.....	80
Wage rate for specific occupations.....	73
General wage increases or decreases.....	64
Methods of sharing or rotating work.....	53
General rules and regulations.....	51
Discharge of an employee or employees.....	51
Rules of seniority.....	43
Changes in weekly or daily hours.....	36
Type of wage payment (piece work, bonus, etc.).....	31

Individual grievances.—The cases of individual grievances covered a wide variety of subjects such as mistreatment, failure to get a fair share of work, safety hazards on a particular job, improper lay-off or discharge, and other types of complaint.

On the basis of the available evidence, the 85 company unions that handled grievances can be placed in three large groups, according to their effectiveness.³ The groupings are of approximately equal size. Of the total, 27 appear to have functioned effectively as agencies to handle the complaints and problems of individual workers; 28 indicate a limited amount of effectiveness; 30 either took up an insignificant number of individual grievances or had no particular success in handling them.

² The analysis of matters discussed or negotiated is confined to the period between Jan. 1, 1933, and time of visit of field agent, April-June 1935. Comparison of the matters reported negotiated in answer to the mail questionnaire and those in the field study reveals certain discrepancies and variations. To begin with, in all but one case the proportion of companies reporting negotiating the various matters is somewhat less under the field study than under the mail study. In addition there are certain differences in rank. Of these the reversal of position as between general wage changes and wage rates on specific occupations is perhaps due to the closer check afforded by the field study, some of the former being shifted by the field agent to the latter. Similarly, the high rank in the mail returns of changes in weekly or daily hours is probably due, according to the evidence of the field study, to the inclusion of questions of rotation of work and of time of beginning work, rather than number of hours to be worked in the regular day or week. (See p. 170.) It is not surprising, therefore, that the number of company unions handling all three of the most significant questions—general wage changes, type of wage payment, and hours of work—was appreciably less in the field study than in the mail study. Similarly, the proportion of company unions not handling any of these three questions was greater in the field study than in the mail replies. Although the sample covered in the field study is less than in the mail study, the closer and more careful check makes it perhaps a truer study on this particular point.

³ The measure of success in handling individual grievances is necessarily a matter of opinion. Conclusions and statements here given therefore are based very largely on views expressed by the management and company-union representatives, as well as rank-and-file employees interviewed. While an appraisal by others would necessarily result in changes in the classification of some marginal cases, the figures cited give substance to generalized descriptions of relative effectiveness. The data indicated that there was a tendency for employee representatives and management officials to be more favorable than rank-and-file workers in their opinions concerning the efficacy of the company-union machinery in handling individual grievances.

In the first group were most, but not all, of the organizations with full-time paid company-union officials. Here, too, were most of the organizations which had demonstrated some ability to negotiate with management regarding wages. One had been captured by the trade-union and really was a trade-union committee. Others approached trade-union form and independence. Still others were in companies in which the personnel department and the operating management showed an unusual interest in uncovering and remedying such grievances. A large proportion of these 27 companies had personnel managers.⁴

Despite fairly successful results, workers in some cases seemed to be afraid to push their demands. In others, there was a great emphasis on making requests "reasonable." The president of one company union stated that a worker's representative divorced from the plant could be more effective because the men hesitated to push complaints in a forceful manner for fear of their supervisors. In contrast, an employee representative in another instance said:

The plan works fine. There doesn't need to be any discontent among the workers. If their requests are reasonable, management will always go half way. Of course, there are always some radicals who wouldn't be satisfied with anything.

In the second group of company unions which indicated only a limited ability to adjust individual grievances, three had full-time company-union officials and the proportion of personnel managers was as large as in the first group. Limited success was due to various factors. Some had not won the confidence of the men. Others had not received much cooperation from management. In others there was too much dependence upon the individual employee representative. About half of the workers interviewed in one company stated that they paid no attention to the organization because they thought they could settle their own troubles individually equally as well as the council. The personnel manager in one case was worried by the fact that so few grievances had been brought up. "More must exist", he said, "and it is only a distrust of management and the council and a fear of discrimination which prevent their emergence." Two workers in the same plant expressed similar beliefs. The president of one company union said:

The plan has done some good in a number of cases. But still, most of the men would feel hesitant about making a grievance for fear of their jobs. Not that conditions are bad. The company is mighty good to work for. But still a man doesn't want to get a reputation as a troublemaker.

The third group had attempted to handle grievances, but had either failed in the cases taken up or had not become generally established as the grievance agency. Only two-fifths of these were in establish-

⁴ Twenty-one of these 27 company unions had personnel managers, while 68 of the entire 126 company unions had personnel departments, personnel managers, or other full-time officials in charge of personnel.

ments with personnel managers or departments. None had a full-time official. In at least two instances the company-union mechanism was considered as no improvement over the previous method of handling grievances through the foreman or the personnel department. The vice president of one company union said that at the beginning quite a few individual grievances were taken up by employee representatives with the foremen until the men realized their grievances were not being settled. Fear of the reaction of the foremen was responsible for failure to raise complaints in some instances.

About 30 percent of the company unions studied had handled no individual grievances. At least 9 of these 36 company unions had been organized in the face of a strike or a threatened strike, and 7 were not actively functioning. None had a full-time official who devoted his attention to general matters⁵ and only a third were in companies with personnel departments. Absence of a personnel manager seemed to be related to failure of the company union as a grievance agency, although both may be due to management's failure to appreciate the importance of the satisfactory handling of individual grievances.

*Wage rates for specific occupations.*⁶—There is some evidence that company unions tend to look upon wages and wage rates as a matter involving specific occupations and individuals rather than as one affecting the entire body of workers. The differences between individuals and their work were emphasized by a number of company-union officials. They therefore thought of their function as merely that of adjusting individual wage rates rather than securing a general increase in the wage level.⁷ One chairman of a company union said: "I don't quite agree with the idea of raising all wages together. One man may be a much better worker than another." Another company-union official said his organization had not negotiated any wage matters and did not intend to negotiate except as individual cases.

In a few cases the company discouraged independent time and production studies by the company-union representatives and in other ways showed an unwillingness to permit them to question the findings of its time studies. Insistence by management on the maintenance of existing differentials as "necessary" or "reasonable" prevented change in individual rates in many cases. Thus a management rep-

⁵ One had a full-time paid official. He had been employed when the organization was a benefit agency. His duties continued to be confined to benefit activities after its reorganization under the N. R. A.

⁶ A controversy involving wage rates on a specific occupation where only one or two persons are affected by the rate, is hardly distinguishable from an individual grievance. Thus there may be some overlapping in the figures of company unions reported as having handled these two matters.

Similar overlapping is possible between the questions of wage rates on specific occupations and general wage changes. Thus two or three company unions which reported having negotiated a general wage change had, in fact, secured a general reclassification of individual jobs. Since this reclassification resulted in increases for all classes of workers, it has been classified as a general wage increase. However, changes which involved several but not all occupations or departments of a plant are classified as wage changes on specific occupations and not general wage changes.

⁷ See in this connection statement quoted in ch. XIV, p. 145.

representative in one case, charged with presenting to the central office the request of the employee representatives "that the new proposed rate for second-class machinists should be increased from 94 cents to 98 cents an hour," reported back to the employee representatives as follows:

It was the opinion of the Manufacturing Production Committee at the central office that the rate of 98 cents for second-class mechanics did not make sufficient differential between first- and second-class rates and further that the 94-cent rate had been satisfactory to all other second-class mechanical groups in both plants and should therefore stand as proposed.

On the other hand, in many cases requests for adjustment of specific wage rates were given prompt and careful consideration by management. Some of the company unions were very active in this field and many were successful.

Discharge.—The great majority of company unions which handled complaints about discharges apparently did so without a background of specific rules governing the subject.⁸ The approach was rather that of an individual grievance arising from a discharge which was considered to be unfair in terms of certain generally recognized principles of fair treatment. Only a few had discussed or negotiated with management the general principles to be observed in discharges. As a result of these negotiations, one secured for its members the right to know the reason for his discharge. Three obtained the right to be consulted on all discharge cases but apparently never found occasion to object to any specific discharge. Another secured from management the promulgation of certain rules limiting the company's power of summary dismissal.⁹ Another agreement provided that—

No employed member of the (company union) shall be discharged without approval of the shop committee. In case of failure in agreement between the shop committee and the company, the matter shall be submitted to arbitration.

The unsuccessful attempt of one company union to obtain impartial hearings on discharges is revealed by the difference between the discharge clauses in the agreement as originally proposed by the company union and as finally signed. The former, as submitted by the workers, provided that—

The employer agrees that no member shall be discharged during the duration of this contract without a fair and impartial trial before both parties.

The agreement as signed provided that—

The association agrees that the employer has the right and prerogative to lay off, pay off, or discharge any employee for incompetence, insubordination, or for infraction of prescribed shop rules.

⁸ Fifteen constitutions listed discharge among the subjects to be considered by the company union but did not set forth any specific principles to be followed. On the other hand, 11 specifically reserved to management control over hiring and discharge. See ch. IX, p. 103.

⁹ These rules, however, were voided when the outside union obtained equal recognition with the company union.

In contrast to this was the case of a company union which, having maintained that the employer was to have absolute control of discharges,¹⁰ later obtained an agreement providing that no person was to be peremptorily dismissed. Under the later agreement, workers were first to be suspended without pay, and the company union was to be given a chance to appeal the discharge if they felt an appeal justified.

Control of discharge cases is potentially hampered by the common provision that, upon separation from the pay roll, employees cease to be members of the company union. One company refused to hear the appeals of the company union on discharge cases, management pointing out that under the plan's constitution only a person on the pay roll could be heard.¹¹ In order to meet this difficulty, four constitutions specifically provided that a discharged worker should continue to be a member until the company union had agreed that his discharge was justifiable.

Reports on discharge appeals secured for 34 company unions showed in 16 instances that the case or cases handled by the company unions resulted in the discharged employees being reinstated. Six other company unions were successful in some cases and failed in others. In the remaining 12 cases the company refused to reinstate any persons. In some of these, management refused to give any consideration to the appeal. In others, the appeals were disposed of by a mere statement by management that a given company rule or policy had been violated. Sometimes the question was one of fact—whether the employee was drunk or had cheated or had a poor record. Thus in one case a store manager was discharged. He was a member of the branch employees' committee but not particularly active. Although the discharged manager had not entered a complaint, the executive board decided to take the matter up and demanded reasons for the discharge. The entire branch committee was called into the office and all records were opened to them. The records showed a shortage of goods in the man's store and the committee thereupon dropped the case.

One company union went to the point of taking a strike vote before a reinstatement was made. In another case two employees claimed that they had been discharged for trade-union activity. Although the president of the company said they had been discharged for poor work and for doing their own work on company time and machines

¹⁰ The earlier statement, contained in a brief history of the organization, read: "One of the most striking provisions, and one that shows very clearly that the association management gives more than lip service to the idea that the company must prosper to insure prosperity for its employees, stated that the association shall have no influence in the matter of hiring or firing an employee. Recognizing that the company is running the business and should be given free rein to operate lest inefficiency defeat the common objective, the association enters after the fact if it believes that an injustice has been done. In matters of promotion the rule of seniority holds, but here again the best interests of all are considered by a provision which declares that seniority shall be recognized only when accompanied by capability and that capability shall be determined by the superintendent who, of course, represents the management."

¹¹ This company union subsequently was abandoned, having become discredited with the workers.

without asking permission of the foreman, the men were reinstated upon the insistence of the representatives. The reason as given by the vice president of the company was:

Neither of the men were very good workmen, but the representatives considered the matter as involving an important principle.

Employee representatives in one company union of the joint-committee type were at one time given virtual *carte blanche* with respect to discharge. Management representatives on this committee at first abstained from voting on discharge cases, leaving the decision to the action of the employee representatives. In order to relieve themselves of entire responsibility, however, the employee representatives prevailed upon management to vote on such matters.

Seniority.—Like discharge, seniority rules restrict the employer's power to hire and fire, promote and transfer as he sees fit. The reluctance or opposition of some employers to seniority restrictions made it impossible for some company unions to negotiate for general rules or the adjustment of individual complaints on this subject. Usually, even when seniority was given consideration, efficiency was to be given first consideration. In some instances the company agreed to observe seniority "as much as possible", or "if possible", or "when members capable of filling a vacancy are available."¹²

In a few cases seniority was accepted without any reference to efficiency. One agreement stated that "seniority of service shall at all times be recognized." A second applied seniority to lay-offs only, and a third to lay-offs and promotions.¹³ A fourth contained detailed provisions regulating the seniority rights of the workers.

Rotation of employment.—Rotation of work is a field in which company unions have been relatively active and successful. While an official of one company said that "methods of sharing work are entirely our business", many companies accorded considerable leeway to their company unions in deciding whether and to what extent the work available should be rotated among employees. In a few cases the decision was left entirely in the hands of the company union; in others its recommendations or views were given careful attention.

One agreement provided in considerable detail for the rotation of work "in order to take care of as many of our regular men as possible during the winter months." One employer took great pride in the allocation of work which had been carried out by the company

¹² The agreements of two of these company unions, both in the same company, granted the organizations the right to be consulted in personnel changes arising from a variety of situations. The more comprehensive of the two provisions stated that: "In event of promotion or demotion or in event it becomes necessary or advantageous to reorganize any station or plant, or contemplating shutting down or starting up plants, the executive committee of the association shall be notified by management for discussion and consideration of means of effecting reorganization which shall best further interests of both parties hereto."

¹³ The last-mentioned company union provided in its constitution that "It shall be the duty of the members of the union committees in bargaining with the company to urge seniority rights."

union. The management in this case had submitted the following statement:

In the light of all the information which we can get and using our best judgment, it appears that the curtailment necessary is as stated below. In order to present various alternatives the necessary curtailment will be expressed three ways, all of which are equivalent as far as production goes: (a) Keep the 40-hour schedule and lay off about 80 people; (b) reduce hours to 36 and lay off about 30 people; (c) (intermediate between (a) and (b)) reduce hours to 38 and lay off about 55 people.

The management will welcome the recommendations of the council on this subject.

The joint council decided on the intermediate reduction of hours and personnel.

The extent to which management was willing to go in respecting the wishes of employees with reference to spreading the work, is illustrated by the following clause in one agreement:

Employer and association mutually agree that in case of lay-off all available work will be divided (spread) as equitably as is practicable; the employer further agrees to consider any reasonable request from members of the association constituting a majority of any individual group for the dividing of time, or spreading of work, and to act thereon promptly, in so far as it is practical and economic for plant and employees alike, so long as the minimum of work per employee does not go below 24 hours in any workweek; and the employer further agrees to permit the spread of work to a minimum of 16 hours per employee per week, provided a secret vote shall first be taken in such individual group to determine the willingness of such group to accept less than 24 hours per week per employee.

Health and safety.—In the field of health and safety, many company unions find their principal and most effective activity. They serve as an adjunct of management, calling attention to situations which impede production and jeopardize the individual worker's health. These are matters which personnel managers and efficiency engineers are interested in unearthing and rectifying. The company union serves as the initiating factor toward the correction of situations which are annoying or dangerous to the workers.

Very few requests for improvements in conditions of safety and sanitation were turned down. Conveniences and safety equipment were obtained through the efforts of a number of company unions. In a few cases the company, on investigation, found the complaint unjustified or the remedy proposed ineffective; and in some others requests were refused on the ground that the expense involved was too great.

Chapter XVIII

Wage and Hour Negotiations

The crux of the employment contract lies in the statement of how much money the worker is to receive and how many hours per day or per week he will work. Related to the question of wages is that of the basis on which wages will be paid—whether by the hour, day, or week; by the unit produced; or under some bonus or incentive wage plan. Although one-third of the company unions studied had not taken up with management any of these important matters in the period studied,¹ it does not necessarily follow that there were no wage or hour changes in these companies during this period. Such adjustments as were made, however, were a result of action by management without intervention by the company union or of response by management to code legislation.

Hours of work.—The period covered by this study was one of marked decline in the length of the working week throughout industry. It was the period of N. R. A. code formulation, which more or less established the 40-hour week. This may explain why the company unions studied did not ask for shorter hours. Indeed, requests for changes in hours of work on which details were available were in the direction of increased hours.² In many cases this would have involved violation of the codes. Such requests were invariably refused.

Whenever a choice of code provisions was offered the workers by management, the company union requested the code providing the longer hours. In one case in which the company operated under several codes, they chose a 40-hour rather than a 35-hour code. Another company which had been operating on a 35-hour week while the code provided 40 hours, asked the company union to agree to the longer hours and this was done. In another case the company union obtained a 40-hour week instead of a 35-hour week for a group of workers by extending their work to cover another operation.

Requests of company unions for changes in the time of starting or quitting work or the length of the lunch period or the arrangement of

¹ Jan. 1, 1933, to spring of 1935.

² The company union is composed only of the present employees of the company, and in many cases only of those who have been employed a certain length of time. Their interest, therefore, may be primarily in the direction of retaining as much employment as possible for the recognized body of employees. They have no unemployed members to feel responsible for. They may therefore have little, if any, concern with the problem of putting unemployed to work. While they are willing to share the work equitably among the existing force of employees (see ch. XVII, p. 168), there seems to be no desire or feeling of obligation to spread the work among the unemployed.

working hours so as to allow a holiday on some particular occasion were almost invariably granted.³

Methods of wage payment.—One-fourth of the company unions studied had discussed or negotiated methods of wage payment. These discussions involved questions of whether employees should be paid on a time basis, or on a piece rate, or under some form of bonus or incentive system.⁴ Requests for changes in methods of payment were complied with by management in about half the cases for which data were available.⁵ In a few instances pressure by the company union prevented management from failing to comply with a previously announced bonus system. A number of company unions asked for the adoption of an incentive system or the extension of this system to additional units in the plant. In one case, the trade-union in the plant was attacking the Bedaux incentive wage system while the company union was urging its extension.

A few company unions successfully attacked existing incentive schemes. Thus in one case men complained that the regular scale with the bonus resulted in the more efficient men getting more money than the others. They demanded straight hourly wages with no bonus. The request was granted. In one instance, where the speed merit system had been introduced in some departments, management agreed not to extend it to departments where the men didn't want it. On the other hand, the men in one company expressed their dislike for the Bedaux system. Management refused to make a change. The case was never pressed by the employee representatives.

General wages.—Increases in wage rates were general throughout the country during the period covered by the study. It was the beginning of recovery from the depression and there was a general upward movement of wage rates. The data gathered in the study permit an analysis of the extent to which the company unions studied requested general increases in wage rates. It is not possible, from the data, to judge the reasonableness of the wage demands made by the company unions. However, it is possible in most cases to determine whether or not active negotiation entered into the decision with regard to wage rates. This, rather than whether or not wage

³ Such instances, which cannot be considered as affecting number of hours worked, are not included among the company unions which discussed or negotiated weekly or daily hours.

⁴ This was the case in 31 out of the 126 company unions. The relative infrequency with which the type of wage payment became a subject for negotiation by company unions is no doubt in part due to the fact that the possibilities of change from one form to another are limited. The number of possible types is, in the first place, not large. In addition, various technological and customary factors in the industry restrict the possibility of change. Employers may not have suggested any changes and workers may have been satisfied or at least so accustomed to what they had, that the question was never brought up.

⁵ Details were available on 17 company unions. Some of the persons interviewed interpreted this item to include such matters as provision for weekly instead of bimonthly payment. Others interpreted this item to mean changes in the rate of pay or method of timing, which did not, however, affect the basic method of payment. These are not included in the number of company unions reported to have handled methods of wage payment.

increases were obtained, is the principal criterion used in the following analysis.

In nearly half of the company unions studied⁶ no general wage changes were requested or negotiated by the company union during the period studied. In seven of these, wage and hour questions were not within the jurisdiction of the company union. Employees in one case were informed at the time of the organization of the company union that matters of wages and hours were best left to the company. "The company knew how much they were able to pay and would pay it." In another case the assistant superintendent, who had obtained increases for several of the men in his department, said: "I never tried to have the men do anything about it through the committee, as I don't think they would have gotten any place." The chairman of this company union said that the employees' committee had practically nothing to do with the determination of wage rates.

In 19 cases wage increases had been granted but the company union had been completely ignored in the process.⁷ In 10 others the company union played a passive role but had nothing to do with the initiation of wage increases and no negotiations were involved. In some instances wage increases were offered by the management and the company union went through the formality of accepting or announcing the increase. The general superintendent in one case described a wage increase thus:

We followed through our business curve and set a goal. When we reached it we informed the shop committee and gave them 10 percent.

Two companies discussed increases with the company unions after they had already been announced. One company announced a lump-sum increase and asked the company union to arrange for its allocation. In another case, when N. R. A. went into effect, the company increased wages 25 percent. They offered this to the council. Questions were asked. Then a resolution was offered by the elected representatives approving the wage increase. Although the management considered the question of wages and hours strictly reserved to itself, it presented the wage increase to the company union in order to comply with the collective bargaining provision of section 7 (a). The company felt that if the increase was "just given" and "not laid before" the company union, it would not be "collective bargaining."

In one company, employees had asked for a wage increase but the request never went beyond the employee representative. He refused to bring it up until they signed a petition with most of the names in

⁶ Fifty-nine out of the 123 for which information was available had not taken up with management the question of a general wage change. This number includes company unions which were able to obtain wage adjustments for individuals or on specific occupations. See preceding chapter.

⁷ In three of these, increases or adjustments were made as a result of the adoption of the code. In two, increases were granted while a trade-union was carrying on a strike, in the plant or in competitive plants. Two increases were granted after a competing company in the locality had taken the lead.

the department on it. "A representative must protect himself." The men did not have the courage to sign a petition, so he never brought the matter up.

Sixty-four, or somewhat more than half of the company unions studied, raised the question of general wage adjustments with management. Of these, 39 secured increases, 22 failed in their demands, 1 obtained a bonus system in place of the requested wage increase, while 2 were forced to accept decreases. One of the latter, however, staved off the decrease for 6 months. Seven of the organizations which obtained an increase attempted to obtain a second; six of these failed, while in the seventh case the matter was still pending at the time of the field agent's visit.

In seven cases where wage increases were granted, trade-unions were active in the plant or industry, or competitors had recently granted increases. In one of these companies employee representatives asked for an increase, without setting any particular amount. It was only after the large competitors granted increases that this company followed suit. One company union obtained a written agreement providing among other things for a complete reclassification of all jobs in the plant. It claimed credit for the resulting increases, despite the fact that the reclassification had already been ordered by an arbitrator appointed in connection with a dispute between the company and the outside trade-union.

Ten increases followed closely upon the organization of the company union. Two of these company unions, having obtained an increase at the time of organization, never met again, while a third was shortly displaced by a trade-union. In seven instances the evidence indicated that wage increases were more or less definitely promised when and if company unions were established, or were granted at an early stage of the company union organization as a means of increasing its prestige, while a trade-union was also seeking support among the workers. A newspaper item in one case described the proceedings as follows:

A 5-percent wage increase effective at once to some 750 employees of the _____ Company was announced late yesterday by the plant superintendent and the vice president at the first meeting of the 40 delegates elected recently in the different plant departments to represent the employees in dealing with the company officials.

The president of the company union in this case said:

The management made a special effort to grant this increase despite bad business conditions, because the company wanted to help the new organization.

In one company a number of people interviewed said that statements had been made in November and December 1933 by organizers of the company union that the management had promised a 10-percent raise if the company union was successfully organized. The constitution was adopted late in November. Early in December the committee sent to the president a report of its first meeting, containing

requests from various departments phrased as follows: "Employees are inclined towards the expectancy of a wage increase." "Employees expect a little increase in pay." Nine days later the president of the company issued the following letter:

We have been requested by the executive committee of the ——— Employees' Association to make an upward adjustment of wages.

Although the volume of business and financial income of the company does not justify higher wages at this time, we wish to show our appreciation of the spirit which prompted our employees to form this company association, and take pleasure in announcing that a 10-percent increase in wages will be given to all ——— employees January 15 who are being paid on an hourly or piece-work basis.

A decided improvement in business for the coming year is expected and needed to justify this increase. Your continued cooperation and loyal support of your company is the best way to insure the continuance of better wages.⁸

Fourteen increases were apparently obtained, either in whole or as compromise offers, without much effort by the company union.⁹ In two, the employees presented a wage demand, the employer presented a counterproposal, and the workers voted, in the presence of management representatives, to accept the counterproposal. Representatives in another company union asked for an increase but of no specific amount, citing the rise in the cost of living to support their request. Management agreed to raise all men in the lower brackets. Another company granted half the increase asked by the company union.

In 18 of the 22 cases in which increases were refused there were no negotiations. The company union made a request for an increase. The company responded in writing or orally, refusing to grant the increase on the ground that business was bad, or the company could not afford it, or rates paid were already equal to or above the prevailing level. That ended the matter. To this group may be added one case in which a cut was accepted without negotiation by the company union. One instance was described as follows by management:

Recently the men asked what amounted to a 40-percent raise. We took the request to the executive vice president. He was disgusted. He answered it in writing and that was all to that.

⁸ A similar concession intended to give the company union a good start was reported in one instance in connection with overtime. The company union asked that such work be paid for at time and a half. The company granted the request upon the recommendation of the personnel manager. He told the high management that this would not be the only wage question to arise if the company union was a vital one. He urged that the firm grant the request, saying that the expense would not be much since the firm's policy was against working overtime. Granting this demand, he felt, would help win the confidence of the employees in the new company union.

⁹ In three of these cases management stated that the increase had been voluntarily granted, while employee representatives claimed they had been obtained by the company union.

In connection with these increases which were obtained with little or no effort by the company union, it should be remembered that there is no certainty that the increase would have been forthcoming in the absence of a request by an organization. These company unions might have served better than no organization at all. This argument, however, must be considered in the light of the fact that this was a period of rising wages and many companies among those studied granted increases even though no request was made by the company union. Moreover, insofar as the company unions were established as substitutes for trade-unions, their effectiveness in obtaining wage increases should not be judged by comparison with a "no organization" situation but with one in which a trade-union might have been in existence.

The secretary of the company union said in this case:

We have not made a request for a general increase, but when management reclassified jobs we asked that the minimum rate be made 56 cents. We had no idea that this meant a 40-percent increase and can understand that it was impossible, as the management said.

A process resembling negotiation took place in 14 instances.¹⁰ The increases were obtained as a result of proposals and counter-proposals; compromises were arrived at on the basis of agreement of the two parties rather than on decision of the management in response to a request by the company union. Spirited discussion and the persistent pressing of issues occurred in many of these cases. Where an increase was not gained or a decrease accepted, there was evidence that the company union engaged in more or less vigorous presentation of its demands.

However, close study of these company unions revealed in many instances serious weaknesses and shortcomings as far as effective negotiation was concerned. In one case the officers who led the strong but unsuccessful attempt to obtain a wage increase were discharged for trying to convert the company union into a trade-union. Their successors, picked by the company, were not of the caliber to put up such a fight. In another, management told the representatives, without any challenge, that if the code was changed the agreement would become void. In another case, where the personnel manager stated that wages had been negotiated in joint council 10 times in the last 15 years, many of the men did not consider the company union to be an employees' organization. The majority of its officers were men in the higher-salary range, and employees said they depended on the personnel department rather than the company union to obtain redress of grievances for them.

Three of these fourteen company unions, although they presented their position vigorously, never came into direct contact with the company officials with authority to make decisions. Their requests were forwarded in writing to absentee officials who rendered final decision. All were automatic-participation organizations financed entirely by the company.¹¹ Among these was one company union which covered three neighboring plants of a large company. At one of the joint meetings covering the three plants employee representatives requested and obtained an investigation of cost of living by a joint committee. This investigating committee presented its report to a subsequent joint meeting covering the three plants.

¹⁰ Seven of these cases resulted in increases; in five cases the increase was refused, one company union accepted a decrease, and one case was still pending at the time of the visit of the field agent.

¹¹ In one of these cases management was so interested in establishing the company union in place of the trade-union that it nursed the former along, suggesting to its officials from time to time changes they might ask for and be sure of obtaining. An employee representative in another said: "We can ask and then we can take what's given."

Following vigorous discussion of the report, the employee representatives retired for a separate meeting and returned with a resolution stating:

We * * * are sure that we have proven our case on the result of the budget survey and decrease in earnings. Therefore, we at this time on behalf of our fellow workers, respectfully request consideration for a 10-percent increase.

Thereupon the chairman, a management official, stated that "the resolution as submitted would be included in the minutes and referred to New York." Following this the head of the subsidiary company stated that "there was no justification for a change under the conditions on which wage scales have always been considered * * *. While the president in New York City would no doubt be interested in knowing the outcome of the meeting, the answer was final at the present time."¹²

In three cases the aggressiveness of the company union was traceable to officials who were also members of the outside trade-union.¹³ But even in these instances the limited independence of the company union as a collective-bargaining agency was revealed by a statement of one management official, who said: "The plan is my baby and I'm going to see that it's properly brought up."

In another instance among the 14, management support coupled with a trade-union threat outside encouraged employee representatives to speak freely. The president of the company union, however, felt that the organization was too weak to get anything through if management really voiced some opposition.

Four company unions among the fourteen appeared to be self-directing and relatively independent in their wage negotiations. Two of these were entirely financed by management.¹⁴ A third, although now self-financed and self-directed, was the product of a long period of very liberal management. The fourth company union in the group had developed out of a trade-union local, as a result of dissatisfaction over the administration of the local by the representative of the national union.

*Considerations advanced in wage negotiations.*¹⁵—Six company unions¹⁶ had a definite provision in the constitution or agreement setting up a general standard which should govern the wages of the employees. In such cases the scope of wage negotiations was narrowed or definitely limited to the application of these standards. In

¹² An increase was granted in this case some time after the visit of the field agent.

¹³ These company unions had been set up entirely by management.

¹⁴ One of these felt itself so dependent upon the company's good will that it abandoned a request for a wage increase rather than push for arbitration in the face of the company's opposition.

¹⁵ To get these factors, the schedule used by field agents contained several questions intended to describe the standards used in determining wages. Does plan set standards for determining wages? Wages paid by competitors? Prevailing wage in community? Cost of living? If plan has no provision, is any standard used in determining wages when being negotiated? See appendix V, pp. 293-300, for copy of schedule.

¹⁶ In five other companies both management and employee representatives stated that they considered the N. R. A. code wages as the standard.

three of these, wages were to be based upon changes in cost of living, although one subsequently abandoned this standard in favor of an arrangement providing for an annual wage based upon a percentage of the selling price of the product. One company functioned under a profit-sharing arrangement.¹⁷ Another based wage rates on prevailing economic conditions, with a provision that if the profits of the company in any quarter fell below the amount for the same quarter in 1930, 1931, or 1932, the wage rates were to be revised downward. No provision was made for automatic upward revision. A sixth based wages upon the rates paid by firms of similar size in the vicinity. This, in effect, meant the trade-union rate, since the industry in the locality was rather well covered by the outside union.

In most of the company unions¹⁸ various standards of more or less definiteness were recognized as relevant in wage negotiations, although they were not incorporated in any written document.

The most common standard used by management in considering the general level of wages was the prevailing wage. In more than half of the company unions reporting a wage standard, representatives of management gave this either as the sole standard or as one of the factors. It is not clear in all cases whether what was meant was the wage paid by competitors or the wage paid for similar types of work in the same community. In at least half of these cases the wage paid by competitors was specifically indicated as the principal factor considered in connection with wage rates.¹⁹

The prevailing-wage factor was also frequently considered as a standard by company-union representatives, but almost equal significance was accorded changes in the cost of living. A common statement by employee representatives in answer to the question concerning wage standards was: "We argue cost of living and the company argues prevailing wage." The president of one company union, in commenting on management's statement that their wage was already above others in the community, remarked: "That's child's talk. Other plants don't concern us and the comparison makes no difference." One company-union chairman said: "We argue the rising cost of living. If there's any better argument, I'd like to know it."

Limitations in wage negotiations.—To some extent, the use of cost of living rather than competitors' wage standards by employee repre-

¹⁷ In this company the employees were virtually the owners of the business. Operations were directed by a board of directors elected in part by the employees through the officials of the employee organization.

¹⁸ In 14 companies management stated that wages were set by a system of job classification or rating, or by some incentive wage system supposedly adjusting payment to the efficiency of the individual worker. In almost all of these cases, however, no statement was made as to the standard or factors setting the general level of wages as distinct from the relative rates on individual operations or jobs. Twenty-five company unions reported no definite standards which were recognized in wage negotiations, but almost all of these had never negotiated wage matters.

¹⁹ The same standard was applied with respect to other matters related to labor costs. Thus one company, when asked by its company union to pay for overtime at a rate of time and a half and to provide vacations with pay, stated that it could do nothing about these until the industry as a whole had acted.

sentatives was due to their ignorance of wage scales in competitors' plants, whereas the rise in the cost of living was something of which they were immediately aware and which they felt they could measure. A common expression by rank-and-file workers and employee representatives was: "They say we get as good (or better) wages than at other plants. But we have no way of checking up." Only in exceptional cases could employees meet workers of other companies in the course of their work and exchange information. More typical was the case of the employee representative who said, with regard to competitors' pay:

The company argues competition. We don't know competitive conditions. Our main competition is in _____ (a distant city).

Lacking an independent source of data whose validity they could all accept, employee representatives in the same plant sometimes approached wage conferences with divergent pictures of the existing wage situation. Thus in one case while one representative stated that "Our wages, I'm pretty sure, are above the rest of the plants", another said that they were the lowest in the city.

Decisions on wage questions were in many cases made on the basis of a presentation by management of data on profits, changes in cost of living, comparative wages, and other pertinent matters. It was perhaps inevitable that some employee representatives should question the validity of the figures presented to them by management, although they had no factual basis for their doubt. Thus an employee representative in one case expressed skepticism as to whether a wage increase announced by the company had actually been applied to all employees entitled to it:

I'd like to see the pay roll since that 12½-percent increase. A lot of men never benefited by it. We don't know what changes were really made. We've never asked to see it.

In another instance, employee representatives accepted as decisive the statement by management that the company had not made enough profits to warrant granting the increase requested by the company union. Subsequently, they obtained information which led them to believe that the company had misrepresented its profits.

Permission to see the books of the company, which was granted by a few companies, would have been a meaningless offer to the great majority of employee representatives. In one case in which the employer stated that his books were always open for inspection by the men, the workers were all unskilled laborers, mostly illiterate. In another instance, an employee representative clearly expressed his inability to handle the problems involved:

Management says we can get what information we want from the books. We want to find out how much goes for salaries in total amount, for depreciation, etc. We know we aren't equipped to make a thorough study but maybe we will

find out something. My only experience with such things is as treasurer of a credit union.

In spite of the need for expert assistance in obtaining data needed for negotiation concerning wages, hours, and other important matters, in only one or two cases had a company union hired an expert for help on wage matters.²⁰ One company union hired a lawyer to obtain a certified copy of a trade-union agreement in a competing company. Another employed an accountant, but the work which he did for the company union was not described.

The vagueness and uncertainty of many of the replies to the question of whether outside experts might be hired suggested that many times the possibility of this course of action had never been considered.²¹ In only one-fifth of the company unions did the persons interviewed agree that the employment of such a person would be possible if the workers desired it. The clearest statement of the right of the company union to hire outside technical assistance was found in a bilateral agreement under which the level of wages was based upon the wholesale value of the plant's production. The company bound itself—

to give free access to the necessary books and records and full cooperation once during each fiscal year to a private auditor selected by the union to check the wholesale value of the production and the salaries paid during the life of this agreement.

Several company unions had asked for the privilege of hiring outside assistance but the company had refused. One company union asked to examine the books of the company in connection with a dispute concerning a wage increase. The privilege was granted, but when the men asked for the right to have an accountant go over the books, the company objected on the grounds that it did not want its affairs publicized.

To some extent this dependence upon the permission of the company was due to the fact that the company union had no funds, and management did not regard this as the sort of reasonable service for which it expressed a willingness to pay. Of the 28 company unions which were reported as possessing the right to hire outside experts,

²⁰ An outside expert had been employed by 19 company unions, but almost invariably he was a lawyer called upon for advice as to organization. Ten cases involved the hiring of a lawyer to assist in the organization of the company union. In three others a lawyer was hired to handle an election or to appear at labor-board hearings. One company union hired a university professor to advise them how to avoid outside unionism. Another engaged a university professor to draw up a constitution and a law student on a part-time basis to assist with the minutes and parliamentary law. About half these experts were paid from the company-union treasury or out of funds raised by collections among members. In a few instances the expert never submitted a bill to the company union. The company paid for his services in the remaining cases.

²¹ Persons interviewed in 48 company unions agreed that such action was not permissible within the constitution. In 30 other cases there was no provision regarding this matter or the comment was that such action was "not forbidden." In 15 instances nobody knew or would venture an opinion as to whether such action was permissible. In five there was a difference of opinion. An independent organization of employees might not consider such a constitutional provision necessary. Since company unions were so predominantly set up, participated in, and financed by management, the absence of such a provision might mean the absence of the right itself.

11 relied entirely on the company for funds. The others collected dues, but the rate of dues was generally low and few of these had funds sufficient for this purpose. The chairman of an old established company union which had shortly before been unsuccessful in an attempt to secure a wage increase stated that the right to hire outside assistance was a necessary improvement if the company union was to function successfully. He believed that management should give the company union an independent fund to use as it saw fit.

Chapter XIX

Welfare and Benefit Activities

Welfare or benefit activities existed in two-thirds of the companies studied. They were most frequently administered and financed solely by the company without relation to the company union.¹ In less than half the cases, they were administered by the company union.² In some instances the company union performed no other functions.

In a few of the company financed and administered benefit plans, the company union was given special credit for them. Thus one company issued a leaflet announcing the inauguration of its group insurance plan in the following way:

At a meeting of the employees' joint council the members voted unanimously in favor of a plan of group insurance to provide sickness and nonoccupational accident benefits as well as death benefits for the factory workers. Accordingly the company has arranged with the ——— Insurance Company for such a plan to become effective ———.

The evidence gathered, however, indicated that the insurance system was in effect offered to the employees through a newly organized company union as a means of building up its prestige. The constitution of another organization, printed by the insurance company which carried the group insurance, was bound with the insurance announcement. One company union, in presenting its advantages over the trade-union, claimed credit for providing loans without collateral or interest. However, the loan application clearly indicated that the loan was being made by the company and not by the company union.

The benefit and welfare activities of the company unions varied not only in nature but also in the extent and type of management participation. Some were entirely dependent on the company for funds. Some were entirely financed by the employees. Others provided various degrees of joint participation.

Seven companies maintained suggestion systems in which prizes given by the company for the most valuable suggestions were announced through the company union. One organization was in charge of the profit-sharing arrangement of the company. In these cases the company supplied all the funds involved in operating these plans.

¹ This was the case in 47 of the 84 companies in which welfare activities existed. In such cases the company maintained a separate employees' benefit association or administered the benefit provisions directly through its own personnel agency.

² In another case the welfare activity was sponsored by the company, but the company union maintained a committee to take care of complaints in connection with these activities.

The company union performed an administrative function which in other companies was handled by the personnel department or some other management agency.

Five company unions provided for cooperative purchasing of certain commodities by the employees, who shared in the savings made possible through large-scale purchases. One company advanced the funds for the original purchases, the company union guaranteeing payment.

About one-fourth of the organizations maintained some form of health, accident, death, loan, relief, or other benefit plan.³ In general, in those providing benefits, membership in the company union carried with it participation in the benefits administered.⁴

Almost two-thirds of the organizations which were engaged in benefit activities received some financial contribution from the company either directly to the benefit fund or to the general treasury of the organization.⁵ In several other cases, while management did not make financial contributions to these activities, other kinds of assistance were rendered.⁶

Seven company unions provided benefits without any apparent assistance, financial or otherwise, from the company. One of these paid sick benefits of \$10 a week for a maximum of 13 weeks. For the most part, the others provided gifts or loans to needy employees, Christmas baskets, flowers for the sick, and small sick, death, or marriage benefits.

Many of the company unions providing benefits⁷ were primarily benefit organizations. They performed no other significant function.

³ This was true of 29 company unions. Some of these also had suggestion plans or plans of cooperative purchasing. Fifteen of the company unions provided for sick benefits. Twelve had group-insurance policies or some other form of death benefits. Thirteen provided or assisted in administering some form of unemployment relief or assistance to needy employees or former employees. Eight maintained some form of loan fund, in five cases coupled with a savings provision. Medical aid was provided in three cases, hospitalization in one, accident insurance only in another. A retirement plan was operated by one company union. Another company union paid a benefit of \$25 to any member who married.

⁴ In one case the company union had benefit and nonbenefit membership. In two others a separate sick-benefit association was set up to which only company union members were eligible. In two cases where the company union was based on automatic participation, separate mutual-aid associations with optional membership were administered by the company union. In several cases benefits allotted were not necessarily confined to contributing members. Thus two company unions administered the only welfare fund in their communities. The fund was accumulated by contributions of employees and officials of the company, and the welfare committee of the company union determined who in the community should receive assistance from it.

⁵ Nineteen out of the twenty-nine company unions received such contributions.

⁶ Thus one company acted as a banker for the benefit fund, loaning it any sums needed to tide it over until the next payments were due from the members. Another company provided a check-off from the pay roll for repayments to a loan fund administered by the company union.

The financial interrelations between the company union's benefit features and the company were not always clearly presented. One organization primarily concerned with benefit features appeared from its constitution to be entirely self-financing, and no reference to management support appeared in any of the numerous statements issued by the company union comparing its benefits with those of the competing trade union; yet all the persons interviewed freely stated that the company made good any deficits and there were always deficits.

⁷ Twelve out of twenty-nine were, without doubt, almost exclusively benefit associations, and in three others the benefit features were an important element in the life of the company union.

Although the constitutions ascribed other duties to them, they were not active in any other field. In three instances the company union furnished a well-rounded system of provisions against sickness, accident, disability, death, and temporary financial need. In the remainder the benefit program was more limited.

Of the 29 company unions furnishing some form of benefits, 18 were in organizations with optional membership and the others in company unions with automatic participation. In 11 cases with optional membership, the company contributed to benefit features which were made contingent upon membership in the company union.⁸ In one instance, the company at one time had a benefit provision under which employees automatically became members of the company union in signing for the insurance. In response to protests by a trade-union in the plant, the benefit features were made voluntary and separate from company-union membership.

⁸ Benefit features may affect the attitude of the individual employee towards the company union. Where the benefit features are deemed valuable by the employee, they may, as in the case of some trade-unions, become a means of binding him to the organization to the exclusion of any other representative agency. The receipt of the benefit may become associated with the company union as an advantage flowing from its existence or from membership in it. The effect of this upon the attitude of the individual employees will vary somewhat with the type of company union.

In the case of optional membership, the benefit features may serve as an inducement to join or remain a member of the company union. In the case of automatic participation, these features may influence the employee to oppose the replacement of the company union by any other form of bargaining agency, if this replacement implies the disappearance of the benefits. To the extent that the company contributes to or otherwise supports the benefit features of the company union, it may indirectly influence the employees' choice of a representative agency.

In about 10 cases management contributed financially to recreational or social activities of the company union. The effect of such contributions may be similar to that of contributions to benefit funds, although less immediate and more limited with respect to the number of people who may be influenced by it.

Chapter XX

Contacts Between Company Unions

The economic problems confronting any industry transcend shop boundaries and local areas. The modern corporation may have branches and subsidiaries extending across a continent and covering processes from the extraction of raw materials to final sale of fabricated products. The problems confronting any particular business firm are frequently common to all competitors in the same industry. So also the workers have an interest in the problems of competitive markets, for wage rates in individual establishments must necessarily have regard to competitive conditions. These common problems have led to the creation of industrial, regional, and national associations of employers and, in the field of labor, to national trade-unions and local, State, and national federations of unions.

Most of the companies involved in this study had several plants. Yet less than 10 percent of the company unions operating in such companies¹ maintained regular contacts with employee representatives in other plants of the same company.² Among those that did cover all plants of the company, the majority confined their membership to workers in a particular occupation. A few others confined their contacts to plants in a single area, although the same company had plants in other areas. Two covered all workers in all plants, which were widely separated.

Most of the companies covered had close intercorporate relations with other companies. However only five company unions extended beyond the immediate corporate lines to cover wholly owned subsidiaries as well as the parent corporation.³ In one instance, employee representatives raised the question of federating with company unions in other subsidiaries of the parent holding company. The local management said the matter would have to be referred to the officials of the parent company. Nothing came of the request.

¹ Eight company unions covered more than 1 plant, although 89 of the companies had more than 1 plant. In addition there were seven cases of retail or distributive businesses in which the company union covered all the units in a single city. In six cases information on the number of plants was lacking.

² Two company unions provided in their constitutions for interplant councils of employee representatives but the evidence indicated that these councils had not functioned.

³ In addition to those with formal and regular interplant contacts were two cases in which employee representatives from several plants had met at least once. In eight other company unions informal and irregular interplant contacts by employee representatives were reported. In only half of these eight cases, however, was there indication that the contacts had any relation to discussions of wages, hours, and working conditions.

⁴ Ninety-six of the one hundred and twenty-five companies studied had close corporate connections with other companies, or formed part of a holding-company chain of corporations. In nine cases no information on corporate connections was available. Information on intercorporate relations was obtained from the interviews and from the standard investment manuals.

Six company unions had made definite attempts to meet with representatives of company unions in other companies.⁴ The chairman of the company union visited other companies in two instances. In one case there was a county association of workers engaged in the same industry with regular quarterly contacts between four company unions. Another company union sent employee representatives to an annual regional conference on industrial relations which was not solely or even primarily for employee representatives. A fifth sent a committee to another plant to study the vacation plan. A sixth wrote to other company unions regarding their attitude on the pending National Labor Relations Bill.

None of the company unions studied belonged to a general federation of company unions for its specific industry.⁵ A total of several hundred persons interviewed were asked their opinion as to the desirability of regional or national federations of company unions for each industry. More than half felt that such a federation would be undesirable, while a third considered it desirable. The remainder were undecided or had never thought about the matter.

There were significant differences, however, between the trend of opinion among the different groups interviewed. Trade-union members and officials had the most decided views on the matter and by far the largest proportion—over three-fourths—considered it undesirable. They were afraid that such a federation “would mean employer domination of labor nationally.” “Employers would dominate the federation just as they dominate the individual company union.” Among those who thought such a move might be desirable, one thought that it would make the existing labor organization “wake up and recognize the change that’s taking place.” Another felt that such a federation “might separate the management from the company union.”

Management, too, showed a general opposition to the federation of company unions. Nearly three-fifths of the company officials interviewed considered it undesirable. Some said they had no opinion, but about a fourth thought a federation desirable. The predominant management view was reflected in the frequently reiterated statement: “Our problems are entirely different from those in other plants. The employees of other plants have nothing in common

⁴ A few other company unions reported chance or informal meetings with employee representatives from other company unions. There was no indication that these contacts had any relation to or influence upon the functioning of the company union.

⁵ Some company unions, not included in the field study, cover more than one company in the same industry, in the same area. The Loyal Legion of Loggers and Lumbermen, the American Guild of the Printing Industry in Baltimore, the Edition Bookbinders of New York, the Graphic Arts Industrial Federation of Greater Boston are examples of such organizations. (See pt. I, p. 15; pt. II, p. 73.) More recently company unions in some other industries have shown tendencies to federate with company unions in other companies.

with ours.⁶ It is enough for us to work out our own problems—let alone having problems of other companies to annoy us. We do not want the outside world to know of our affairs.”

Among the small group of management officials who favored a federation of company unions, two views were most commonly expressed. One group believed that such a federation might be better able to fight the trade-unions. One personnel manager said: “If the Government tries to force American Federation of Labor unions on the industry as the collective-bargaining agencies, such a federation will be established.” Three or four management officials felt that such a federation might be useful in setting standard wages for the industry:

Employers have their organization; employees should be organized vertically throughout the whole industry. We would then have a responsible unit representing labor and one representing employers. This would help stabilize labor conditions. I will not deal with outside unions but I believe in workers organizing themselves into a responsible federation of company unions.

Among the employee representatives, the people directly responsible for the functioning of the company unions, there was an even division between favorable and unfavorable views. Some who opposed a general federation favored one covering all plants of the company itself. The ends desired by those who favored a wider federation were to get information, guidance, and ideas: “We are all green.” “We could get new ideas. We would understand the general problems of labor. We would know the general trend of wages and hours and what other mills are doing.” In only a few instances did employee representatives state that such a federation would strengthen their bargaining position. Some felt that it would help to standardize wages and improve competitive conditions. The minutes of a meeting of one general council, representing seven plants of one of the strongest and most independent company unions, indicate that some of its representatives felt restricted by their inability to regulate conditions in more than one company. Thus, in a discussion of a proposed wage increase, one employee representative asked if all manufacturers of the product could not be put on the same basis. This, he stated, was on the mind of many employee representatives when they considered the wage-increase proposal.

Rank-and-file workers that favored federation laid most stress on the possibility of obtaining a stronger bargaining position.

Employee representatives and rank and file who opposed a federation, as a rule either took the same view as management about the special character of the problems in individual plants or feared outside control of their activities.

⁶ This emphasis upon the peculiarity of the problems of each plant contrasts with the importance ascribed by management officials to the wages paid by competitors in setting wage levels. Of the management officials who stressed competitors' wages, less than half felt that a federation of company unions might be desirable as a means of standardizing wages for the industry.

Chapter XXI

Contacts With Government Agencies

Company unions have paid little attention to legislation affecting their members or involving the structure and functioning of their organizations. Thus, while employers and employers' associations, trade-unions, and others appeared at N. R. A. hearings where codes of fair competition were inaugurated, only 13 percent of the company unions then in existence ¹ participated in any way in the formulation of codes. A few others discussed the act in company-union meetings without participating in code hearings.² The remainder made no attempt to discuss these codes or to influence their provisions. All of the company unions that sent representatives to hearings were in companies with 1,500 employees or more, and all but 3 were established before 1928.³

Similarly the Wagner bills ⁴ of 1934 and 1935, to set up a National Labor Relations Board, contained provisions seriously affecting company unions. Many employers and representatives of employers' associations testified that the bill meant the end of the company unions in their plants. Yet only four of the company unions studied made any public statement in connection with the 1934 Wagner bill hearings.⁵ The 1935 hearings evoked public statements from these and six others.⁶ There was some discussion over this bill in council

¹ Of the 76 company unions studied which were in existence when their codes were formulated, 8 sent representatives to testify or present briefs to the original hearings and 2 others to hearings on amendments.

² One company union drafted an appeal to the code authority for revision of the code provision on overtime, so as to permit the averaging of overtime over a 6-month period instead of only a 30-day period. The others, so far as the records show, made no attempt to present their views to the governmental authorities concerned.

³ In six cases the company paid all or most of the expenses for sending company-union delegates to the hearings. In three instances the expenses were paid out of the company-union treasury; and in another by a collection taken up among the members.

⁴ Public Res. 44, 73d Cong., and Public Res. 198, 74th Cong.

⁵ Two sent representatives to the hearings while two others sent protests against the bill to various public officials concerned.

⁶ In all, four sent representatives and five filed briefs or petitions against the bill. The chairman of another company union went to Washington during vacation and saw some members of Congress about the bill but did not testify at the hearings or submit a brief.

One company union which, in the words of an official of the company, was itself "an informative, not a negotiating body", sent petitions, 5 of them containing 330 names each, to the President of the United States, the State's Senators, and 6 Congressmen, in opposition to the 1935 Wagner labor relations bill. The petition stated:

"Recent Government polls seem to indicate that the vast majority of workers prefer to handle (as we do) their labor problems directly with their employers.

"It cannot be possible that you contemplate the destroying of such organizations as ours represents, by the passing of bills which would eliminate efficient cooperation or make impossible their existence."

meetings of company unions which did not make public statements.⁷ One committee refused to take a stand against the bill because it might want help from the American Federation of Labor sometime in the future.

In no case studied did the company union pay for the appearance of its representatives at the hearings on the Wagner bill, although one employee representative apparently paid his own way to testify at the hearings.⁸

Such public statements as were made opposed the adoption of the Wagner bill. Opposition was principally directed to the provision forbidding employers from participating in the functioning of organizations of their employees with which they might engage in collective bargaining. Representatives of company unions claimed that participation by the employer in its activities improved its relations with the employer and its effectiveness as an agency for the promotion of the welfare of the employees. They attacked particularly what they called the conflict aspect of trade-unionism. The brief of one company union, signed by the management representative as chairman of the council, opposed the bill on the ground that it would foster a "closed shop." Similarly the county federation of company unions, referred to in the preceding chapter, adopted the following resolution:

Especially are we opposed to the rider⁹ wherein it proposes to make law that if the local union has obtained a majority of the employees of any mill as members, the balance of the employees are required to become members of the local union and the mills to operate as closed shops.

Company unions studied were also relatively inactive in cases brought before the various labor boards established under the N. R. A., although many of them were directly or indirectly involved in such cases.¹⁰ Where company-union representatives appeared in cases involving trade-unions, they consistently opposed the trade-union. But the general picture gathered from the data available indicates that company unions played a passive rather than an active role in labor-board cases. Although they were the object of trade-union attack and the basis of the employer's defense in many of the cases, they did not themselves play an important part in the proceedings.

⁷ Three company unions discussed the matter; two of these took no action, while the third wrote to other company unions for their attitude on the bill.

⁸ In one case the company paid the expenses directly, in another the company contributed \$500 a month to the treasury of the company union. Out of this sum the company union paid its expenses, including those of the witnesses at the hearings. In the third case there was no specific information as to the source of payment, but the company union had no dues or other source of funds and the general expenses of the company union were defrayed by the company.

⁹ There was no such rider or provision in the act, the reference being apparently to the provision that the majority shall have the right to bargain for all workers in the particular unit.

¹⁰ Forty percent of the companies studied were at one time or another involved in cases before Government labor boards. Twenty-one of the companies were involved in cases concerning recognition of the trade-union as the bargaining agency, while 37 were charged with discrimination against trade-union members. Eight were involved in both types of cases.

Even in election cases the employer rather than the company union bore the brunt of the defense.¹¹

One company union was active in a strike situation and subsequent labor-board hearings. It issued printed pamphlets and prepared petitions attacking striking trade-union members and comparing trade-union benefits and fees with those of the company union. These, however, were prepared not by the employee representatives themselves but by the full-time secretary, who was hired by the company and was dependent on the company for her pay.¹²

A few of the company unions studied initiated action in labor-board cases. In two cases they brought charges against their employers that code wages and seniority rules were not being observed. A third company union considered such action but decided against it. Three company unions petitioned for elections, one after a trade-union had obtained a majority in a preceding election. One of these petitions was circulated after the employer had requested such an election. The circumstances led the board to doubt the spontaneity of the petition. Four company unions sought advice from the regional labor board with respect to the form and legal status of their organization.

The minutes of council meetings¹³ report little discussion of other legislation, State or Federal, or of any other subject extending beyond the confines of the plant. Four company unions discussed either general or particular aspects of social insurance. Three considered the 30-hour bill. The tariff, the processing tax on the company's raw materials, the sales tax, unemployment relief, and local property taxes were among the matters discussed by one or another company union. Two participated in hearings on State laws regulating their industry, one taking a stand opposed to that of the trade-union. Insofar as outside matters were discussed, they tended most often to be talks by management representatives on the state of their business and their industry.

Such political activity as was undertaken was frequently stimulated by management.¹⁴ Management attitudes on pending legislation were presented to the councils or the workers and frequently a line of action was suggested. Thus a joint committee that had never considered grievances or wage questions was used by management

¹¹ For reference to a strike by a company union against a labor-board ruling, see ch. XVI, p. 160.

¹² The company made good the perennial deficits of the company union. Although the company itself made no appearance at the labor-board hearings, officers of the company union were present to take down the names of all workers presenting affidavits.

¹³ For the inclusiveness of these minutes see appendix V, p. 288, footnote 7.

¹⁴ An exception to this condition was the case of one company union, in a community with strong labor and socialist sentiment, with a number of trade-union members on the company-union council. The council passed a resolution favoring the 30-hour week principle, although a motion to send the resolution to Congress and the State legislature was defeated. This council also obtained permission to circulate petitions in favor of the Townsend plan. The petitions were mimeographed by the company and thousands of signatures were obtained, partly on company time.

to convince the representatives that they should be against the Wagner bill and to show them, through figures on the national debt, that the country was being led to bankruptcy. One company union, in addition to sending numerous petitions against the Wagner bill, sent petitions against the Black-Connery 30-hour bill, and the central unemployment insurance proposal. The impetus to this political activity came from the president of the company. Through the house organ and through addresses to meetings of the workers, he urged them to protest against these laws.

Chapter XXII

Coexistence of Company Unions and Trade-Unions

Developments between 1933 and the time of the study (1935) made far more common situations in which company unions and trade-unions coexisted in the same plant. The study throws light on the problems that arise when two such forms of organization are present.

In nearly three-fourths of the 125 plants visited, trade-union locals or active trade-union members were reported to be present at the time.¹ In most of these cases the trade-union received no official recognition from the company.² About 30 percent of the companies at the time of the study dealt with one or more trade-unions as well as with the company union.

The form of dealing with the trade-union in such cases ranged from occasional conferences on specific matters to written agreements signed by both parties. Where employers met with trade-union committees, they generally recognized such committees even though some of its members were not employees. A few agreed to meet only with committees of trade-union members composed of their own employees. One very large firm with chain units throughout the country received committees of its unionized workers as representatives of the company's employees and not of the trade-unions. One large corporation with many branches refused to sign a contract with any trade-union, but followed in many plants wage-and-hour provisions which it had agreed upon in negotiations with the trade-union.

The conditions under which dual organization existed varied as regards the priority and extent of the two or more organizations. In 10 plants in which a craft union had functioned for some time before March 1933 a company union was established, following the passage of the N. I. R. A., to prevent the organization of the remaining workers into a trade-union. In other cases trade-unions developed under N. R. A. in plants where company unions had long existed. In still others, both trade-unions and company unions first began to operate after March 1933.

¹ Unsuccessful attempts to establish trade-unions were reported in other cases. Trade-union members may have worked at other plants, but their presence was not made known to the field agent. For a discussion of methods used by various companies to prevent the establishment of a trade-union and to promote the setting up of a company union instead, see chs. VI, VII, and VIII.

² In at least 12 such cases the trade-union membership included a significant proportion and in a few cases a majority of the employees.

In a number of cases the trade-union covered only a single craft comprising a small proportion of the total employees. In one instance only the 4 teamsters were covered by a trade-union agreement; in another an agreement covered only 35 truck drivers out of a total of 2,500 employees. In some such instances the company union made no attempt to include the unionized crafts or occupations. In two printing plants a company union displaced the trade-union in a single craft while the other crafts remained unionized. In a public utility in which the linemen were unionized, the company union was confined to the operating force. A company union at an airport covered only the mechanics, the operating force being unionized. In an oil company in which the refinery workers were in a trade-union, the company union covered the field force only. But in general where company unions were set up in establishments with trade-unions already long entrenched in certain crafts, the company union covered all types of workers.

In a majority of cases, however, the trade-unions concerned were federal labor unions³ or locals of industrial or semi-industrial unions. They did not confine themselves to a single craft or occupation but made a bid for the membership of all or almost all of the employees. In such instances there was an almost complete overlapping of jurisdiction between the trade and company union.

The rivalry of organization at the time of the study was not confined to a direct choice between a given trade-union and the company union. In some instances, two and even three trade-unions were attempting to organize the same category of workers. Usually one was an affiliate of the American Federation of Labor, while the other or others were locals of a national organization not affiliated with the American Federation of Labor or independent locals.

In one company, some workers started a local independent union, others joined a national independent union, and still others joined the American Federation of Labor union. This three-fold rivalry resulted in friction and dissension. The company in the meantime encouraged and supported the company union. In another instance, the strongest trade-union group was independent of the American Federation of Labor, and had socialist leanings. There was also a communist nucleus which, having failed in an attempt to organize a union, was issuing a mimeographed sheet supporting the independent union, but also criticizing it. The third union, which was affiliated with the American Federation of Labor, had the highest dues. The company union had the lowest dues and its leaders used the confused trade-union situation as the chief reason for remaining aloof from trade-union organization. In another case, the situation was complicated by tense

³ A local union having no connection with a national or international union but affiliated directly with the American Federation of Labor.

rivalry between a number of trade-unions, the existence of a company union, and the establishment of a collective-bargaining agency by the special labor board for the industry.

Such interunion rivalries have always been more acute in the poorly organized industries and areas. These rivalries tended to confuse the workers, thereby weakening the trade-union in its attempts to overcome the company union.

Trade-union policy in competitive situations.—Trade-unions as a general rule fought the company union and attempted to secure recognition and a written agreement.⁴ A few strong craft locals ignored the company union, contenting themselves with protecting their control over their own jurisdictions. As might be expected, because of the more direct competition for members, federal labor unions and locals of industrial or semi-industrial trade-unions tended more generally to oppose and compete with the company union for membership and recognition. Such inclusive unions, when strong, avoided any cooperation with the company union.

In a few instances weak trade-union locals claiming an inclusive jurisdiction attempted to control the company union in order to sabotage its work. The purpose of such tactics was described by one employee representative as follows:

As trade-unionists, we take part in company-union activity so as either to get the men interested in the trade-union or the company disgusted with the company union.

In one case, a semi-industrial trade-union local captured half of the employee-representative positions in the first company-union election. It was strong enough to prevent the company-union committee from proceeding with the task of drawing up a constitution. In the second election, the trade-union obtained eight out of nine seats on the committee, which became in effect a trade-union committee although management refused to recognize it as such.

Craft unions in some cases attempted to gain advantages through cooperating with or controlling the company union. Some strong craft unions sought not only to maintain recognition as the bargaining agency for their own craft, but also worked within the company union to obtain certain other benefits. Several, for instance, cooperated with the company union in its social and athletic activities. In one company several craft unions, some operating under trade-union agreements, elected their own members as company-union representatives. In another, a group of craft unions which had a joint bargaining committee recognized by management attempted to convert the company union into a trade-union mechanism by running a joint trade-union slate of candidates in the company-union election. In

⁴ This was the attitude of the trade-union in nearly two-thirds of the cases in which a company union and trade-union existed in the same establishment.

one election they succeeded in electing 9 of the 20 employee representatives.

In two cases in which craft and industrial or semi-industrial trade-unions existed in the same plant, the craft unions cooperated with the company union while the more inclusive organization opposed the company union and tried to displace it. In one company, two crafts were strongly organized in their appropriate American Federation of Labor trade-unions, while an independent⁵ industrial union also operated in the plant. The presidents and some of the members of the craft locals were company-union representatives, although they did not take an active part in the council. Committees of these two craft unions were received by management for negotiation, not as trade-union committees, but as representatives of some of the employees. The independent union actively opposed the company union. Its members refused to serve as representatives. Management conferred with a committee from this union as a trade-union committee.

In another company the difference in attitude was a matter of strategy and jurisdictional interests. A craft union had been dealing with the company for 10 years but had no contract. The craft union, although it covered only a minority of the workers, decided to gain control of the company union when it was first established. Its members gained a majority of the positions as representatives in the company union, and the chairman of its shop committee was also president of the company-union council. One of the purposes of the craft union was to organize into another American Federation of Labor union the semiskilled and unskilled workers whom they could not take into their craft organization. The federal labor union thus established, having grown considerably in membership, was at the time of the study attempting to displace the company union. Although it did not direct its members to abstain from voting in company-union elections, it ignored the company union and used its own committees for bargaining. The craft union continued to participate in the affairs of the company union.

Individual trade-union members often became members of the company union or voted in company-union elections, even when the trade-union actively competed with the company union for recognition. In one case this was done to protect seniority rights. In other cases it was a means of obtaining benefits provided by the company unions. In still other cases it was a protective device to forestall possible discrimination or discharge. This was especially so in about 10 instances in which the trade-union organization had been broken by attacks from the company or where the trade-union local had been displaced by the company union and had disappeared.

⁵ Not affiliated with either the American Federation of Labor or with an unaffiliated national union.

Operation under conditions of competition.—In the competition between a company union and a trade-union covering only a certain craft or occupation, it was possible for the two organizations in some cases to establish a more or less stable basis of coexistence. The trade union retained effective control of its portion of the workers; the company union, although nominally covering all workers, in effect acted only for those not covered by the craft union. The trade-union members may or may not have participated in some of the company-union activities, but their basic conditions of work were settled by trade-union negotiation.

On the other hand, competition between two organizations each of which claimed all or a majority of the workers and one of which was favored by the employer, admitted of no compromise or cooperation in most cases. The coexistence of a company union and an industrial or semi-industrial union frequently represented therefore an unstable condition which resulted in eventual domination by one and practical disappearance of the other.⁶

Where a company union and a trade-union competed within the same plant, the former generally possessed certain strategic advantages. Company unions and employers featured the fact that there was no cost to the workers, or that dues were small as compared to those charged by trade-unions.⁷ Equal treatment by management of a trade-union and the company union operated to the advantage of the latter, which seemed to offer the same protection as the trade-union without its dues. Thus one trade-union official complained that most of the workers, being unfamiliar with labor-organization procedure and practice, failed to distinguish between a company union and a trade-union. They therefore turned to the one which cost little or nothing.

Invariably, when a company union and a trade-union competed, the employer preferred the company union. This preference was shown in a number of ways, in some cases involving the mere expression of an opinion, in others involving open and determined participation in the competition. Such participation itself ranged in method from efforts to increase the prestige or effectiveness of the company union to bitter attacks on the trade-union. Thus the personnel department of a large chain-store concern nursed its company union by coaching the representatives in the kind of demands to make and the opportune time to make them. In another case, the company union was closely watched and guided in its contest with the trade-unions. In this case, as in many others, the plant manager knew more about the constitution and procedure of the company union than

⁶ In this connection it is interesting to note that between the time the study was made and the publication of this report (May 1937) newspaper reports and labor-board rulings indicated that many of the company unions had been displaced by a trade-union.

⁷ See ch. XI for discussion of company-union dues and finances.

did most of its officers. The general manager of one firm which formerly had only a company union complained that the dual arrangement was not as effective in handling grievances. He used this as an argument for returning to the original situation wherein the company union functioned exclusively.

Outright grants of privileges and concessions to the company union and not to the trade-union were at times the means of building up the strength of the company union.⁸ Six companies had granted a check-off of dues to the company union, but not to the trade-union locals which also existed.⁹ In some instances company-union representatives secured quicker adjustment of grievances than trade-union representatives. Trade-union representatives in one company found difficulty in securing interviews with management, although company-union representatives had no such difficulty. In another case, the company union, which covered only one craft, obtained a signed written agreement with the company. The remaining crafts, at least one of which was well organized in a trade-union, were subsequently granted the same conditions by a unilateral statement by the company.

Other tactics were used to weaken the trade-union. The gains secured by the trade-union were belittled. When both the trade-union and the company union made demands simultaneously, management sometimes first granted the request of the company union and only later did it acknowledge the trade-union demands. In one such case management submitted a wage agreement to the trade-union after it had been ratified by the company union. In two cases the company, after consultation with the trade-union, issued a unilateral statement with respect to wages, hours, and working conditions. Issued as a statement from the company, it did not mention the negotiating agency and permitted the company union as well as the trade-union to claim credit for the gains.

At times the company pleaded the law as a reason for not dealing with the trade-union. Sometimes it stated to the trade-union that it was already bargaining collectively with the company union and therefore would not recognize a second group. In a few cases, after holding a company-supervised election in which the decision was for the company union, it refused to receive a trade-union committee, stating that it was obligated by law to deal exclusively with the representatives of the majority.¹⁰

⁸ The use of benefit provisions and social affairs financed in whole or in part by the company, to make company-union membership more attractive than trade-union membership, has already been discussed. (See ch. XIX.)

⁹ There were three other cases of check-off in plants in which a trade-union had once competed with the company union but no longer existed. See ch. XI, p. 116.

¹⁰ It sometimes referred specifically to the National Labor Relations Board ruling with regard to majority rule in the Houde case. (See appendix I, p. 226.)

Although employers preferred the company union, sometimes they indicated that certain advantages accrued from the rivalry between the two groups. A general manager of one firm stated that competition with other labor organizations brought out the best in the men who headed the inside association. On the other hand, the officials of another company union and trade-union stated that they realized that they were being played against each other. The leaders of another company union stated that they were so incensed at the policy of management in playing it against the trade-union that they were seriously considering affiliating with other company unions in the industry or with a trade-union.

In three of the cases studied, collective bargaining was attempted not through the trade-union and the company union separately but through a joint agency which was intended to represent the different groups and views in the plant in proportion to their strength as revealed in an election.¹¹ The machinery set up for collective bargaining under a system of proportional representation was based upon the idea that company-union and trade-union representatives can work together in the collective-bargaining process. However, the friction and rivalry between the two organizations was not diminished under proportional representation in the three cases studied. In these instances collective bargaining through committees set up on a basis of proportional representation proved disadvantageous to the trade-unions. They therefore withdrew from the committees to do their own bargaining directly with management, and the committees became in effect company-union agencies.

This is illustrated by what took place in one of these companies where a company-instigated organization appeared in the plant after a trade-union had been organized. The trade-union, fearing that it might be undermined, called a strike. The strike was settled under an agreement to arbitrate the issues involved. The arbitrator's award, in addition to granting a 10-percent wage increase, established a joint bargaining committee on which trade-union and company union were proportionately represented. All decisions required a two-thirds vote of the joint committee, and a three-fourths vote was required to declare a strike. In the ensuing election to choose the joint-committee members, the trade-union elected 12 candidates and the company union 10. Both sides voted in blocks, and since the company union had enough votes to defeat every trade-union proposal no action was taken on any complaint presented by the trade-union. The trade-union finally withdrew from the joint committee and returned to the practice of approaching the company directly.

¹¹ In another case the company insisted that it would bargain only with a joint committee of the company union and the trade-union, but receded from this position in the face of a strike threat.

The attempt at proportional representation in the automobile industry also failed, in the two cases studied, to result in a lasting functioning of the two groups through a joint committee. In one case, the trade-union, finding itself in a minority on the collective-bargaining agency, withdrew. The collective-bargaining agency thus became in effect the agency of the company union. Keen competition between the company union and the trade-union continued, with the company union having the check-off and access to the bulletin boards, privileges denied to the trade-union. In the other plant the election resulted in the selection of 28 representatives for the company union, 27 for the trade-union, and 17 unaffiliated representatives. From the outset the unaffiliated representatives sided with the company-union representatives. Friction between the trade-union and company-union representatives on the collective-bargaining agency developed, and it was finally agreed that the two groups would meet separately. Each group conducted its own conferences with management, and the collective-bargaining agency as a joint body practically disappeared.

Chapter XXIII

Summary and Conclusions

Examination of a representative group of 126 company unions indicates that their establishment was most frequently due to the pressure of trade-union activity, either in the form of organization drives or strikes in the trade or vicinity. Legislation and other governmental action was also an important factor. Few company unions were set up in the absence of such external influences.

The great majority of company unions were set up entirely by management. Management conceived the idea, developed the plan, and initiated the organization. In a number of cases one or more employees played a part in the initiation of the company union. In some of these, however, employee initiative was more apparent than real. In some, the company accepted an employee's suggestion that such an agency be set up and then pushed through the organization. In only a few instances, generally where a trade-union had failed to win the confidence of the workers, was the organization set up primarily through the action of employees. Almost never was it established without some assistance from management.

Where management set up company unions or supported their establishment, it sometimes exerted no pressure other than stating its own wish in the matter. More frequently, however, it applied varying degrees of additional pressure, including in some cases discharge of trade-union members and threats to close down the plant unless the company union was established. Since in so many instances the presence of a trade-union had inspired the movement to organize a company union, one phase of the work of setting up a company union was to attack the trade-union or to hamper it by delay and manipulation.

The existence of a company union was almost never the result of a choice by the employees in a secret election in which both a trade-union and a company union appeared on the ballot. In a third of the cases the employees were offered a chance to vote in secret election in which expression of opinion was limited to a vote for or against the company union. In some of these cases the company union was set up even when the vote was in the negative. In another third,

the company unions were installed without any expression of choice by the workers, while in about an equal number of cases their choice was registered by signature to a membership roll or petition, or by open vote at a public meeting.

Company unions fall into two groups according to the basis on which employees participate in the affairs of the organization. In somewhat more than half, the right to participate followed automatically from employment by the company. Certain restrictions as to age or period of employment may have existed, but, once these qualifications were met, the employee was automatically free to vote and participate in the affairs of the organization in whatever ways were provided. In such situations there is no such thing as membership in an employees' association. There is, technically considered, no association, but simply an agency for representation of employees in their relations with management. As a corollary, such representation arrangements very rarely have provisions for dues or for meetings of the employees, although the latter is more commonly provided than the former.

The second type of company union, comprising somewhat less than half of the total, operated on a membership basis. In addition to satisfying the essential requirement of employment by the company and whatever other restrictions may be set up, such as age and length of service, the employee must go through a more or less formal and voluntary process of applying for and obtaining membership. This type, which dated predominantly from the period since March 1933, included almost all of the dues-charging organizations and the great majority of those having general employee meetings.

All but a handful of the company-union constitutions either specifically or by implication made management a party to the functioning of the employees' organization. Management could veto amendments to the company-union constitution in a substantial number of instances and could terminate the life of the company union in a few cases.

Most of the company unions studied relied entirely upon management for their finances. Many others received more or less important financial assistance from the employer. Financial dependence upon management generally meant that proposed expenditures by the company union had to be approved by management. Less than 10 percent of all the company unions appeared to be financially self-supporting. The rate of dues was in most cases considerably below trade-union levels, and few of the company unions had substantial treasuries. Almost all of the dues provisions dated from after March 1933.

Just as the company union was confined to employees of the company, so its officers and representatives almost invariably had to be

employees. A few of the company unions had full-time salaried officials. Some of these were paid by the company and all were former employees of the company.

Except for these few cases, the affairs of company unions were managed entirely by persons whose jobs were subject to the good will of management or to restrictions accepted by management. In order to assure company-union officials against discrimination, many constitutions had provisions guaranteeing such officials against discriminatory treatment. There was little evidence of such discrimination among the cases studied. Nevertheless, in many cases persons interviewed expressed fear of the possibility of such treatment or referred to cases in which representatives had been afraid to act aggressively. While such fears were less common among the older, well-established company unions than among those set up more recently, hesitancy about incurring the displeasure of foremen or management persisted even in cases in which the company union had been functioning for a long time.

In view of the emphasis placed upon the company union as an agency for adjusting individual grievances, it is significant that one-third of the company unions handled no such matters. According to persons interviewed in company unions which did take up individual grievances, approximately one-third of this group did so effectively, another third with limited effectiveness, and the remainder ineffectively. The company unions which were effective in handling grievances included most of those with full-time officials as well as most of those which showed some ability to negotiate with management regarding wages. They also included a relatively large proportion of companies with personnel departments.

Company unions were apparently most successful in the field of health and safety work and in providing that available work be distributed among all employees instead of being concentrated among a few.

Company unions were less effective in handling general questions of wages and hours than in handling other matters. In nearly half of the cases no general wage increases were requested or negotiated by the company union between January 1933 and July 1935. This does not mean that there were no wage increases in these plants. Since it was a period of rising prices and business improvement, some of these concerns gave increases but the company unions played no part in securing these increases.

Such wage adjustments as did take place following requests by company unions were in most cases not a result of any process which might be termed negotiation or collective bargaining. In some instances, it appeared that the wage increase which management had decided to make was announced through the company union in order to increase the prestige of the company union. Many requests for

increases were refused by management without any negotiation, management simply stating that conditions did not warrant an increase or that wages were above those in other plants.

A small number of the company unions engaged in a procedure which approximated negotiation. Some of these negotiations resulted in wage increases. Analysis of the internal structure and strength of these organizations leads to the conclusion that their aggressiveness was due to the activity of trade-union members within the company union, or to encouragement by a management favorably inclined toward the idea of a vigorous union of its own employees but independent of outside affiliation.

In negotiations concerning wages and hours of work, company unions were handicapped by a number of factors. Important among these was their lack of knowledge of the financial condition of the company and of comparative wage scales in the industry. They lacked, in practically all cases, any regular contacts with company unions outside their own plants. Most company unions had to rely entirely upon the statement of the situation as it was presented by management. Practically none of the company unions had hired outside experts for assistance in negotiations with management. Most of the organizations were not considered as possessing the right to hire such assistance, while few of those which had the right possessed the necessary funds.

The evidence indicated a reluctance on the part of company-union officials to appeal matters from lower to higher management officials. In some cases the officials who had authority to render the decision of management were not directly connected with the particular plant concerned. In these cases, conferences with the local management could not be decisive. Final decision had to await action by officials with whom company-union representatives did not come into direct contact.

More fundamental was the company union's inability to bring any pressure upon the employer. In most cases aggressiveness could take the form only of reiterated requests for consideration of the petition of the company union. Practically all of the organizations specifically or by inference disavowed the use of the strike and a negligible number had funds sufficient to carry a strike for any length of time. Only one of the company unions had called a strike to enforce a demand. Only one-fifth of the company unions possessed the right to demand arbitration, by disinterested outsiders, of matters which could not be settled by discussion between management and employee representatives. In none of the cases studied in which arbitration was provided was an unsettled issue submitted to arbitration. One company union set out to invoke its right to arbitration but abandoned the move in the face of serious employer opposition.

Most important of all, perhaps, the company unions were hampered by their inability to control wage conditions in more than one plant. Although prevailing wages were specifically recognized as a determinant in wage negotiations in many cases, the company unions had no machinery for affecting conditions in competing plants.

Company unions generally lacked adequate means for ascertaining the wishes and problems of the employees. Two-thirds had no provision for regular meetings of employees, and some of those which did met only once a year. General membership meetings are vital to any organization which seeks to keep in intimate touch with the desires and aims of its members. Where regular and frequent employee meetings are not held, no chance is given to employees as a body to discuss general problems and policies which are of interest to them. Furthermore, except in those few cases in which employee representatives were allowed time off to contact their constituents, employees had no regular machinery for conveying their individual views and interests to their representative.

The company unions studied evinced little interest in matters of social or labor legislation and were not active in presenting the views of employees on such matters. There was little discussion in their meetings regarding matters of labor legislation or national policy affecting their interests. When such matters were discussed, the company-union spokesmen were likely to present information and statements which had been given them by management.

During the N. R. A. period there was a tendency for trade-unions and company unions to exist in the same establishment. In not all cases did the two compete directly for membership. Where they did compete, the fact that the company union charged no dues and that it was favored by management gave it an advantage in the minds of many of the workers. Benefit and welfare plans to which the company contributed were in a number of cases administered through the company union, giving a monetary advantage to membership. In a few cases the company union was given credit for the establishment of benefit provisions, which were administered and financed entirely by the company. In a variety of more or less tangible ways the preference of the company was made evident.

Comparison of the structural characteristics of new and old company unions indicates certain significant general tendencies after the enactment of N. I. R. A. Thus there has been a tendency in the direction of membership company unions rather than automatic-participation organizations, and a move to reduce service and other requirements for participation. Management participation has been reduced or eliminated in many respects, including a shift away from the joint-committee towards the employee-committee form of functioning. Dues and employee meetings have become more common. Collective

bargaining has appeared as a definitely stated objective in some company-union constitutions. The number of agreements signed by both company unions and management has increased, although such agreements are still uncommon and sometimes merely incorporate procedural arrangements formerly included in the constitution of the company union.

As a result of these structural changes, there has developed a new type of company union that more or less approaches the formal characteristics of trade-unions. This type, represented by 10 percent of the company unions studied, has, in general, a membership basis, membership meetings, dues, bilateral agreements with the company, and provisions for arbitration. A few have paid officials. To this extent they approximate the formal characteristics which are commonly ascribed to workers' organizations. However, they continued to require that all members and even all employee representatives must be employees of the company, and they had no contacts with workers' organizations outside the company.

Considered from the standpoint of their functional pattern, company unions present a varying aspect. For this reason it is impossible to make any neat generalization which will at once describe and appraise all company unions. It would seem, however, that they can be grouped into three broad classifications.

At one extreme are a large number of company unions—more than half—which performed none of those functions which are usually embraced under the term "collective bargaining." Some of these were merely agencies for discussion. Others had become essentially paper organizations after their primary function was performed when a trade-union was beaten. About one-tenth of the company unions studied, although claiming broader functions, were in reality concerned only with benefit and welfare matters. While their activities along these lines may be important, it is misleading to represent them as agencies for collective bargaining. It does not necessarily follow that this type of organization violated the wishes of the majority of the employees concerned; it is possible that the employees may have been averse or at least indifferent to any other kind of organization.

Another group of company unions, about one-third, were undertaking only a few of the activities in which trade-unions normally engage. These company unions concerned themselves with individual grievances and some matters relating to working conditions; but broad questions of wages and hours, if they were discussed at all, had not been submitted to a process of negotiation and bargaining. Where these company unions have been successful in the limited area of grievance adjustment, a liberal, intelligent attitude on the part of management has been an important factor. With careful coopera-

tion by management about half of the company unions in this group had become effective avenues for the adjustment of individual grievances.

The third group of company unions—about 15 percent of the total studied—were seriously attempting to function in those fields commonly ascribed to collective bargaining. They represented the interests of the workers with a vigor not entirely attributable to management encouragement. However, the most vigorous and independent of these company unions existed under conditions of isolation. As agencies for the adjustment of individual grievances they differed from the adjustment machinery set up under trade-union agreements in many industries in that the employee representatives in adjusting grievances had to face their superiors without the backing of an organization independent of the employer. In the broader field of wage and hour negotiations the company unions did not have access to information or personnel from a national union headquarters.

The degree of isolation in practice was even greater than that inherent in the structure of a union limited to the employees of a single company. Thus, few interested themselves in any proposed legislation or governmental action affecting workers. They did not hire persons outside the plant to assist in negotiations with their employers. Neither did they seek arbitration by impartial outsiders of requests refused by the employer. So rarely was strike action even considered that the threat of withholding their labor played virtually no part in negotiations with their employers. Finally, the most vigorous of these organizations had no means for marshalling the moral and financial support of large bodies of workers to influence the terms of the labor contract beyond the confines of a single company.

APPENDIXES

Appendix I

Company Unions and the Law of Collective Bargaining

Only since the World War have company unions emerged as a problem for legislative and judicial consideration. A recent phenomenon in industrial society, they first assumed prominence in the cases handled by the National War Labor Board. But it was not until 1930 that important litigation directly involving the existence and activity of company unions reached the courts. In that year, the United States Supreme Court affirmed an order directing the Texas and New Orleans Railroad to purge itself of contempt by disestablishing a company union which it had promoted in violation of its employees' statutory right to designate representatives of their own choosing.⁴ More recently the enactment by Congress of a series of measures affirming the right of self-organization of employees for collective-bargaining purposes and prohibiting interference with this right has raised immediate and insistent issues as to the legal status of company unions.

The law in the United States recognizes the validity of labor unions for purposes of collective bargaining concerning conditions of employment. It does not interfere with an organization legitimate in its aims and its methods. This recognition, however, does not automatically protect employees from interference in their efforts at self-organization. The coexistence of an unqualified right in employers to hire and fire may interfere with the collective activity of employees. To condition employment upon a promise not to join a labor organization curbs the growth of trade-unionism. The sponsorship of company-dominated unions by employers obstructs collective bargaining by independent labor organizations. All these forms of conduct and others interfere with concerted action by employees. The courts have been called upon to resolve conflicting claims and to define the limits of allowable interference. The law of labor combinations has then focused upon a determination of the extent to which collective activity might be permitted and upon problems arising as the result of conduct which interferes with self-organization of employees and collective bargaining. The legal status of company unions is a part of the law of labor combination which can be understood only after some examination of that entire branch of the law.

⁴ *Texas & New Orleans Railroad Co. et al. v. Brotherhood of Railway and Steamship Clerks et al.*, 281 U. S. 548 (1930).

Collective Activity and the Law

The law of eighteenth century England looked with disfavor upon combinations of workmen to raise their wages, and Parliament enacted legislation prohibiting concerted activity in various occupations. Thus, in 1720 ¹ an act forbade journeymen tailors from entering into combinations to raise their wages or lessen their hours, and it condemned offenders "to hard labour or the common gaol without bail or mainprize." This combination of journeymen tailors, read the act, "is of evil example, and manifestly tends to the prejudice of trade, to the encouragement of idleness, and to the great necessity of the poor * * *." Later statutes extended similar inhibitions to weavers,² journeymen dyers,³ and other crafts.⁴

Nor did the courts look with less severity upon workingmen's efforts to better their conditions. In 1721 the King's Bench ⁵ convicted journeymen tailors for conspiring to raise their wages. In a later prosecution for collective activity the defendants were convicted with the statement that "the illegal combination is the gist of the offense, persons in possession of any articles of trade may sell them at such prices as they may individually please, but if they confederate and agree not to sell them under certain prices, it is a conspiracy; so every man may work at what price he pleases, but a combination not to work under certain prices is an indictable offense."⁶

In denying the legality of collective action, the courts relied upon the flexible doctrine of conspiracy which emerged to govern activities of employee combinations in early English and American labor history. In the first recorded American decision, the Philadelphia Cordwainers' case,⁷ where striking workmen faced prosecutions for criminal conspiracy, the court sweepingly declared that "a combination of workmen to raise their wages may be considered in a twofold point of view; one is to benefit themselves * * * , the other is to injure those who do not join their society. The rule of law condemns both." Conviction followed this charge to the jury with its reliance upon English judicial precedent. For many years the courts referred to the rule of law announced in the Cordwainer's case. The New York court, however, in its first decision ⁸ noted a distinction between means and end. The legality of group activity depended upon the lawfulness of its purpose and upon the character of the methods adopted to bring that purpose to successful fruition.

¹ 7 Geo. 1, st. 1, c. 13.

² 12 Geo. 1, c. 34.

³ 22 Geo. 2, c. 27.

⁴ See for example 13 Geo. 3, c. 68 (weavers in silk).

⁵ *Rex v. Journeymen Tailors of Cambridge*, 8 Mod. 10 (1721).

⁶ *Rex v. Eccles*, Leach C. C. 274 (1783).

⁷ *Commonwealth v. Pullis* (1806), 3 Commons & Gilmore, Documentary History of American Industrial Society, 59, 233 (1910).

⁸ *People v. Melvin*, Select Cases 111 (N. Y. 1810), 3 Commons & Gilmore, Documentary History of American Industrial Society 251 (1910).

Illumination and clarification of the existing law of conspiracy resulted from Chief Justice Shaw's opinion in *Commonwealth v. Hunt*.⁹ The indictment recited that the defendants conspired not to work for any master who employed a workman not a member of the society; that in fulfillment of this purpose they obtained the discharge of Jeremiah Horne and sought to deprive him of his livelihood as a boot-maker. The convictions obtained in the lower court were reversed. "The manifest intent of the association is to induce all those engaged in the same occupation to become members of it. Such a purpose is not unlawful * * *. Nor can we perceive that the objects of the association, whatever they may have been, were to be attained by criminal means." The language of the decision and the resulting acquittal mark a definite departure from the previous doctrines of the courts. The earlier cases provided little, if any, scope for self-help through exertion of organized pressure by workmen to better their conditions. The courts denied labor the right to use economic compulsion. But Chief Justice Shaw's decision recognized an area for economic conflict within which organized labor might strive to attain union objectives.

When in the last quarter of the nineteenth century the courts faced issues created by modern industrialism, the lawfulness of labor combination was no longer questioned. Organization and concerted activity of workers was no longer per se illegal. The social utility of collective bargaining premised even the more restrictive decisions. In the words of Chief Justice Taft:

They (labor unions) have long been thus recognized by the courts. They were organized out of the necessities of the situation. A single employee was helpless in dealing with an employer. He was dependent ordinarily on his daily wage for the maintenance of himself and his family. If the employer refused to pay him the wages that he thought fair, he was nevertheless unable to leave the employ and to resist arbitrary and unfair treatment. Union was essential to give laborers an opportunity to deal on equality with their employer.¹⁰

The problem had shifted to an examination of the permissible scope of union activity through the use of the strike, the boycott, and the picket line. The law defined the permissible area within which collective employee action might legally take place. The decisions and statutes described the bounds within which combinations of workmen might receive legal tolerance. But more than that, with this broadening of the field of allowable activity by employees, there also began a narrowing of the conduct permitted to employers in their efforts to thwart concerted activity by workers. More and more, as the law expressed a public policy in favor of collective bargaining, these legal restrictions upon the conduct of employers increased.

⁹ 4 Metcalf 111 (Mass. 1842).

¹⁰ *American Steel Foundries v. Tri-City Central Trades Council*, 257 U. S. 184, 209 (1921).

Types of Interference With Collective Activity of Workers

The right to hire and fire.—The right to hire and fire when directed against trade-union members is one of the most direct methods of combating trade-unionism. Statutes were early enacted in the United States which made it a criminal offense to dismiss employees or discriminate against prospective employees because of their union membership or activity. The Erdman Act of 1898¹¹ included such a provision applicable to railroads and their employees. This portion of the act was declared invalid by the Supreme Court, thus establishing the constitutional right of employers to dismiss an employee for any reason whatsoever, including trade-union affiliation. The Supreme Court said, in this, the Adair case:

While * * * the rights of liberty and property guaranteed by the Constitution against deprivation without due process of law, is subject to such reasonable restraints as the common good or the general welfare may require, it is not within the functions of government—at least in the absence of contract between the parties—to compel any person in the course of his business and against his will to accept or retain the personal services of another, or to compel any person against his will, to perform personal services for another. The right of a person to sell his labor upon such terms as he deems proper is, in its essence, the same as the right of the purchaser of labor to prescribe the conditions upon which he will accept such labor from the person offering to sell it. So the right of the employee to quit the service of the employer, for whatever reason, is the same as the right of the employer, for whatever reason, to dispense with the services of such employee. It was the legal right of the defendant Adair—however unwise such a course might have been—to discharge Coppage because of his being a member of a labor organization. In all such particulars the employer and the employee have equality of right, and any legislation that disturbs that equality is an arbitrary interference with the liberty of contract which no government can legally justify in a free land.¹²

The Supreme Court in this opinion also found no connection between interstate commerce and the statutory prohibition, to justify the Congressional enactment as a regulation of interstate commerce.¹³

This decision as to the constitutionality of statutes restricting the right to fire employees because of union membership was followed by the State courts which were asked to pass upon the validity of similar statutes. In nearly every case these statutes were found to violate the due process clause of the State constitution.

¹¹ 30 U. S. Stat. 424.

¹² *Adair v. United States*, 208 U. S. 161 (1908).

¹³ “* * * Manifestly, any rule prescribed for the conduct of interstate commerce, in order to be within the competency of Congress under its power to regulate commerce among the States, must have some real or substantial relation to or connection with the commerce regulated. But what possible legal or logical connection is there between an employee’s membership in a labor organization and the carrying on of interstate commerce? Such relation to a labor organization cannot have, in itself and in the eye of the law, any bearing upon the commerce with which the employee is connected by his labor and services. Labor associations * * * are organized for the general purpose of improving or bettering the conditions and conserving the interests of its members as wage earners—an object entirely legitimate and to be commended rather than condemned. But surely those associations as labor organizations have nothing to do with interstate commerce as such. * * *”

The effect of the *Adair* case was limited by the more recent Railway Clerks' case, *supra*, arising under the Railway Labor Act of 1926.¹⁴ This act provided, among other things, that employers and employees for purposes of collective bargaining were to select representatives "without interference, influence, or coercion exercised by either party over the self-organization or designation of representatives by the other".¹⁵ The lowest court found that the fostering of a company union by intimidation of employees and the discharge of trade-union officials constituted interference with the right of self-organization as contemplated by the statute. An injunction was granted to prevent further interference. A contempt order based upon violation of the injunction was affirmed by the Supreme Court. The order, among other things, required the reinstatement of the discharged trade-union officials. The court declared that the principle enunciated in *Adair v. United States* was inapplicable:

The Railway Labor Act of 1926 does not interfere with the normal right of the carrier to select its employees or to discharge them. The statute is not aimed at the right of the employers but at the interference with the right of the employees to name representatives of their own choosing. As the carriers subject to the act have no constitutional right to interfere with the freedom of the employees in making their selections, they cannot complain of the statute on constitutional grounds.¹⁶

No further judicial clarification of the legal status of the employer's right to hire and fire was made until the N. I. R. A. and the cases that arose under it.¹⁷

Antiunion contracts.—Outstanding as a device to prevent unionism and obstruct collective bargaining has been the "yellow dog" contract. Although varied in form, such a contract in substance obligates the employee not to join a trade-union or engage in strikes or other trade-union activities. In turn the employer gives the worker employment either for a definite period of time or at will. The employment is conditional upon the fulfillment of the obligation.

Antiunion contracts early received legislative attention. Several States and the Federal Government placed statutes on their books making it a criminal offense to require antiunion promises. Almost uniformly they were held unconstitutional. In 1915 the question reached the Supreme Court, which held a State statute unconstitutional largely on the authority of the *Adair* case. In both cases the statutory restraints upon the employer were held to impair rights guaranteed by the due process clause of the fourteenth amendment.¹⁸

¹⁴ 44 Stat., 577 (1926).

¹⁵ *Idem* sec. 2 (Third).

¹⁶ *Texas & New Orleans Railroad Co. et al. v. Brotherhood of Railway and Steamship Clerks et al.*, 281 U. S. 548 (1930).

¹⁷ See p. 229 ff.

¹⁸ *Coppage v. Kansas*, 236 U. S. 1 (1915): "Under constitutional freedom of contract, whatever either party has the right to treat as sufficient ground for terminating the employment, where there is no stipulation on the subject, he has the right to provide against by insisting that a stipulation respecting it shall be the sine qua non of the inception of the employment, or of its continuance if it be terminable at will. It follows that this case cannot be distinguished from *Adair v. United States*."

In practice, the "yellow dog" contract operates most effectively as a bar to unionization when the injunction is utilized to protect it from threatened breach. The use of the injunction to protect the "yellow dog" contract was brought to the attention of the Supreme Court when the United Mine Workers of America attempted to unionize the nonunion coal-mining area in the West Virginia Panhandle where employees had signed such contracts. United Mine Workers' organizers attempted to induce them to agree to join the union, and the evidence indicated deception and abuse in the methods used. In this case, *Hitchman Coal & Coke Company v. Mitchell*,¹⁹ the Supreme Court enjoined the organizers from soliciting membership. The injunction was based upon the well-established doctrine that action will lie against the person who persuades either party to a contract to breach it. The Hitchman case was the first important application of this doctrine to the antiunion contract.

The Supreme Court subsequently suggested a limitation upon the decision, and other jurisdictions did not entirely accept its authority. In *American Steel Foundries v. Tri-City Central Trades Council*, the Hitchman injunction was rested upon the deception employed and not the fact of solicitation for union membership. "The unlawful and deceitful means used were quite enough to sustain the decision of the court without more."²⁰

Legislative attempts were again made to modify the existing law. In 1929 Wisconsin passed a statute which makes "yellow dog" contracts void and unenforceable on the ground that they are against public policy.²¹ The Wisconsin statute does not make criminal the exaction of antiunion promises, but it prevents the courts from granting relief at law or equity to enforce them. The Norris-La Guardia Act,²² passed in 1932, contains a provision which similarly makes antiunion promises unenforceable. Section 3 declares antiunion promises "to be contrary to the public policy of the United States." Such undertakings "shall not be enforceable in any court of the United States and shall not afford any basis for the granting of legal or equitable relief by any such court * * *"²³

The constitutional validity of this legislation was strengthened by the Supreme Court's decision in the Railway Clerks' case in 1930.²⁴ While the issues of this case did not center directly upon an antiunion contract, in limiting the effects of the Adair case, which held that

¹⁹ 245 U. S. 229 (1917).

²⁰ 257 U. S. 184 (1921), p. 211. See *Exchange Bakery & Restaurant Company v. Rifkin*, 245 N. Y. 260, 157 N. E. 130 (1927), where the New York court held that an antiunion commitment was not a contract since the promise was made after the employment began and therefore did not serve as consideration. Also see *Interborough Rapid Transit Co. v. Lavin*, 247 N. Y. 65, 159 N. E. 863 (1928).

²¹ Wisconsin Stat., 1929 (103.46).

²² U. S. C. (1934) Title 29, sec. 101 et seq.; 47 U. S. Stat. 70, c. 90.

²³ See p. 225, footnote 58, for discussion of other sections of this act.

²⁴ See pp. 213, 221, 222.

employers had the right to fire at will for any reason, it also narrowed the principle of *Coppage v. Kansas*.²⁵

Some recent statutes have prohibited the "yellow dog" contract altogether. The Federal Bankruptcy Act of 1933 forbade carriers in bankruptcy from making them and provided that employees must be notified that such contracts already in existence were no longer binding.²⁶ The same provision was embodied in the Emergency Railroad Transportation Act of 1933, applicable to all carriers whether or not in bankruptcy.²⁷ In 1934 Congress continued this prohibition in the amendments to the Railway Labor Act of 1926²⁸ and a similar provision was made applicable to all corporate reorganizations by the Bankruptcy Act of 1934.²⁹ Section 7 (a) of the N. I. R. A. provided that "no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing"³⁰—language sufficiently inclusive to apply to "yellow dog" contracts. The National Labor Relations Act (1935) makes it an unfair labor practice by "any term or condition of employment to encourage or discourage membership in any labor organization."³¹

Other forms of interference.—Closely related to discrimination and the employer's right to discharge is the blacklist. To procure the discharge of an employee by false representation is actionable at common law, and even where the statements are true a person who procures another's discharge is subject to liability if malice can be shown. Thus, although an employee has no action against an employer who discharges him, he may have redress against the third party who reported his trade-union activity to the employer, thereby inducing his discharge. Moreover most States have statutes which make criminal the establishment of a blacklist.³²

Legislatures have attempted to regulate and control other forms of interference with trade-union activity, such as the use of force through company guards and the employment of detectives and strikebreakers

²⁵ In the *Coppage* case the Court said: "In *Adair v. United States* (20 U. S. 161), this Court had to deal with a question not distinguishable in principle from the one now presented."

²⁶ U. S. C., Title 11, sec. 205 (q).

²⁷ U. S. C., Title 49, sec. 257 (e).

²⁸ U. S. C., Title 45, sec. 152 (fifth).

²⁹ U. S. C., Title 11; sec. 207 (m.).

³⁰ U. S. C., Title 15, sec. 707 (a) (2).

³¹ U. S. C., Supp. II (1936), Title 29, sec. 158 (3).

³² Some of these statutes are very general, merely prohibiting blacklisting without containing any definition of the term. See Utah Compiled Laws, 1917, sec. 3680. Others describe the conduct against which they are aimed in more detail. See Wis. Stats. 1923, sec. 4466b, which provides that employers who combine "for the purpose of preventing any person seeking employment from obtaining the same, or for the purpose of procuring or causing the discharge of any employee by threats, promises, circulating blacklists, or causing the same to be circulated, or who shall, after having discharged any employee, prevent or attempt to prevent such employee from obtaining employment with any other person, partnership, company, or corporation by the means aforesaid, or shall authorize, permit, or allow any of his or their agents to blacklist any discharged employee or any employee who has voluntarily left the service of his employer, or circulate a blacklist of such employee to prevent his obtaining employment under any other employer * * *" shall be subject to punishment by fine.

by employers. In this connection, the Seventy-fourth Congress in 1936 passed an act prohibiting the interstate transportation of persons with the intent to employ such persons "to obstruct or interfere * * * with the right of peaceful picketing during any labor controversy affecting wages, hours, or conditions of labor, or the right of organization for the purpose of collective bargaining * * *"³³

Legal Status of Company Unions Before N. I. R. A.

The National War Labor Board.—The first governmental agency which faced the problem of company unions was the National War Labor Board, appointed on April 8, 1918, for the duration of the World War, in accordance with the recommendations of the War Labor Conference Board. This Board was given jurisdiction to act with respect to all controversies "in the field of production necessary for the effective conduct of the war."³⁴ It was established as an agency of conciliation and arbitration. In cases where submission was made by both parties the Board acted as arbitrator. Where, however, the submission was made by only one party, it merely made recommendations. Although the Board had no powers of enforcement, its rulings and activities with respect to company unions and shop committees had a definite influence upon their development. The awards were respected and the recommendations followed because public opinion recognized the importance of preventing any stoppage of production during the World War and because other government departments dealing with industry supported the Board.

The principles under which the Board was to operate did not mention company unions. The War Labor Conference Board, which recommended its creation, had formulated the basic rule upon which the Board's awards were to be premised,³⁵ namely, that workers had the right to organize in trade-unions and to bargain collectively, and to protect this right, discrimination against trade-union members and interference with trade-union activity were forbidden.³⁶

In several cases, intracompany associations dominated by employers were challenged on the ground that such organizations interfered with the employees' basic right to organize and bargain collectively. In all these cases the War Labor Board ruled that an organization imposed by the employer was not an adequate substitute for such organization as a majority of employees might choose for purposes of collective bargaining. The choice was for the employees to make.

Thus, in the case of the New York Consolidated Railroad³⁷ the employer contended that an intracompany association sufficed as an

³³ U. S. C. Supp. II (1936), Title 18, sec. 407a.

³⁴ See Proclamation of the President Creating the National War Labor Board, April 8, 1918.

³⁵ For the text of these principles, see ch. I, p. 11 f.

³⁶ See Bureau of Labor Statistics Bull. No. 287 (pp. 32-33), "Principles and policies to govern relations between workers and employers in war industries for the duration of the war."

³⁷ See Bureau of Labor Statistics Bull. No. 287 (pp. 263-264), case 283, Oct. 24, 1918.

agency for collective bargaining. The employees denied its adequacy on the ground that "the association is within the direct environment, if not actually under the control, of the company itself." The Board mentioned a few characteristics of the company plan:

* * * But one feature which has persisted is that the president of the company has appointed the president of the association and the president of the association has either himself conducted elections or appointed persons to do so.

The Board's award stated:

It must be ruled that the employees of the company who desire to become members of the Brotherhood of Locomotive Engineers, or any other legitimate labor organization, shall be permitted to do so without denial, abridgement, or interference upon the part of the company.

Again, in another case, the Board declared:³⁸

* * * Nor do the division meetings held by the men, which were advocated by the company as an adequate plan of collective bargaining, constitute an ideal or even a proper means of free and unhampered discussion by the men of their grievances and presentation of same to the company for adjustment. We recommend that the company carry out the principle of this Board which gives to the employees the right to meet and treat through their own committees with the officials of the company in regard to wages, working conditions, and other matters affecting the interest of the workers.

In another case³⁹ the Board again found—

That the company's plan of collective bargaining through a committee primarily constituted and appointed by the company for the purpose of holding and disbursing a fund for paying claims against the company occasioned by accident, does not meet the requirements of this Board with regard to collective bargaining and does not constitute such a plan of collective bargaining as the men are entitled to.

Here the Board recommended that the company meet with committees elected by the employees—

regardless of the fact that they are elected at a meeting of workers who are members of the union. This does not require the company, however, to deal with unions as such, or to recognize the unions.

In these cases the National War Labor Board went no further than to declare that the workers were to have freedom of choice in self-organization, and that the device of imposing an intracompany association would not be permitted to interfere with the freedom of choice. By inference employees might organize into an intracompany association for purposes of collective bargaining. But they could not be compelled to do so.

Of far greater importance in an appraisal of the Government's influence upon the development of company unions was the establishment of shop committees by the Board. The creation of shop com-

³⁸ *Idem*, Pacific Electric Railway Co., case 214, Apr. 10, 1919, pp. 239-241.

³⁹ *Idem*, San Diego Electric Railway Co., case 452, Apr. 10, 1919, pp. 301-302.

mittees resulted from two principles which the Board followed: First, it recognized the worker's right to have a voice in the determination of his working conditions through collective bargaining. Second, it did not require the employer to contract with a trade-union or to deal with one not his employee as representative of his employees unless the employer had done so prior to the submission of the controversy to the Board. Employers who had recognized trade-unions were to continue to do so to the same extent as they had previously done. But the Board would not compel an extension of such recognition to plants where it did not already exist. As a device to reconcile the application of these two principles of the maintenance of the status quo as to union recognition and of collective bargaining, shop committees were established.⁴⁰

The War Labor Conference Board in its report summarizing the principles to be pursued by the National War Labor Board in maintaining industrial peace did not expressly impose upon employers any duty to bargain collectively. Workers had the right to bargain collectively but no correlative duty for employers was set forth in the report. In its awards, however, the National War Labor Board determined to make effective the right to bargain collectively. It had no intention of setting up shop committees in futile obeisance to the principle of collective bargaining. The shop committees were instituted for use as tools of collective bargaining. Uniformly in the awards it was ruled that employers had a duty to bargain collectively. While the Board never defined this obligation of collective bargaining with any precision, at a minimum it involved the recognition of committees and required dealing with them after constituted. Thus the Board ruled that—

The company shall continue to deal with those unions with whom they have previously had trade-union agreements, and in all other cases shall deal with committees of their employees after they have been constituted.⁴¹

Again in another case the employers were directed to—

Meet with committees of their own employees for the purpose of adjusting any grievances which may arise.⁴²

The National War Labor Board thus affirmed the right of employees to organize and in so doing to be free from any interference by the employer, and it asserted the duty of the employer to bargain collectively. At the same time, by organizing shop councils, it stimulated the development of organizations the membership of which was confined to employees of the particular plant.

⁴⁰ Examples are the shop committees established in Bridgeport, Conn., where the Board not only set up a board of mediation and conciliation over some 60 establishments; but, in plants where no trade-unions existed, the Board Administrator spent months in setting up shop committees for purposes of collective bargaining and the settlement of grievances. See ch. I, p. 12 ff., for a description of the shop committees established by the Board.

⁴¹ Bureau of Labor Statistics, Bull. No. 287, Corn Products Refining Co., case 130, Nov. 21, 1918, pp. 189-198.

⁴² *Idem*, A. H. Peterson Manufacturing Co., case 320, Mar. 14, 1919, p. 269.

The railroads.—With the end of the World War, and the subsequent disbandment of the National War Labor Board on August 12, 1919, sustained governmental interest in industrial relations subsided. The attitude of the courts toward labor disputes remained much the same as it had been prior to our entry into the European conflict. The restraining influence of the various agencies set up during the war to maintain harmonious industrial relations was lifted. The principles of *Adair v. United States* and *Coppage v. Kansas* ruled again. The law manifested no concern in shop committees or in the problems of company unions as against trade-unions. The era of judicial *laissez faire* with respect to the rights of employees to organize for their benefit returned. The work of the war labor agencies resulted in no permanent redefinition of the permissible bounds of economic conflict between employer and employee.

Governmental concern for labor organization and industrial peace with reference to railroad employees provided the one significant exception. The peculiar economic characteristics of railroads, their importance in modern industrial society, the necessity of maintaining service, had at an early date emphasized the need of some form of governmental regulation of relations between carriers and their employees. Beginning in 1888, a series of Congressional acts attempted to create a machinery which would aid in maintaining smooth relationships. This development was interrupted by the World War. During the emergency, the need for centralized control resulted in Federal administration.

The United States Railroad Administration asserted that employees had the right to organize and be free from antiunion discrimination. But in 1920 the railroads were returned to private ownership, and the entire machinery set up during the World War to handle railroad labor disputes was cast aside. As a substitute, the Transportation Act of 1920⁴³ created a Railroad Labor Board to which was entrusted the function of deciding disputes involving grievances, rules, or working conditions. The Board was composed of three representatives each of carriers, unions, and the public. Its awards were to be enforced by publication of its findings and its decisions. It was hoped that the force of public opinion would induce obedience to the Board's awards. No legal sanctions were granted, however, to compel enforcement.

The act itself did not set forth specific principles concerning the employee's right to organization. But the Board promulgated rules which declared the workers' right to organize, their right to be free from interference in exercising this right, and to decide by majority vote what organization should represent them.⁴⁴ But in the case of some crafts on many railroads the application of these rules caused a sub-

⁴³ 41 U. S. Stat. 456.

⁴⁴ Wolf, H. D.: *The Railroad Labor Board*. University of Chicago Press, 1927, pp. 184-186.

stitution of company unions for the trade-unions which had existed on the railroads. When the shopmen went on strike in 1922, the Board declared that strikers were no longer employees and that those at work should "form some sort of association or organization to function in the representation of said employees before the Railroad Labor Board in order that the effectiveness of the Transportation Act may be maintained".⁴⁵ Since few of those remaining at work and those hired to take the strikers' places were trade-union members, this ruling of the Board resulted in the formation of company unions.⁴⁶

The fact that the orders of the Board were unenforceable gave further impetus to the formation of company unions. The Pennsylvania Railroad refused to obey an order that an election be held to determine whether its workers were to be represented by a trade-union affiliated with the American Federation of Labor or by a company union, the membership of which was confined to employees on the Pennsylvania Railroad. The carrier sought an injunction to restrain the Board from making a public statement that the carrier had refused to obey the Board's order. The Supreme Court denied the injunction⁴⁷ upon the ground, among others, that inasmuch as the act imposed no constraint upon the carrier to obey the Board's orders, except the constraint of publication, the order did not infringe upon any constitutional right of the carrier.

In a subsequent case⁴⁸ in which the trade-union sought an injunction to compel obedience to the act and the Board's orders, the Court denied relief upon the authority of the earlier case. The Court held that the Transportation Act did not contemplate any sanction except that provided by publication. Thus there existed no legal prohibition to restrain a carrier from imposing a company union upon its employees against their wish and in violation of an order of the Board requiring an election to determine representation for the purposes of collective bargaining.

These cases left the way open for either kind of representation—trade-unions or employee-representation plans. As a result, however, of the Board's lack of power to enforce its decisions, the company unions established by the railroads were the only representatives of the workers in these crafts whom the carrier acknowledged and recognized for purposes of negotiation.

A more precise legislative statement of the principles to govern employee representation was introduced in the Railroad Labor Act of 1926. To fulfill the obligation imposed by the act, that is, "to exert every reasonable effort to make and maintain agreements", Congress

⁴⁵ Wolf, H. D.: *The Railroad Labor Board*. University of Chicago Press, 1927, pp. 239-240.

⁴⁶ See ch. II, p. 20.

⁴⁷ *Pennsylvania Railroad Company v. United States Railroad Labor Board et al.*, 261 U. S. 72 (1922).

⁴⁸ *Pennsylvania Railroad System and Allied Lines Federation No. 90 et al. v. Pennsylvania Railroad Company et al.*, 267 U. S. 203 (1925).

created legal rights enforceable in the courts to protect the self-organization of employees for the purpose of collective bargaining. The statute forbade "interference, influence, or coercion exercised by either employers or employees over the self-organization or designation of representatives by the other."⁴⁹ And it was under this section of the law that the first important judicial decision as to the legal status of company unions arose.⁵⁰

A wage dispute arose on the Texas & New Orleans Railroad. During the wage dispute, the Brotherhood of Railway Clerks claimed that the company interfered with the self-organization of its clerks by creating a company union and by compelling its employees through intimidation to join the organization, and it obtained an injunction restraining this conduct. Subsequently the company recognized the company union as representative of the employees. The district court found that the officers of the company in so doing were guilty of contempt and directed that, in order to purge themselves, the company and its officers should "disestablish the Association of Clerical Employees" as the recognized representative of its clerks and in its place recognize the Brotherhood of Railway Clerks as representatives pending an election by secret ballot, conducted under the supervision of the court.⁵¹

The case reached the Supreme Court, which, in ruling upon the carrier's appeal, declared:

Freedom of choice in the selection of representatives on each side of the dispute is the essential foundation of the statutory scheme. All the proceedings looking to amicable adjustments and to agreement for arbitration of disputes, the entire policy of the act, must depend for its success on the uncoerced action of each party, through its own representatives, to the end that agreements satisfactory to both may be reached and the peace essential to the uninterrupted service of the instrumentalities of interstate commerce may be maintained. There is no impairment of the voluntary character of arrangement for the adjustment of disputes in the imposition of a legal obligation not to interfere with the free choice of those who are to make such adjustment. On the contrary, it is of the essence of a voluntary scheme, if it is to accomplish its purpose, that this liberty shall be safeguarded.

The court found interference with that freedom of choice in—

The circumstances of the soliciting of authorizations and memberships on behalf of the association, the fact that employees of the railroad company who were active in promoting the development of the association were permitted to devote their time to that enterprise without deductions from their pay, the charge to the railroad company of expenses incurred in recruiting members of the association, the reports made to the railroad company of the progress of these efforts, and the discharge from the service of the railroad company of leading representatives of the brotherhood, and the cancelation of their passes * * *.

⁴⁹ 44 U. S. Stat. 577 (1926) sec. 2 (Third).

⁵⁰ See p. 209.

⁵¹ The cases involving this litigation may be found in the law reports as follows: 24 F. (2d) 426; 25 F. (2d) 873, 876; 33 F. (2d) 13; 280 U. S. 550.

All of these factors—

gave support * * * to the conclusion of the courts below that the railroad company and its officers were actually engaged in promoting the organization of the association in the interest of the company and in opposition to the brotherhood, and that these activities constituted an actual interference with the liberty of the clerical employees in the selection of their representatives.

Chief Justice Hughes then spoke of the constitutional authority of Congress to enact the law.

Exercising this authority (the power to regulate interstate commerce) Congress may facilitate the amicable settlement of disputes which threaten the service of the necessary agencies of interstate transportation. In shaping its legislation to this end, Congress was entitled to take cognizance of actual conditions and to address itself to practicable measures. The legality of collective action on the part of employees in order to safeguard their proper interests, is not to be disputed. It has long been recognized that employees are entitled to organize for the purpose of securing the redress of grievances and to promote agreements with employers relating to rates of pay and conditions of work. *American Steel Foundries v. Tri-City Central Trades Council*, 257 U. S. 184, 209. Congress was not required to ignore the right of employees but could safeguard it and seek to make their appropriate collective action an instrument of peace rather than of strife. Such collective action would be a mockery if representation were made futile by interferences of choice. Thus the prohibition by Congress of interference with the selection of representatives for the purpose of negotiation and conference between employers and employees, instead of being an invasion of the constitutional right of either, was based on the recognition of the rights of both.

Thus the *Adair* and *Coppage* cases were distinguished, as was previously mentioned, on the ground that the act in question did not interfere with the carrier's right to discharge or select its employees but merely protected employees from interference with their right to designate representatives of their own choosing.

This case affirmed the constitutional validity of congressional action granting workers the right to be free from interference in organizing and in designating representatives for collective bargaining. It upheld the constitutionality of a statute establishing collective bargaining as the favored method for determining conditions of employment for railroad employees. It permitted these employees to enforce their statutory rights through court proceedings. An injunction might be granted to restrain a carrier from interfering with the self-organization of its employees and to prevent "the abuse of relation or opportunity so as to corrupt or override the will" of those in its employ. The Supreme Court went further. It upheld the contempt order, directing the company to purge itself by disestablishing the company union.

Prohibitions against interference by employers with the employees' right of self-organization and the maintenance of company unions appeared in one statute dealing with interstate carriers. Amendments in 1933 to the Bankruptcy Act⁵² specifically forbade carriers "whether

⁵² U. S. C., Title 11, sec. 205 (P).

under the control of a judge, trustee, receiver, or private management" to maintain company unions by the expenditure of company funds, or to influence or coerce employees to join or remain members of such associations, or to in any other way deny the right of employees "to join the labor organization of their choice."⁵³ The Emergency Transportation Act of 1933⁵⁴ extended these provisions to include all carriers whether or not in bankruptcy, and also extended to carriers in bankruptcy the provisions of the 1926 Railway Labor Act.⁵⁵

Under that part of the Emergency Transportation Act of 1933 which required the Federal Coordinator to confer with labor organizations which had been designated as representatives of employees in accordance with the requirements of the Railway Labor Act, the Coordinator sought to determine what labor organizations were entitled to participate in the conferences. It was found that many carriers had interfered in the selection of employee representatives, and that in many cases the carriers had contributed to the financial support of company unions and in other ways had encouraged and aided in their establishment and functioning. In such situations the Coordinator held elections through secret ballot to determine whether the employees wished the company union or trade-union to represent them.

In 1934 Congress amended the Railway Labor Act⁵⁶ to strengthen its provisions with respect to the settlement of disputes and particularly to define duties and rights as to collective bargaining. The new law, like the 1926 law, obligated the carriers and employees to negotiate and maintain collective agreements. The right to free choice of representatives was announced.

Third. Representatives, for the purposes of this act, shall be designated by the respective parties without interference, influence, or coercion by either party over the designation of representatives by the other; and neither party shall in any way interfere with, influence, or coerce the other in its choice of representatives. Representatives of employees for the purposes of this act need not be persons in the employ of the carrier, and no carrier shall, by interference, influence, or coercion seek in any manner to prevent the designation by its employees as their representatives of those who or which are not employees of the carrier.

The representatives are designated by majority rule. If a dispute arises as to what organization or individual the majority of workers

⁵³ When, in August 1935, the Railway Bankruptcy Act of 1933 was amended the provisions regarding collective bargaining were omitted. But by that time requirements similar in effect had been added by the 1934 amendments to the Railway Labor Act of 1926.

⁵⁴ U. S. C., Title 49, sec. 257 (e). The law provided that it would "cease to have effect at the end of one year after June 16, 1933, unless extended by the proclamation of the President for 1 year or any part thereof * * * ." By Proclamation No. 2082, promulgated May 2, 1934, the act was extended for another year after June 16, 1934. Since the 74th Congress did not extend the act, it expired June 16, 1935.

⁵⁵ Congress utilizing its bankruptcy jurisdiction applied similar provisions to corporate reorganizations of other than railroad corporations. (Bankruptcy Act of 1934 (U. S. C., Title, 11 sec. 207 (1)).)

⁵⁶ U. S. C., Title 45, secs. 151 to 164; 48 Stat. 1185.

desire as representatives, the Mediation Board, upon request, is empowered to investigate the dispute—

and to certify to both parties * * * the name or names of the individuals or organizations that have been designated and authorized to represent the employees involved in the dispute * * *.”

This is an important departure from the 1926 statute which did not establish any procedure for settling disputes relating to representation.

This law specifically prohibits certain types of conduct which might “interfere with, influence, or coerce” a party in the choice of its representatives. The “yellow dog” contract is barred and carriers are forbidden—

to use the funds of the carrier in maintaining or assisting or contributing to any labor organization, labor representative, or other agency of collective bargaining.

Company unions are not named in the act. But its provisions are aimed at practices which through the creation and maintenance of company-dominated unions interfere with collective bargaining. Employees may, if they so choose, designate an association the membership of which is confined to employees of a single carrier or system. But it must be a free choice. Management influence or interference with elections is prohibited and management may not try to control the policies and actions of employee organizations. Company unions are, however, debarred from participating in the making of decisions respecting the interpretation and application of collective agreements. The act specifically says that employee membership on the Adjustment Board, which settles disputes arising from the interpretation and application of agreements, shall be designated by “national labor organizations.” And national labor organizations are defined as “such labor organizations of the employees, national in scope, as have been or may be organized” without interference by the employer, and in accordance with the relevant requirements contained in the act.⁵⁷

The 1934 amendments to the Railway Labor Act were the result of 50 years’ legislative and judicial experience in trying to maintain industrial peace on the railroads. Government control during the World War, the inadequacies of the Transportation Act of 1920 under which company unions had multiplied, and the administration of the act of 1926 all indicated the desirability of collective bargaining and collective agreements. This experience indicated that collective bargaining was possible only where workers could make a free and unhampered choice of representatives. Hence those practices which interfered with the free choice of representatives and therefore with collective bargaining were legally barred.

⁵⁷ 48 Stat. 1185, sec. 3 (b), (c).

Industry as a whole did not have the development of legislative regulation which characterized the railroads.⁵⁸ During the World War the need for immediate and consistently expanding production forced the creation of agencies to establish and maintain peaceful relations between capital and labor. Upon the expiration of the war, there was a reversion to the pre-war situation in which courts and the law acknowledged the social utility of labor unions but did not extend their aid to protect employees from discrimination for their union affiliations and denied that the Government had any legal interest in restraining interference with union organization and in preventing antiunion discrimination.

The National Industrial Recovery Act

The depression beginning in 1929, with its resultant lowering of wages and living standards, compelled a departure from the traditional attitude. On June 16, 1933, the National Industrial Recovery Act was enacted as part of a legislative program to meet the economic crisis.⁵⁹ Among its stated objects was included the maintenance of "united action of labor and management under adequate governmental sanctions and supervision."

Section 7 (a) contained the labor provisions pertinent to this study and provided that—

Every code of fair competition, agreement and license approved, prescribed or issued under this title, shall contain the following conditions:

(1) That employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint or coercion of employers of labor, or their agents, in the designation of such representatives either in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection.

(2) That no employee and no one seeking employment shall be required, as a condition of employment, to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing; * * *

The protection of this section extended only to industries covered by codes established pursuant to section 3 of the statute and to

⁵⁸ One important legislative effort relating to collective bargaining was placed on the statute books. In the very depths of the depression in 1932, Congress passed the Norris-LaGuardia Act (U. S. C., Title 29, secs. 101 to 115). It provided that under certain stated circumstances equity jurisdiction be withdrawn from the Federal courts in cases involving labor disputes. The declared purpose and public policy of the act is to insure the worker "full freedom of association, self-organization, and designation of representatives of his own choosing, to negotiate the terms and conditions of his employment." Further, the act declared that he should be "free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection." Also see p. 214, *infra*, for discussion of the provision of this act dealing with the "yellow dog" contract.

⁵⁹ U. S. C., Title 15, secs. 701-712.

employers who signed the President's Reemployment Agreement.⁶⁰ Employers not covered by a code or agreement remained unaffected by the mandates of section 7(a). Unrestrained by statutory prohibition, they might compel their employees to abstain from union activity.

In the next few years several labor boards succeeded each other for the purpose of administering section 7(a).⁶¹ There were also created labor boards which handled cases arising in particular industries under section 7(a).⁶² These boards through their decisions defined the rights and duties created by the statute. Through application of the provisions of section 7(a) to particular cases, they developed a law of collective bargaining.

Majority rule.—The prime requisite for any technique of collective bargaining is the selection of representatives, and the selection must be free from interference. In *Matter of Houde Engineering Corporation*⁶³ the National Labor Relations Board formulated the "majority rule" which was to govern the determination of who would be the representatives of a given unit. In this case, an election had been held under the auspices of the Board, in which the union had been chosen by a majority of the employees eligible to vote. The company contended that it was under a duty to deal with the association (an intracompany association) chosen by the minority as well as with the union designated by a majority. This the Board denied. It stated that the basic aim of section 7 (a) was to encourage collective bargaining as a means of making and maintaining collective agreements and thus "to stabilize, for a certain period, the terms of employment, for the protection alike of employer and employee" (p. 35). The Board stated that an interpretation of section 7 (a) permitting any practice which "would hamper self-organization and the making of collective agreements cannot be sound" (p. 37).

⁶⁰ This was an agreement between the President and the individual employer whereby the employer promised to establish minimum working conditions including an observance of the principles of section 7 (a). It was devised to serve as a blanket code covering industry until individual codes had been formulated in pursuance of the statute.

⁶¹ The National Labor Board, established by the President on August 5, 1933, was a bipartisan board of which Senator Wagner, an impartial member, was chairman. The first National Labor Relations Board was created on June 29, 1934, in compliance with a congressional resolution (Public Res. 44, 73d Cong.). This board was empowered to investigate controversies, hold elections and hearings, and make findings of fact regarding violations of section 7 (a) of the N. I. R. A. Unless otherwise specified, the term "Board" when used in this section on the National Industrial Recovery Act refers to the first National Labor Relations Board.

⁶² Chief among the special boards were the Petroleum Labor Policy Board, the Automobile Labor Board, and the Textile and Steel Labor Boards. The findings of these boards were turned over to the Compliance Division of the N. R. A. for enforcement.

⁶³ 1 N. L. R. B. (1) 35. Decisions of the National Labor Board and of the National Labor Relations Boards are cited by the abbreviations N. L. B. and N. L. R. B., respectively, with the volume and the page number of the pamphlet series printed by the Government Printing Office in which the case may be found. To distinguish the citations of the first National Labor Relations Board from the citations of cases decided by its successor established pursuant to the act of July 5, 1935 (49 Stat. 449), the designation (1) will follow the abbreviation N. L. R. B. in the citations of the first Board's cases.

The Board further stated that the policy of dealing first with one and then with the other organization destroyed the effectiveness of collective bargaining. This policy enabled the company to favor one group to the detriment of the other. It prevented the formation of agreements—the aim of collective bargaining. Nor did the Board agree that a composite committee including representatives of both the majority and the minority sufficed.⁶⁴

But whether or not the workers' representation by a composite committee would weaken their voice and confuse their counsels in negotiating with the employer, in the end whatever collective agreement might be reached would have to be satisfactory to the majority within the committee. Hence the majority representatives would still control, and the only difference between this and the traditional method of bargaining with the majority alone would be that the suggestions of the minority would be advanced in the presence of the majority. The employer would ordinarily gain nothing from this arrangement if the two groups were united, and if they were not united he would gain only what he has no right to ask for, namely, dissension and rivalry within the ranks of the collective-bargaining agency (p. 40).

The Board held that the purpose of section 7 (a) favoring collective bargaining compelled an interpretation of that section embodying the majority rule as a necessary device in the selection of representatives. Thus:

When a person, committee or organization has been designated by the majority of employees in a plant or other appropriate unit for collective bargaining, it is the right of the representative so designated to be treated by the employer as the exclusive collective bargaining agency for all employees in the unit, and the employer's duty to make every reasonable effort, when requested, to arrive with this representative at a collective agreement covering terms of employment of all such employees (p. 44).

The order required the company to recognize the union as the exclusive bargaining agency of its employees and to enter into negotiations with the union in an effort to arrive at a collective agreement covering conditions of employment. However, it did not require the minority to join the organization which represented the majority.

The Board utilized the technique of election by secret ballot in order to designate representatives for a given unit.⁶⁵ Although its predecessor, the National Labor Board, very early began to hold elections, no express legislative authority for this existed until the passage of Public Resolution No. 44, which set up the Board.⁶⁶ Any board established by the President pursuant to the resolution had

⁶⁴ Also see *Matter of the Denver Tramway Corporation*, 1 N. L. B. 64, Mar. 1, 1934, where the Wagner Board announced the majority rule.

⁶⁵ The Board did not decide in any of its cases what constitutes a majority whose representatives are entitled to speak for the entire group in matters of collective bargaining. See p. 249 for subsequent clarification of this problem in a decision of the second National Labor Relations Board, and p. 252 for court decisions arising under the 1934 amendments of the Railway Labor Act.

Space does not permit a summary of the cases dealing with the question as to what constitutes an appropriate collective-bargaining unit.

⁶⁶ 48 Stat. 1183. Public Res. 44, 73d Cong.

the power to hold elections, when it appeared "in the public interest."⁶⁷ The Petroleum Board ruled that any appropriate method of ascertaining the representatives of the employees was permissible and that the method of formal election was not indispensable.⁶⁸

Collective bargaining.—The N. I. R. A. did not define the rights and obligations concerning collective bargaining which were established by section 7 (a). That section merely stated "that employees shall have the right * * * to bargain collectively * * *." The decisions of the different boards interpreted this to mean that there existed a correlative duty for employers to bargain collectively.

The subjects of collective bargaining were to be wages, hours, and working conditions.⁶⁹

Toilet facilities, safety measures, lighting and ventilation, coat racks, slippery stairs, and so on * * * in no sense constitute the recognized subjects of collective bargaining, namely, wages, hours and basic working conditions.⁷⁰

The duty to bargain collectively involves more than merely meeting with representatives of the workers. The employer must "negotiate actively in good faith to reach an agreement."⁷¹ He must "discuss differences with the representatives of the employees and * * * exert every reasonable effort to reach an agreement on all matters in dispute."⁷² There is no duty to make any particular agreement, but where a proposal is not satisfactory it should be met by counterproposals rather than a flat refusal to continue further negotiation. The law contemplates—

that both parties will approach the negotiations with an open mind and will make a reasonable effort to reach a common ground of agreement. The definite announcement of the company that it will not make an oral or written agreement deprives collective bargaining of any content or objective.⁷³

The Board stated that agreements usually should be in writing, although circumstances of a particular case might create an exception. An agreement—

unless reduced to writing, will be so impractical of enforcement and so fruitful of disputes concerning terms, that an insistence by an employer that he will go no

⁶⁷ Elections have long been used by different agencies of the Government to determine questions of representation. The National War Labor Board and the various railroad boards found it necessary to hold elections. The order upheld by the Supreme Court in the Railway Clerks' case (see p. 221) required the company to reinstate the brotherhood as representative "until such time as these employees, by a secret ballot taken in accordance with the further direction of the Court * * * should choose other representatives."

⁶⁸ Thus on an appeal in the case of Magnolia Co. (case no. 2, decision, Feb. 6, 1934; decision on appeal, Feb. 23, 1934), certification was made upon the basis of an election petition signed by a majority of the employees in the collective-bargaining unit. The company had agreed to recognize the person or agency designated in the petition by the majority as representative for the unit.

⁶⁹ Matter of Art Metal Construction Co., 1 N. L. B. 24, Nov. 1, 1933; Matter of Houde Engineering Corporation, *supra*.

⁷⁰ Matter of Houde Engineering Corporation, *supra*, at 38.

⁷¹ Matter of Eagle Rubber Co., 2 N. L. B. 31, 33, May 16, 1934.

⁷² Matter of National Lock Co., 1 N. L. B. 15, 19, Feb. 21, 1934.

⁷³ Matter of Connecticut Coke Co., 2 N. L. B. 88, 89, June 30, 1934.

further than to enter into an oral agreement may be evidence, in the light of other circumstances in the case, of a denial of the right of collective bargaining.⁷⁴

Collective bargaining is the means to an end.

The end is an agreement. And, customarily, such an agreement will have to do with wages, hours, and basic working conditions, and will have a fixed duration. The purpose of every such agreement has been to stabilize, for a certain period, the terms of employment, for the protection alike of employer and employee. By contrast, where all that transpires is a demand by employees for better terms and an assent by the employer, but without any understanding as to duration, there has been no collective agreement, because neither side has been bound to anything.⁷⁵

Interference through various forms of discrimination.—Section 7 (a) specifically forbade interference with self-organization of workers. In so doing it limited the employer's right to discharge employees; it prohibited antiunion discrimination in all its various forms. The National Labor Board recognized that—

There obviously is no more effective way of interfering with the self-organization of employees than to discharge those who are active in the union of their own choosing. The statutory requirement (which forbids dismissal for union activity) may not be evaded by the ready reliance on other grounds for discharge. The employer, in dismissing an employee, must not be actuated in any degree whatsoever by the latter's union affiliation or activities. The statute does not impair the freedom of employers of labor to discharge their employees for infractions of company rules or for other proper and adequate business reasons. To safeguard the privileges conferred by the statute, however, it is imperative that the circumstances of the discharge be carefully scrutinized and that its validity be determined by the appropriate agencies of the Government entrusted with the administration and enforcement of the law.⁷⁶

The Board never clearly defined the extent to which the employee might be required to sustain the burden of proving antiunion discrimination. The remedy for unlawful discharge was reinstatement with back pay.

Other forms of interference also received the attention of the Board. Among these were the bribery of union officials which the Board described as—

A flagrant interference by [the employer] with the right of his employees to strike and to agitate by other lawful means in advancing their legitimate self-interest.⁷⁷

Another form of interference was employer negotiation with employees for individual contracts requiring them not to strike.

The strike is, of course, the most effective weapon in the arsenal of an aggressive labor organization, and by the same token the most effective manner in which an employer can interfere with the self-organization of his employees and can prevent them from assisting labor organizations is to require them to agree not to strike.⁷⁸

⁷⁴ Matter of Aniline & Chemical Co., 1 N. L. R. B. (1) 114, 116, Oct. 3, 1934.

⁷⁵ Matter of Houde Engineering Corporation, *supra*, pp. 35-36.

⁷⁶ Matter of General Cigar Co., 1 N. L. B. 71, Feb. 6, 1934. A large proportion of the cases arising under section 7 (a) dealt with discharge for union activity.

⁷⁷ Matter of North Carolina Granite Corporation, 1 N. L. R. B. (1) 89, 92.

⁷⁸ Matter of John E. Lucey Shoe Co., 2 N. L. R. B. (1) 251, 254, et seq., where the Board found such contracts to be in violation of both subsections (1) and (2) of section 7 (a).

Company unions.—In addition to discharge for union activity, the most important and prevalent form of interference is employer participation in and sponsorship of company unions. Section 7 (a) did not ban company unions. The only direct mention of such associations occurred in subdivision (2) and provided “that no employee and no one seeking employment shall be required as a condition of employment, to join any company union * * * .”

In *Matter of Tamaqua Underwear Company*,⁷⁹ a closed-shop agreement between the company and the company union was held invalid. The company had sponsored the formation of Tamaqua Employees' Union. A poll was taken during working hours on the initiative of the management. Secret ballot was not used at this election. Those who did not vote to join the employees' union were locked out, but following the intervention of the Board, they were permitted to resume work. Subsequently an election was held under the supervision of the Board at which the employees' union was selected by a majority of the employees to represent them. With respect to the characteristics of this organization, the Board stated:

The hands which guided its organization were those of employees who were in an executive or supervisory position; * * * . If he (the general manager) did not initiate the union, he has at least fostered its growth with considerable enthusiasm by advising his employees to affiliate therewith and by permitting it to use the plant for meetings and his office equipment for certain typing (p. 11).

The association's president and the general manager signed a closed-shop agreement which merely read:

It is hereby agreed that the Tamaqua Underwear Company agrees to recognize the demand of the Tamaqua Employees' Union for a closed shop, beginning June 22, 1934 (p. 10).

Subsequently, 61 employees who refused to join the organization were dismissed in conformity with the agreement. The Board, considering the company's efforts to foster the union, found it to be a company union within the meaning of section 7 (a), subdivision (2). It therefore held that the closed-shop agreement violated section 7 (a) in that it required employees as a condition of employment to join a company union and accordingly ordered the company to reinstate the 61 men who had been dismissed.

The company-union cases before the Board have presented a series of acts which in the aggregate have been held to constitute interference in violation of the statute. No single factor such as financial domination by the employer or the drafting of the constitution by management has been singled out as the sole cause of a decision. The decisions of the Board have considered and prescribed conduct which leads to employer domination of employee organizations. Such conduct includes the suggestion of the form of organization by

⁷⁹ 1 N. L. R. B. (1) 10.

the employer, the drafting of its constitution by lawyers or officers of the company, lack of opportunity to accept or reject the plan, absence of secret ballot in a vote adopting the plan or electing representatives to serve under it, payment of additional salaries to representatives for the performance of their duties in that capacity, the supplying of clerical and stenographic services for the conduct of the association's business, provisions in the constitution giving the employer the power to make final decisions or to veto decisions of the employee representatives, giving the company union credit for wage increases, or making benefits arising from pension plans dependent upon membership in the association favored by the employer.

Some cases have disclosed conduct by employees amounting to coercion. Interference has taken the form of discrimination in favor of a company union through the discharge or threat of discharge of nonmembers. In one case, the evidence showed the exertion of pressure to have employees join a company union by threatening discharge for refusal to join.⁸⁰ Another employer, prior to an election conducted by a regional board, entrenched "in the minds of his employees the fear * * * that they would lose their employment if they voted, and that, for that reason, a large majority refrained from voting."⁸¹

The issue of interference arose in cases where a petition for an election was presented to the Board and also where, unaccompanied by any such petition, there was a request to stop the conduct which interfered with the self-organization of the employees. The cases summarized in the following pages will give additional details as to the conduct considered by the Board in determining the legal status of company unions.

The problem of whether organizations which are the fruit of employer interference may qualify as collective-bargaining agencies has arisen in cases involving petitions for an election. In *Matter of The Kohler Company*⁸² the union alleged interference and petitioned for an election and that the Kohler Workers' Association be dissolved. After the formation of a trade-union, three employees, including the chief chemist and a working foreman, asked the permission of the president of the company to form an inside union. An assistant to the president aided them in drafting a constitution. The following day organization meetings were held, at which the president of the company alone spoke. He stated that the company would pay the expenses of the Kohler Workers' Association and that meetings would be held on company time. Application cards for membership, requiring the signature of the employees, were distributed. They stated that the

⁸⁰ *Matter of L. Grief & Bro., Inc.*, 2 N. L. R. B. (1) 353. And see *Matter of Tamaqua Underwear Company*, *supra*.

⁸¹ See *Matter of Danbury & Bethel Fur Co.*, 1 N. L. R. B. (1) 195, 198.

⁸² 1 N. L. R. B. (1) 72.

“failure to join the organization would not militate against any worker.” But the Board noted that it was—

impossible for any worker secretly to register his approval or disapproval of the proposed association, faced as they were by the evident desire of the president that they support the new organization. Seeing all preparations at hand for their joining and realizing that unless they signed it would be easy to ascertain that fact and perhaps, despite the printed assurance, to exert more direct pressure, it is but reasonable to expect that the workers would sign regardless of what their real desires were. No opportunity was given to indicate whether they wished to be represented in bargaining by any organization other than the Kohler Workers' Association (pp. 74, 75).

Subsequently the organizing committee was allowed to canvass the plant during working hours, a privilege denied to the union.

Thus it is clear that the company participated in forming and engaged actively in promoting the new organization, that the workers had no opportunity of expressing an unfettered choice as to whether or not they wished to belong to it, and that the company not only indicated its favorable attitude toward the organization but stood ready to finance its existence. Under the circumstances, the organization could not have that independence which is essential to a true collective-bargaining agency, and the sudden and extensive promotion of the plan at a time when the outside union was just being formed can only be considered as a deliberate design to influence the allegiance of the employees and to interfere with their free and unhampered self-organization which section 7 (a) guarantees (p. 75).

The petition for an election was granted. Although the Board found that the association resulted from unlawful interference, the petition for dissolution was denied and the Kohler Workers' Association was allowed a place on the ballot.⁸³ “The wrong done by the company can * * * be remedied by an election” (p. 75).

In *Matter of Firestone Tire & Rubber Co.*,⁸⁴ a recently organized federal labor union petitioned the Board to order an election and to declare the employees' conference plan illegal because of interference by the company in the organization of the plan. The evidence showed that the management conducted an election to select representatives of the employees to draft a plan. The elected representatives, with the aid of management representatives, prepared a constitution which was put into operation without the general body of

⁸³ See *Matter of Cudahy Brothers*, 2 N. L. R. B. (1) 479. “In such an election (an election held pursuant to Public Res. 44, 73d Cong.), the Employees' Work Council is entitled to a place on the ballot.” In this case there was no petition for dissolution of the company union. Also, see *Matter of Hoosier Manufacturing Co.*, 2 N. L. R. B. (1) 458 and *Matter of The Kaynee Co.*, 2 N. L. R. B. (1) 33, for cases where a company union was placed on the ballot. See release of the National Labor Relations Board, dated Dec. 26, 1934, in the *Matter of Knoxville Gray Eagle Marble Co.*, case no. 146, for a case where a company union won the election, and the Board certified it “as the sole representative of the employees * * * for the purpose of collective bargaining, with all the rights and privileges vouchsafed by law to such choice and certification.”

⁸⁴ 1 N. L. R. B. (1) 173.

employees having the opportunity to reject or accept it. Under it an employees' committee was established—

to present and discuss such matters as wages, working conditions, working hours, seniority rules, safety, and any such other similar matters as may pertain to the general welfare of the employees (p. 174).

Although the plan did not provide for financial support by the company, other than paying employee representatives their ordinary pay for time spent in committee activity, the company did, in addition, pay the current operating expenses of the plan. All amendments required the consent of management.

The Board pointed out that, although three-quarters of the employees may have voted to select representatives under the plan, this "affords no sufficient basis for inferring that they liked the plan or would choose it against other alternatives "(p. 175).

The employees would, naturally, want to participate in the selection of representatives chosen under the plan because it is in fact a collective-bargaining agency now recognized by the company * * *. Further, even though no overt threats had been made by responsible officials, employees would quite understandably be reluctant to render themselves conspicuous by refusing to participate in the election in view of the fact that the company is known to be strongly supporting the plan (p. 175).

The Board interpreted the motion made at the hearing that the plan be declared illegal as a request that it be excluded from a place on the ballot. This the Board refused to do.

Since the election is to determine a choice of representatives for collective bargaining, we may, in extreme cases, be justified in refusing a place on the ballot to an organization or plan of representation which by its very terms is incapable of serving as a collective-bargaining agency. This, however, we should rarely have occasion to do, since ordinarily the choice, good or bad, is for the employees to make. The plan, as we read it, is better adapted to the handling of individual grievances than it is for collective bargaining on matters of wages, hours, and basic working conditions affecting the plant as a whole. Significant in this connection is the fact that the plan does not provide for general meetings of employees, as in a union local, nor even for regular meetings of the whole body of representatives, which factors if included in the plan would obviously afford a ready means for the formulation of the collective wishes of employees which are an essential preliminary to the process of collective bargaining. Nevertheless, collective bargaining is not impossible under the plan and hence * * * there is no sufficient reason for excluding the plan from a place on the ballot (pp. 175, 176).

The fact that the company paid its operating expenses was held not to vitiate the plan as a collective-bargaining agency, since the constitution itself did not provide for such financial support.

If after the election the company maintains its practice of contributing to the financial support of the plan, whether or not the plan represents the suffrage of the majority, such action might be held to constitute a continuing interference (p. 176).

But the case did not rest here. The company and employees' conference plan both filed petitions to review and to set aside the election order. The federal labor union subsequently brought complaint, charging the company with improper interference. The petitions for review were still pending when the Board made its decision in the second case with respect to the alleged interference.⁸⁵ The testimony showed that bulletins signed by the president of the company, which indicated that the company intended to support the plan against the competing union, were posted in the plant. The announcement was held to constitute interference.

Whether or not under ordinary circumstances the expression by an employer of a preference for a particular type of organization would be considered an interference with the employees' right of self-organization depends upon the facts of each case. The company's statements in this case, however, go beyond the expression of a mere preference and indicate clearly that the company would throw its effective weight into the struggle between competing groups for the sympathy of the employees. The employer's position should be one of neutrality; and the announcement of an intention to support one competing organization against another is interference (p. 292).

The evidence indicated that the company actively desired the plan and was instrumental in its development. A superintendent was largely responsible for its form. He presided at the meetings of the drafting committee and presented it with a constitution to serve as a model for the plan. The Board declared that an organization which is the fruit of improper interference by the employer and does not express the free and untrammelled choice of the employees is "an improper agency for collective bargaining" (p. 292); the wrong may be remedied by an election held under the auspices of the Board; but where, as here, substantial delay was involved because of a petition for judicial review of the Board's election order, the company was not entitled to "bargain through the machinery of the plan which it has illegally fostered" (p. 293). The Kohler case, where the Board did not order the company to cease bargaining with the company union pending the election, differed in that no substantial delay of the election was involved. Hence, because of the delay, the Firestone Tire & Rubber Co. was ordered to cease—

to recognize the employees' conference plan as an agency for collective bargaining, until, at a Government-supervised election, a majority of the employees shall choose the plan as their agency for collective bargaining (p. 293).

An enforcement clause was also directed against the financial support given the plan:

The testimony produced at the hearing shows that the company has continued to give financial support to the employees' conference plan; that the plan provides for the payment of the employee representatives' base rate plus 10 percent, but in no case to exceed \$1 per hour for all time spent in committee meetings; and that

⁸⁵ 2 N. L. R. B. (1) 291.

an additional 10 percent would, on an average, bring the payments up to the amount earned on piece work. The plan further provides for the payment of 15 minutes' time per day for time spent in discussing questions with fellow employees; an amount which we consider not unreasonable. While these payments might not necessarily be improper if the plan were approved by a majority of the employees, we believe that coupled with the other payments referred to in the last paragraph they constitute an improper interference with self-organization.

On a different footing altogether are those payments made directly to the plan for the purpose of defraying its expenses, such as transportation costs for plan witnesses at hearings, for legal and stenographic services, and for defraying the expenses of elections. The company might with propriety suggest that no employee shall be penalized because of his membership in his organization; but the necessary result of a financial control over the affairs of the bargaining unit itself is a substantial degree of domination in its operation. We therefore decide that the company should forthwith cease to contribute any sums or services to the employees' conference plan (p. 293).

In *Matter of B. F. Goodrich Company*,⁸⁶ a petition for election was also presented. The plan, among other things, provided that the 150 employee representatives, in addition to their regular wages, should receive \$15 a month as well as 75 cents an hour for time spent in regular committee meetings necessitating absence from their work. The president received \$30 a month and the chairmen of the welfare and wage committees received \$25 per month. The company also paid the operating expenses, although the plan did not provide for this. The Board again permitted the plan to appear on the ballot.

As collective bargaining can, although not without difficulty, take place within the plan's framework, we conclude that there is no sufficient reason for excluding the plan from a ballot which offers the employees their free choice as to how they wish to be represented for collective bargaining (p. 184).

The fact that the plan itself provided for the payment of 150 representatives "which involves, in substance, the subsidizing of an active group of propagandists among the employees for the type of employee representation the company would prefer to deal with" did not disqualify the plan as an agency for collective bargaining. Since the petitioners had not requested the Board to require an amendment to the plan as a condition to its being placed upon the ballot, and since no argument on this subject was presented at the hearing, the Board permitted the plan to be placed on the ballot without any change.

The Board refused to render any decision as to the legality of financial support of the plan by the company, since there was no complaint charging interference in violation of section 7 (a) to warrant any decision on this phase of the case.

The Board issued far more stringent orders in cases where a complaint, unaccompanied by a petition for election, charged interference with self-organization. In *Matter of the North Carolina Granite*

⁸⁶ 1 N. L. R. B. (1) 181.

Corporation,⁸⁷ the company refused to recognize the Granite Cutters' International Association as the representative of its employees. Later, a few employees formed a committee with the purpose of organizing an inside union. Before this company union was in fact organized, the committee negotiated an agreement relating to wages. At a meeting of some 25 workers, the agreement was accepted and the company union organized. Other employees signed up at various times until a majority had enrolled as members and affixed their signatures to the agreement. Most of these, however, still were members of the trade-union. The facts were further complicated by a series of discriminatory discharges. Employment was made dependent upon the signing of the agreement.

The facts showed that a majority of the employees belonged to both organizations—

but since only a free membership was entitled to a consideration, the M. A. G. W. A. (the company union) is disqualified to serve as an agency for collective bargaining. The company should recognize the G. C. I. A. (the trade-union), to which the great majority of the employees belonged prior to the company's unlawful tactics, as the representative of the employees for purposes of collective bargaining, until such time as the employees, without the interference, restraint, or coercion of the company or its agents, choose some other representative (p. 92).

The Board cited the Railway Clerks' case, *supra*, in support of its order.

In *Matter of Universal Folding Box Company*,⁸⁸ the Board did not order the recognition of a union which had a majority prior to the occurrence of the unlawful acts of the company. A strike called to enforce a closed shop and obtain a wage increase ended with an agreement which provided that the company would, within 30 days, enter negotiations concerning wage scales and shop conditions. Shortly thereafter the company aided in the formation of an employees' benevolent association which "never purported to be a collective-bargaining agency" (p. 284). The evidence showed that a 5-percent wage increase attracted employees into the ranks of the company union. All the employees resigned from the union and joined the association. At the hearing every employee who testified declared that he voluntarily withdrew from the union. The Board stated that—

at present we cannot assume that the union represents any employees of the company, and the restitution formulated in *Matter of North Carolina Granite Corporation* (1 N. L. R. B. 89) is not applicable (p. 285).

Although the Board found that the company had interfered with the self-organization of its employees, it did not then compel recognition of the union which had had a majority prior to the illegal conduct.

⁸⁷ 1 N. L. R. B. (1) 89.

⁸⁸ 2 N. L. R. B. (1) 284.

It ordered the company to refrain from requiring or urging membership in the association and interfering, directly or indirectly, with the self-organization of its employees. Further, the company was prohibited from recognizing the association as a collective-bargaining agency for employees and it was ordered to inform its employees of this. In addition, the employees were to be informed that they had the freedom to choose any organization they desired to act as their collective-bargaining agency.

In *Matter of Davidson Storage & Transfer Company*,⁸⁹ the evidence disclosed certain conduct which interfered with the self-organization of the employees and which was aimed to build up a company union. But the legitimate union at no time represented a majority of the employees. This was true even prior to the unlawful interference. The Board, therefore, stated that the Davidson Employees' Association was not an appropriate agency for collective bargaining. It imposed no affirmative obligation upon the company to deal with the union, which at no time represented a clear majority of the employees eligible to membership.

In one case⁹⁰ before the Petroleum Labor Policy Board, involving complaints of intimidation and interference, the company tried to establish a company union after a majority of the employees at a Government-conducted election had chosen a trade-union to represent them. Testimony indicated that foremen had instructed the employees to select representatives under the employee-representation plan, and that they had threatened employees with loss of their jobs if they did not participate, and—

that certain employees believed they would be subject to disciplinary action if they refrained from voting, and that they voted for that reason; and that a representative of the management visited the polls during the election to determine how many men had been in to vote.

The Petroleum Board stated:

The issue in this case is clear and simple: Has the Texas Company the right to impose upon its employees, after they have freely expressed by secret ballot their choice as to representation for collective bargaining, an organization of the company's choosing? The law's answer is equally clear: The company has no such right.

The Petroleum Board as a remedy for the illegal interference ordered the disestablishment of the plan.

The Board frequently gave more detailed orders directed at specific forms of interference. In one case⁹¹ where the company exercised unlawful tactics to build up membership in a company union, the Board ordered the company to refrain from urging membership in

⁸⁹ 1 N. L. R. B. (1) 55.

⁹⁰ *Matter of the Texas Company*, case no. 21, decision, Dec. 11, 1934, *Decisions of the Petroleum Labor Policy Board*, p. 29.

⁹¹ *Matter of Danbury & Bethel Fur Co.*, 1 N. L. R. B. (1) 195.

the shop union or assisting it in any way, "including permitting its meetings to be held during working hours" (pp. 199, 200).⁹² It also directed the company to recognize and to deal with the union for the purpose of collective bargaining and to refrain from recognizing and dealing with the shop union. In still another case,⁹³ the enforcement clause ordered the company to withdraw all financial support from the company union. The enforcement order prohibited the company from soliciting membership in the company union or even suggesting to employees that they should join the company union. The company was required to "instruct all supervisors and foremen to cease from such solicitations or suggestions" (p. 98). Notices on bulletin boards were to inform employees that the company recognized the trade-union as representative of the majority, that it had withdrawn all recognition from the company union, and that no employee who resigned from the inside organization would be discriminated against.⁹⁴ Another case,⁹⁵ to similar prohibitions, added that the company—

should use its best efforts, through instruction to foremen or otherwise, to prevent solicitation of memberships in any organization of employees during working hours (p. 110).

Thus in cases where the complaint charged interference but was unaccompanied by a petition for election the Board ordered the recognition of a union which a majority of the employees of the company had chosen as their representative prior to the acts of interference which formed the basis of the complaint. And it also compelled the withdrawal of recognition from the company union which resulted from such interference. Where, however, the trade-union never had a majority or no employees belonged to the trade-union at the time the case was before the Board, the Board ordered the withdrawal of recognition from the company union. But in such cases it did not order the recognition of or collective bargaining with the trade-union. These basic enforcement orders were frequently supplemented by such detailed instructions as to financial support by the company and specific acts of interference as have already been summarized or quoted.

The Schechter decision⁹⁶ destroyed the basis upon which section 7 (a) and the interpretations of the National Labor Relations Board and other Boards were premised. The Court held that section 3 of the

⁹² Also see *Matter of Stahl-Urban Co.*, 2 N. L. R. B. (1) 149, where the Board in its enforcement order required the company to "withdraw all support and aid, direct or indirect, from the 'group leader' plan, including, without limitation, the conduct of its meetings or the transaction of its affairs on company time" (p. 153).

⁹³ *Matter of Ely & Walker Dry Goods Co.*, 1 N. L. R. B. (1) 94.

⁹⁴ Also see *Matter of Stahl-Urban Co.*, supra, p. 153, par. 4 of the enforcement order.

⁹⁵ *Matter of Johnson Bronze Co.*, 1 N. L. R. B. (1) 105.

⁹⁶ *Schechter v. United States*, 295 U. S. 495 (1935). The defendants, slaughterers of poultry, were charged with violations of the wage, hour, and certain trade-practice provisions embodied in the Live Poultry Code to which they were subject. They bought most of their chickens in New York and sold nearly all of them in the markets of the same State.

National Industrial Recovery Act, pursuant to which all codes were established, was unconstitutional as an invalid delegation of congressional power and that the code in its application exceeded the permissible exercise of Federal power under the commerce clause of the Constitution. It declared that the wages and hours in the defendants' business affected interstate commerce only remotely and did not have a direct and substantial effect sufficient to support the questioned exercise of power. The decision did not pass upon section 7 (a) as such, but it invalidated the codes which by statutory mandate embodied section 7 (a) and which, thereby, subjected employers to prohibitions preventing the continuance of certain practices which interfered with and hampered the self-organization of their employees.

The National Labor Relations Act ⁹⁷

Less than 6 weeks after the Schechter decision, the National Labor Relations Act was enacted.⁹⁸ The act declares it to be "the policy of the United States to eliminate the causes of certain substantial obstructions to the free flow of commerce and to mitigate and eliminate these obstructions when they have occurred by encouraging the practice and procedure of collective bargaining and by protecting the exercise by workers of full freedom of association, self-organization, and designation of representatives of their own choosing, for the purpose of negotiating the terms and conditions of their employment or other mutual aid or protection."

Section 7 of the act expands and clarifies the rights of workers previously enunciated under section 7(a) of the National Industrial Recovery Act, and section 8 implements these rights by enumerating and prohibiting certain unfair labor practices⁹⁹ by employers. The enumerated unfair labor practices may be summarized as follows:

1. To interfere with, restrain, or coerce employees in the exercise of the rights guaranteed in section 7.
2. To dominate or interfere with the formation or administration of any labor organization or contribute financial or other support to it.

⁹⁷ The material for the following sections was derived from the first annual report of the second National Labor Relations Board for the fiscal year ending June 30, 1936. The discussion of the decisions of the Board is in part paraphrased from ch. XII D of the report.

⁹⁸ Act of June 5, 1935 (49 Stat. 449). The act established a nonpartisan quasi judicial board of three members appointed by the President, independent of any other department of the Government, to administer the act. When used in this section, the term "Board" refers to the second National Labor Relations Board, created pursuant to the above provision.

⁹⁹ The machinery for the prevention of unfair labor practices follows closely the provisions of the Federal Trade Commission Act. Upon the filing of charges that an unfair labor practice affecting commerce has been or is being engaged in, the Board or its agent is authorized to issue a formal complaint stating the charges and noticing the matter for hearing. The person complained of has the right to file an answer and to appear and give testimony. Interested persons may be permitted to intervene. The Board, upon the basis of the testimony, states its findings of fact and either dismisses the complaint, if found unsubstantiated by the proof, or issues an order requiring the person complained of to cease and desist from the unfair labor practices engaged in, and possibly to take incidental affirmative action.

Orders of the Board are not self-enforcing. In the event that a person fails to comply with an order issued by the Board as outlined above, the Board must petition the appropriate circuit court of appeals and file

3. By discrimination in regard to hire or tenure of employment or any term or condition of employment, to encourage or discourage membership in any labor organization.

4. To discharge or otherwise discriminate against any employee because he has filed charges or given testimony under the act.

5. To refuse to bargain collectively with the duly chosen representatives of employees.

Since collective bargaining is carried on through representatives of employees, the act follows established precedents for the factual determination of such representatives. Section 9 (a) provides that representatives selected by a majority of employees in a unit appropriate¹⁰⁰ for collective bargaining shall be the exclusive representatives of all the employees in such unit for the purposes of collective bargaining. The act thus adopted the majority-rule principle which had been developed in the Houde case.¹⁰¹

The act does not outlaw company unions, nor does it even mention them, but it prohibits practices which operate to prevent freedom of organization and collective bargaining. Section 8, subdivision (2), prohibits employer interference in any "labor organization." The term "labor organization" is defined in section 2, subdivision (5), to mean "any organization of any kind, or any agency or employee-representation committee or plan, in which employees participate and which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work." Thus, no matter what form the organization takes—employee-representation plan,¹⁰² good-

with that court the record taken before the Board. The court is authorized to make a decree enforcing, modifying, or setting aside the Board's order in whole or part. In like manner, any person aggrieved by a final order of the Board may obtain a similar review by filing in the appropriate circuit court of appeals a petition that the order be modified or set aside. In all cases, the findings of the Board as to the facts, if supported by evidence, are conclusive on the courts.

For the purpose of oral hearings and investigations which are necessary and proper in the exercise of its powers, the Board is given authority to issue subpoenas, examine records, administer oaths, hear witnesses, and receive evidence. In case of contumacy or refusal to obey a subpoena, the Board may apply to the appropriate district court for an order compelling obedience.

The jurisdiction of the Board is limited to the investigation of questions "affecting commerce" concerning the representation of employees and to the prevention of unfair labor practices "affecting commerce." The term "commerce" is specifically defined to include interstate or foreign commerce in the traditional sense, apart from the Territories and the District of Columbia. The term "affecting commerce" is defined to mean "in commerce, or burdening or obstructing commerce or the free flow of commerce, or having led or tending to lead to a labor dispute burdening or obstructing commerce or the free flow of commerce."

¹⁰⁰ The Board is authorized by the act to determine whether the unit appropriate for the purposes of collective bargaining in any case shall be the employer unit, craft unit, plant unit, or subdivision thereof. The Board may take a secret ballot or use any other suitable method to ascertain the employees' selection of representatives.

¹⁰¹ See supra, p. 226. et seq.

¹⁰² Matter of Pennsylvania Greyhound Lines, Inc., and Greyhound Management Co., corporations, and Local Division No. 1063 of the Amalgamated Association of Street and Electric Railway and Motor Coach Employees of America, 1 N. L. R. B. 1; Matter of International Harvester Company and Local Union No. 57, International Union United Automobile Workers of America, case no. C-41.

will club,¹⁰³ friendship association,¹⁰⁴ department councils,¹⁰⁵ shop union¹⁰⁶—if it exists in part for the purpose of dealing with management concerning the matters thus specified, it is a labor organization within the meaning of the sections involved. It is obvious that the existence of employer control of any such organization of the type described in section 2, subdivision (5), does not prevent the organization from being termed a "labor organization" within the meaning of the act. But by calling such employer-controlled organizations labor organizations, the act does not mean that they are to be considered genuine organizations of employees on an equal footing with independent labor organizations. The term is used merely as a matter of statutory draftsmanship, the purpose of which is to bring all employer-controlled organizations within the ban of section 8, subdivision (2), no matter what form they may take.¹⁰⁷

Employer's domination or interference.—The scope of section 8, subdivision (2), of the law, which is concerned with the result of an employer's activities rather than with the separate activities themselves, can best be gathered by a description of those activities which in the individual cases decided under the section have been held to produce the proscribed result. The first case decided under this section dealt with an organization in existence prior to the effective date of the act but continuing thereafter. In *Matter of Pennsylvania Greyhound Lines, Inc., and Greyhound Management Co., corporations, and Local Division No. 1063 of the Amalgamated Association of Street and Electric Railway and Motor Coach Employees of America*,¹⁰⁸ the respondents were wholly responsible for the formation in 1933 of a labor organization called the Employees Association of the Pennsylvania Greyhound Lines, Inc., among the maintenance employees, clerical employees, and bus drivers of that company. The

¹⁰³ *Matter of Atlanta Woolen Mills and Local No. 2307, United Textile Workers of America*, 1 N. L. R. B. 316.

¹⁰⁴ *Matter of Clinton Cotton Mills and Local No. 2182, United Textile Workers of America*, 1 N. L. R. B. 97.

¹⁰⁵ *Matter of Wheeling Steel Corporation and the Amalgamated Association of Iron, Steel, and Tin Workers of North America, NRA Lodge No. 155, Goodwill Lodge No. 157, Rod and Wire Lodge No. 158, Golden Rule Lodge No. 161, Service Lodge No. 163*, 1 N. L. R. B. 699.

¹⁰⁶ *Matter of Atlas Bag and Burlap Co., Inc., and Milton Rosenberg, organizer, Burlap & Cotton Bag Workers Local Union No. 2469, affiliated with United Textile Workers Union*, 1 N. L. R. B. 292; *Matter of Pacific Greyhound Lines, Inc., and Brotherhood of Locomotive Firemen and Enginemen*, case no. C-134 (Nov. 12, 1936).

¹⁰⁷ See *Matter of Atlanta Woolen Mills and Local No. 2307, United Textile Workers of America*, supplementary decision, 1 N. L. R. B. 328. "This definition (of labor organization) is clearly comprehensive enough to embrace an organization which is dominated or interfered with, or to which an employer contributes financial or other support, within the meaning of sec. 8, subdivision (2). * * * A review of the decisions thus far made by the Board will demonstrate that by making the essential finding under sec. 2, subdivision (5), the Board does not intend to place the stamp of legitimacy upon organizations which should be and have been outlawed."

¹⁰⁸ 1 N. L. R. B. 1.

uncontroverted evidence set forth in full in the Board's decision showed in detail the various steps pursued by the company in establishing an organization among its employees. A letter from one of the executive officials to the various garage superintendents stated that the "management has decided to set up a plan of employee representatives" but that the plan must first "be requested by the employees." At the instigation of company officials petitions "requesting" the plan were signed by employees and "accepted" by the company, elections of employee representatives were conducted under the guidance of these same officials, preliminary meetings held, bylaws (prepared by the company) adopted, and an organization formed. This organization took the form of joint employee and employer representation on regional committees, presided over by regional managers, which headed up to a joint reviewing committee. These committees were designed primarily, if not solely, to handle individual employee grievances and were not intended to provide an avenue for collective bargaining concerning wages, hours, and basic working conditions. There was no employee organization in the sense of an organic body; all employees were "members" and participated by voting. A handful acted as employee representatives. The role of the association as a method of employee representation was described in the decision in the following words:

The association supposedly exists to provide "adequate representation for employees before the management." The "adequate representation" actually provided is a mockery. The employees are not permitted to utilize the skilled services of men outside the employ of the respondents in negotiation with the management since there has been imposed upon them by the management an organization whereby only employees may be representatives. The employees have no regular or established method of meeting with each other and by discussion and debate to formulate the desires of the whole group and then as a body so to instruct their representatives. Similarly, the representatives have no established method of consulting with the employees whom they represent. The representatives are wholly dependent upon the management for their expenses and financial support. They have been intimidated and discouraged by the hostility of the management toward any real activity on behalf of the employees (p. 14).

While there was no doubt that "historically * * *, the employees' association was entirely the creature of the management" and that in its functioning it afforded nothing of substance to the employees in the way of genuine collective bargaining, the issue presented in the case was whether the respondents after July 5, 1935, date of passage of the act, dominated or interfered with the administration of the association or contributed financial or other support to it. The evidence considered in the decision clearly pointed to such employer activity; this evidence was summarized as follows:

Currently, it is still the creature of the management. All of its affairs are controlled by the management—its elections are arranged, conducted, and

supervised by the management, the meetings of the regional committees are controlled by the management so as effectively to prevent any genuine and free discussion, the choice of matters to be discussed by the general committee of employee representatives rests with the management through the system of "joint submission", the organic structure is entirely at the control of the management because of the necessity for its consent to any amendment of the bylaws. The association is completely supported by the management, so that a cessation of its financial and other support would leave the association completely penniless and unable to function. The words "domination", "interference", and "support" are separately inadequate to describe the management's part in the association. The totality of the management's prescribed organic structure of the association and the management's participation results in complete subjugation and control (p. 14).

Concluding that "the participation of the respondents in the association—their domination, interference, and support—are unfair labor practices proscribed by section 8, subdivision (2)", the Board ordered, in addition to the formal cease and desist order, the withdrawal by the respondents of all recognition from the association as representative of the employees.¹⁰⁹

The organization established by the respondents in the Matter of Pennsylvania Greyhound Lines, Inc.,¹¹⁰ was rather complex, partly because of the size and nature of the business. Matter of Clinton Cotton Mills and Local No. 2182, United Textile Workers of America,¹¹¹ involved a simple form of employee organization, both established by the employer and controlled by it through the direct activities of supervisory officials. In December 1934 two of the supervisory officials of the Clinton Cotton Mills formed the Clinton Friendship Association in order to combat the local of the United Textile Workers of America that was in existence at the mill. Overseers and second hands, part of the supervisory force, prepared the bylaws, presided at the first meeting, constituted some of the first officers, became members, and attended later meetings. In addition they systematically and openly solicited the employees to join the association, such solicitation taking place generally during working hours. These activities continued after July 5, 1935, and were reinforced by discriminatory discharges of union members. The activities of the overseers and second hands culminated in a closed-shop contract signed between the employer and the association. The enforcement of this contract resulted in the discharge of nearly 100 members of the independent union. The Board characterized this final step in the following words:

As stated above, the participation of the respondent in the association constituted unfair labor practices forbidden by section 8, subdivision (2). In this case the respondent has gone further and established the association as the exclu-

¹⁰⁹ See also Matter of International Harvester Co. and Local Union No. 57, International Union, United Automobile Workers of America, case no. C-41 (Nov. 12, 1936).

¹¹⁰ 1 N. L. R. B. 1.

¹¹¹ 1 N. L. R. B. 97.

sive representative of all of its employees for the purpose of collective bargaining. While the association may now have as members a majority of the employees, the manner in which such membership was obtained makes it clear that large numbers of its members have never freely chosen the association. From the start the membership was obtained practically entirely by solicitation of overseers and second hands. After July the threat of discharge implicit in such solicitation was made more concrete by the discharge of union members. And in August, by manipulation of its puppet, the respondent stripped the situation of its appearance of voluntary choice and presented its employees with the clean-cut choice of the association or their jobs. The closed-shop contract and the purported "collective bargaining" by the association were the result of concerted action on the part of the attorneys for the respondent and the association, the president of the respondent and the overseers and second hands who controlled the association. The employee members of the association were utterly ignorant of the meaning of collective bargaining and left the entire matter to their officers. Their officers were equally uninformed, and so they in turn left everything in the hands of their attorney. On the basis of his own testimony he likewise was not very familiar with the subject, so that the president of the respondent and his attorney are left as the informed actors (p. 111).

As a result of the finding that the employer had dominated and interfered with the administration of the association and had contributed support to it, the Board ordered that all recognition be withdrawn from the association as representative of the employees; that the association be completely disestablished as such representative; and that the closed-shop contract be in effect abrogated.

In the decision in *Matter of Clinton Cotton Mills* the Board took occasion to state that the absence of employer control of an organization is not conclusively proven by pointing to one act of the organization inimical to the interests of the employer. When the management of the mill had announced a wage reduction, the association had protested to the management with the result that the reduction was not put into effect. In answer to the employer's contention that this incident showed the association to be an organization freely chosen by the employees, the Board said:

The fact that the members of a management-controlled association on one occasion assert their own wishes does not remove the stigma of the domination. An organization which is normally entirely under the control of the employer may well get out of hand if a wage reduction is proposed. The association is still dominated by the respondent, and it is that domination which the act declares an unfair labor practice (p. 113).

In *Matter of Wheeling Steel Corporation and the Amalgamated Association of Iron, Steel, and Tin Workers of North America*, NRA Lodge No. 155, Goodwill Lodge No. 157, Rod and Wire Lodge No. 158, Golden Rule Lodge No. 161, Service Lodge No. 163,¹¹² the acts of the employer, while as effective, were not so open nor was their purpose so unconcealed as with the Pennsylvania Greyhound Lines and the Clinton Cotton Mills. In 1934 department councils were

¹¹² 1 N. L. R. B. 699.

organized in each of the departments of the Portsmouth plant of the Wheeling Steel Corporation through the steps of petition by employees, acceptance by management, adoption of constitution and bylaws of the councils, and establishment of a board of directors of the councils to handle grievances. On paper the councils were independent of the employer. But the company had been instrumental in the circulation of the petition, had explained its purpose, had constructed voting booths, had mimeographed the constitution and bylaws after approving them, and had permitted elections to be conducted in its offices. Company officials attended meetings of the councils, expressed a preference for the councils, and informed members that they would be given advantages in work and working conditions. After the formation of these councils, the company continued to care for and foster them. It assisted in maintaining a meeting hall, it permitted them the use of the bulletin boards, although denying such use to the lodges of the Amalgamated Association of Iron, Steel, and Tin Workers of North America. It suggested a general council of delegates from the various department councils, and its suggestion was adopted. To this it paid yearly, pursuant to the bylaws of the general council, 50 cents for every employee in the plant eligible to vote, whether he belonged to one of the councils, one of the amalgamated lodges, or no labor organization at all. A monthly sum of \$10 was paid to each delegate in the general council. The company also paid for the services of an attorney for the general council. From these activities, the Board concluded:

We are convinced that the respondent initiated the formation of the department councils and the general council, and that by means of financial support, by favoritism, and subtle devices of coercion is sustaining the life of those organizations. It is true that in form they are independent and that the employees may on their own initiative espouse and join such organizations. But from the beginning employee initiative with respect to the organization and perpetuation of the councils—even assuming any existed—has been determined by fear of the respondent. The power of an employer over the economic life of an employee is felt intensely and directly; and in the case of a company, which, like the Wheeling Steel Corporation, has a great number of plants—some idle, some running below capacity—this power is enormously increased. The employee is sensitive to each subtle expression of hostility upon the part of one whose good will is so vital to him, whose power is so unlimited, whose action is so beyond appeal. Prior to the organization of the councils, the respondent had emphatically declared its antagonism to the Amalgamated. Subsequently, it had let it be understood that the continued operation of the plant depended upon the inauguration of acceptable labor organizations, which it itself started and in considerable measure supported by money and by favoritism. As a result, the councils in the minds of the employees are indissolubly linked with the respondent's will and desire (pp. 709-710).

As a consequence of its domination and interference and its contribution of financial and other support, the respondent was ordered

to withdraw recognition from the councils as organizations for the purpose of collective bargaining upon behalf of its employees.

In *Matter of International Harvester Co.*,¹¹³ the Board indicated that the Harvester Industrial Council was ineffective as a collective-bargaining agency because of its dependence upon the company for leadership, financial support, and its very existence.

* * * the whole philosophy of the plan is based upon free discussion between employer and employees as a method of handling disputes instead of a resort to direct employee action as a group. It presupposes well-informed employee representatives and intelligent discussion between them and management. Yet it is clear that even the sincerest employee representatives are at a hopeless disadvantage. On one side are management representatives possessing complete information, statistical and factual, relating to the business and able to command the resources of a huge and efficient organization. On the other are employee representatives with no information other than that which their working experience has given them. Intelligent discussion of the complex problems involved in the fixing of wages, hours, and general working conditions in an organization of the respondent's size is impossible under such conditions. The only possible weapon of the employee representatives—the assistance of outside experts—is effectively denied to them, since the management controls the purse strings. The employee representatives at the Fort Wayne Works have never had the aid of experts. Finally, when a deadlock is reached on any matter, the employee representatives can do nothing. They possess no funds, no organization to fall back upon, no mass support.

In holding the plan to be illegal under section 8, subdivision (2) of the act, the Board stated:

The manner in which fundamental changes in working conditions are made indicates that the plan does not provide genuine collective bargaining. Such changes are nearly uniformly "announced" to the works council as accomplished acts; their formulation is for the management, not the council * * *. No agreement relating to hours, wages, or conditions of employment has ever been entered into by the management with its employees. By keeping itself free from any binding commitments in these fields, so that it may at will make any changes that it desires, the management has at the same time denied to its employees the advantages of collective labor agreements. As a result, its employees possess only the shadow, not the substance, of collective bargaining * * *.

Finally, the plan has no means of independent financial support. No dues are payable by the employees who participate by voting. All of its expenses and requirements are met by the respondent. The employee representatives are reimbursed by the respondent. Such complete management support of the plan has two immediate consequences. Considering the plan as a functioning method of collective bargaining, the result of such support is that the management pays the agent who is supposed to bargain with it on behalf of the employees * * *. The second consequence is just as important. Such complete support of the plan makes its existence entirely subject to the will of the respondent. If it chooses to withdraw its support, the plan collapses at once. If it chooses to continue its support, the plan continues. The choice as to whether

¹¹³ Case no. C-41, (Nov. 12, 1936).

representation of employees for collective bargaining shall continue is thus a choice that rests with the respondent and not with the employees.

In all of the cases above considered the employer had directly taken an active part in the formation and control of the labor organization. But the Board has recognized that an employer may, by suggestion and indirection, lead others to bring into being an organization which is subservient, or even favorable, to his wishes, and that such conduct on the part of an employer is likewise prohibited by section 8, subdivision (2). Such a situation was considered in *Matter of Ansin Shoe Manufacturing Co. and Shoe Workers' Protective Union, Local No. 80*.¹¹⁴ After a series of forceful requests by a local of the Shoe Workers' Protective Union, a trade-union in existence at the plant, the company announced that it was going to move its factory from the town of Athol. Immediately a committee of prominent citizens in the town held various meetings of employees and succeeded in forming the Progressive Shoe Workers' Union, restricted to employees in the plant. The company at once entered into a "union shop" agreement with this organization. In answer to the company's contention that it took no part in initiating or forming the organization, the Board stated:

We do not so narrowly interpret section 8, subdivision (2), of the act, as to require this direct and immediate link between the employer and the outlawed organization. This section does not stand alone; its meaning is derived not solely from its words but from related sections and from the purposes of the act. This section makes specific one of the ways in which an employer can interfere with the broad right of the employees under section 7 to bargain collectively through representatives of "their own choosing", and is to be construed so as to further the intention of section 7. Its object is to protect the rights of employees from being hamstrung by an organization which has grown up in response to the will and the purposes of the employer, an organization which would not be, in the sense of section 7, an organization of the employees' choice. The workers may be aware of their employer's antipathy to union organization and seek to propitiate him by acceptable conduct. This may be unavoidable. But the employer can be prevented from engaging in overt activity calculated to produce that result. If labor organizations are to be truly representative of the employees' interest, as was the intention of Congress as embodied in this act, the words "dominate and interfere with the formation of any labor organization" must be broadly interpreted to cover any conduct upon the part of an employer which is intended to bring into being, even indirectly, some organization which he considers favorable to his interests.

* * * Cautiously and discreetly reinforced from time to time by a suggestion, a show of power easily understood—yet combined always with the forms of aloofness and disinterestedness—it has brought forth a union restricted in membership to respondent's employees, and by the "union shop" clause, has ousted the old union and its membership from the plant. This outcome does not flow from that free choice which our act is designed to foster and protect. It is the result of fear deliberately provoked and a sufficient suggestion as to how the dis-

¹¹⁴ 1 N. L. R. B. 929.

pleasure might be appeased. We find that respondent has dominated and interfered with the formation of the Progressive Shoe Workers' Union (pp. 935-937).¹¹⁵

An employer's activities designed to form a "labor organization" are within the ban of section 8, subdivision (2), even though he is unsuccessful and no "labor organization" is in fact formed. In *Matter of Canvas Glove Manufacturing Works, Inc., and International Glove Makers Union, Local No. 88*,¹¹⁶ the employer had urged the employees "to sign up in what was called a company union", promising them reduced dues, parties, sick benefits, and increased work rates. The employer desired in this fashion to combat a trade-union in existence at the plant. However, these activities were unavailing and no labor organization was brought into being. Characterizing the evidence as showing that "the respondent did make a determined effort to initiate a labor organization and to dominate and interfere with its formation," the Board held:

In our opinion, section 8, subdivision (2), of the act forbids domination or interference not only where it is successful, and a labor organization is actually formed, but also makes it an unfair labor practice where the domination or interference is unsuccessful. In this case, the respondent was unsuccessful because of the firmness of its employees. Since the act is remedial, it is appropriate to require the respondent to cease and desist from unfair labor practices which may, at some future time, be more successful (pp. 526-527).¹¹⁷

In two cases under this section the Board has held that the evidence was insufficient to warrant the Board in finding a violation. In the first, *Matter of Mackay Radio & Telegraph Co., a corporation, and American Radio Telegraphists' Association, San Francisco Local No. 3*,¹¹⁸ while no labor organization was in fact formed, several employees had attempted to establish a "relations committee" to represent the employees instead of the trade-union already in existence. After a review of the evidence, from which the Board concluded that the record might not contain a complete account of the motives of these employees, the Board dismissed the complaint insofar as it concerned a charge under this section, since the evidence in the record did not show that the employer had been involved in the

¹¹⁵ See also *Matter of Anwelt Shoe Manufacturing Co. and Shoe Workers' Protective Union, Local No. 80*, 1 N. L. R. B. 939; *Matter of Remington Rand, Inc., and Remington Rand Joint Protective Board of the District Council Office Equipment Workers*, case no. C-145 (Mar. 13, 1937).

Matter of Atlas Bag & Burlap Co., Inc., and Milton Rosenberg, organizer, Burlap and Cotton Bag Workers Local Union No. 2469, affiliated with United Textile Workers Union, 1 N. L. R. B. 292, presented a similar, though cruder form of employer participation in the formation of an organization of employees. In that case the employer secured from the industrial secretary of a chamber of commerce "forms" for the establishment and organization of a "shop union" which it then turned over to one of its employees. This employee, with several others, formed a "shop union" in accordance with these "forms" and with the aid and encouragement of some of the foremen. The employer then "recognized" the "shop union" and its "collective-bargaining committee."

¹¹⁶ 1 N. L. R. B. 519.

¹¹⁷ See also *Matter of Mackay Radio Telegraph Co., a corporation, and American Radio Telegraphists' Association, San Francisco Local No. 3*, 1 N. L. R. B. 201, in which the Board said that "an abortive attempt by an employer to form a labor organization is an unfair labor practice within the meaning of that section (sec. 8, subdivision (2))" (p. 231).

¹¹⁸ 1 N. L. R. B. 201,

activities of these employees. In the second case, *Matter of Atlanta Woolen Mills and Local No. 2307, United Textile Workers of America*,¹¹⁹ after reviewing evidence to the effect that the employer had encouraged membership in a Good Will Club formed early in 1935, through such devices as use of bulletin boards for notice by the club declaring a closed shop and solicitation by foremen, the Board held that the evidence was not sufficient to warrant a finding that the employer dominated or interfered with its administration, although such acts were deemed a violation of section 8, subdivision (1). However, on a petition for rehearing by the local of the United Textile Workers in existence at the plant, the Board indicated that in the future on a similar state of facts it might reach a different conclusion with respect to section 8, subdivision (2).¹²⁰ In addition, on the basis of the violation of subdivision (1), the Board ordered that the employer withdraw all recognition from the Good Will Club as representative of its employees, since the acts of the employer had enabled it to achieve its large membership.

There also exists the problem of the position of company unions in an election ordered by the Board. Where two or more rival unions claim the right to represent the employees, the law provides that an election shall be held to determine which of the organizations the employees desire to represent them, and the organizations are each given a place on the ballot. It may be that the employer has violated section 8, subdivision (2), of the act, with respect to one of such organizations. The Board has directed that such an organization be given a place on the ballot¹²¹ unless a charge is filed that the employer is violating section 8, subdivision (2), of the act, and the Board, after hearing, finds the charge sustained.

Majority rule.—The principle of majority rule for the purposes of effecting collective bargaining has been extended and clarified by the Board.¹²² Subject to the provisions of section 9 (a) of the act the Board has ruled that it is an unfair labor practice for an employer to refuse to bargain collectively and exclusively with representatives selected by the majority of the employees in an appropriate unit. Pursuant to section 9 (c) of the act, the Board may certify the representatives for the purposes of collective bargaining after investigation, election, or both. Where certification was made after an election was held, the certification was made on the basis that a majority of those eligible to vote had designated the organization certified and that such organization, pursuant to the provisions of section 9 (a) of the act,

¹¹⁹ 1 N. L. R. B. 316.

¹²⁰ *Matter of Atlanta Woolen Mills*, 1 N. L. R. B. 328.

¹²¹ *Matter of Dwight Manufacturing Co.*, 1 N. L. R. B. 309; *Matter of New England Transportation Co.*, 1 N. L. R. B. 130.

¹²² See p. 227.

was the exclusive representative of all employees in such unit for the purposes of collective bargaining.

In *Matter of Radio Corporation of America Manufacturing Co., Inc., and United Electrical and Radio Workers of America*,¹²³ involving a petition for the certification of representatives pursuant to section 9 (c), although a total of 9,752 employees were eligible to vote, only 3,163 ballots were cast, of which the United Electrical and Radio Workers of America received 3,016 votes and the Employees Committee Union, 51. The Board certified the United Electrical and Radio Workers of America as the exclusive representative of all employees in the previously determined appropriate unit for the purpose of collective bargaining. Here, although the majority of the workers eligible to vote did not cast ballots, the Board held that the phrase "majority of employees" as used in section 9 (a) of the act refers to "a majority of the eligible employees voting in the election, so that the organization receiving a majority of the votes cast is to be certified as the exclusive representative."¹²⁴ In discarding the quorum interpretation urged upon the Board, the Board stated:

* * * The facts of the instant case are especially important in this regard, for they illustrate the inadvisability of an interpretation which fastens upon actual participation of a majority of the eligible employees. Such an interpretation defeats the purpose of the act by placing a premium upon tactics of intimidation and sabotage. Minority organizations merely by peacefully refraining from voting could prevent certification of organizations which they could not defeat in an election. Even where their strength was insufficient to make a peaceful boycott effective, such minority organizations by waging a campaign of terrorism and intimidation could keep enough employees from participating to thwart certification. Employers could adopt a similar strategy and thereby deprive their employees of representation for collective bargaining.

In all such situations the purpose of the act would be thwarted. One of its basic policies is to encourage "the practice and procedure of collective bargaining" between an employer and his employees. Section 9 (a), and especially the election procedure, is designed to promote collective bargaining by means of a prompt determination of the representative of the employees to carry on that bargaining. The object of the whole procedure is the elimination of obstructions to the free flow of commerce caused by the refusal to accept the procedure of collective bargaining. The realization of that object thus depends upon the efficacy of the election device as a peaceful means of settling disputes between contesting labor organizations. If an election is allowed to fail on account of the causes mentioned above, the result will be the continuation of unrest and strife consequent upon the doubt as to which organization is entitled to represent the employees. In the instant case such doubt has already led to a bitter strike which materially disrupted the commerce of the company. A failure to certify in this case would

¹²³ Case no. R-39 (Nov. 7, 1936).

¹²⁴ See p. 252 for recent judicial decisions on cases arising under the 1934 amendments to the Railway Labor Act which passed upon the problem of what constitutes a majority whose representatives are entitled to speak for the entire group in matters of collective bargaining.

perpetuate the conditions which caused that strike and thereby defeat the intent of the act.¹²⁵

Recent Legislation and Court Decisions^{125a}

The Bituminous Coal Conservation Act.—As previously indicated, the validity of section 7 (a) of the National Industrial Recovery Act with respect to the permissible scope of Federal regulation of industrial relations was not directly passed upon by the Supreme Court in the Schechter case.¹²⁶ This issue arose under the Bituminous Coal Conservation Act of 1934,¹²⁷ which was enacted "to stabilize the bituminous-coal-mining industry and to promote its interstate commerce." The act included certain labor provisions involving the establishment of maximum hours and minimum wages for the industry. Provision was made that employees be given the right to organize and bargain collectively through representatives of their own choosing, free from interference, restraint, or coercion of employers in respect of their concerted activities.

The Supreme Court in holding the entire Bituminous Coal Conservation Act unconstitutional passed upon the validity of the labor provisions as follows:¹²⁸

The employment of men, the fixing of their wages, hours of labor, and working conditions, the bargaining in respect of these things—whether carried on separately or collectively—each and all constitute intercourse for the purposes of production, not of trade. The latter is a thing apart from the relation of employer and employee, which in all producing occupations is purely local in character. Extraction of coal from the mine is the aim and the completed result of local activities. Commerce in the coal mined is not brought into being by force of these activities, but by negotiations, agreements, and circumstances entirely apart from production. Mining brings the subject matter of commerce into existence. Commerce disposes of it.

A consideration of the foregoing, and of many cases which might be added to those already cited, renders inescapable the conclusion that the effect of the labor provisions of the act, including those in respect of minimum wages, wage agreements, collective bargaining, and the Labor Board and its powers, primarily falls upon production and not upon commerce; and confirms the further resulting conclusion that production is a purely local activity. It follows that none of these essential antecedents of production constitutes a transaction in or forms any part of interstate commerce.

* * * * *

Much stress is put upon the evils which come from the struggle between employers and employees over the matter of wages, working conditions, the right of collective bargaining, etc., and the resulting strikes, curtailment, and irregu-

¹²⁵ But see *Matter of Chrysler Corporation and Society of Designing Engineers*, 1 N.L.R.B. 164, in which the Board refused to certify an organization which received 121 votes in an election in which 700 employees were eligible to vote presumably since the number of votes received, although a majority of those cast, was unsubstantial in relation to the entire unit.

^{125a} The following discussion includes important decisions up to May 1937.

¹²⁶ See p. 238.

¹²⁷ 49 Stat. 991. Provision was made for a tax of 15 percent on the sale price of bituminous coal at the mines, upon which the producer was entitled to a draw-back of 90 percent provided that he accepted the code of regulations promulgated by the National Bituminous Coal Commission.

¹²⁸ *Carter v. Carter Coal Co. et al.*, 298 U. S. 238, 303 et seq.

larity of production and effect on prices; and it is insisted that interstate commerce is greatly affected thereby. But, in addition to what has just been said, the conclusive answer is that the evils are all local evils over which the Federal Government has no legislative control. The relation of employer and employee is a local relation. At common law, it is one of the domestic relations. The wages are paid for the doing of local work. Working conditions are obviously local conditions. The employees are not engaged in or about commerce, but exclusively in producing a commodity. And the controversies and evils, which it is the object of the act to regulate and minimize, are local controversies and evils affecting local work undertaken to accomplish that local result. Such effect as they may have upon commerce, however extensive it may be, is secondary and indirect. An increase in the greatness of the effect adds to its importance. It does not alter its character.

Federal Social Security Act.—The Federal Social Security Act¹²⁹ requires that before the Social Security Board approves the unemployment compensation plan of any State desiring to receive the benefits of the Federal act, it shall find that, among other things, the State plan provides that “compensation shall not be denied * * * to any otherwise eligible individual for refusing to accept new work * * * (c) if as a condition of being employed the individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization” (Title IX, sec. 903 (a) 5 (c)). In compliance therewith the State unemployment-compensation acts have embodied provisions which guarantee that individuals will not be refused unemployment compensation when the employment offered is conditioned upon the individual’s joining a company union.¹³⁰

Although not specifically passing upon this particular provision the Supreme Court has held the Alabama Unemployment Compensation Law, which contains such a provision, constitutional.¹³¹ The New York law had previously been sustained in a 4-to-4 per curiam opinion.¹³²

Court decisions under the 1934 Amendments to the Railway Labor Act.—The case of *Virginian Railway Company v. System Federation No. 40* arose as the result of an election in which the National Mediation Board certified that the federation was the accredited representative of six crafts employed by the carrier. The decree of the Federal District Court directed the carrier¹³³—

to “treat with” the federation and to “exert every reasonable effort to make and maintain agreements concerning rates of pay, rules, and working conditions, and to settle all disputes, whether arising out of the application of such agreements or otherwise. * * *” It restrained petitioner from “entering into any contract, undertaking, or agreement of whatsoever kind concerning rules, rates of pay, or working conditions affecting its mechanical department employees, * * *

¹²⁹ 49 Stat. 620.

¹³⁰ See, for example, New York Consolidated Laws, art. 18, sec. 506 (1) (a).

¹³¹ *Carmichael v. Southern Coal & Coke Company; Carmichael v. Gulf States Paper Corporation*, 57 S. Ct. 868, 301 U. S. 495.

¹³² *W. H. H. Chambertin, Inc. v. Andrews, Industrial Commissioner of New York, et al.; E. C. Stearns & Co. v. Same; Associated Industries of New York State, Inc. v. Department of Labor of New York et al.*, 299 U. S. 515.

¹³³ See 11 F. Supp. 621 for the opinion of the District Court for the Eastern District of Virginia.

except * * * with the federation" and from "interfering with, influencing, or coercing" its employees with respect to their free choice of representatives "for the purpose of making and maintaining contracts" with petitioner "relating to rules, rates of pay, and working conditions, or for the purpose of considering and deciding disputes between the mechanical department employees" and petitioner. The decree further restrained the petitioner from organizing or fostering any union of its mechanical department employees for the purpose of interfering with the federation as the accredited representative of such employees.¹³⁴

The Circuit Court of Appeals for the Fourth Circuit affirmed the decree of the district court.¹³⁵ The Supreme Court granted certiorari to review the case.¹³⁶ The carrier contended that the act as amended did not impose any legally enforceable obligation upon the carrier to negotiate with representatives certified by the Board¹³⁷ and further that—

so far as it imposes on the carrier any obligation to negotiate with a labor union authorized to represent its employees, and restrains it from making agreements with any other labor organization, it is a denial of due process guaranteed by the fifth amendment.¹³⁸

As to the first contention, the Court indicated that the act encouraged the amicable adjustment of labor disputes and supported that policy by the imposition of legal obligations. It referred to the Railway Clerks' case, *supra*, in which legal sanction protected employees from "coercive interference" in their statutory right to choose their representatives. Legal sanction, according to the Court, extended to that provision of the statute which requires the carrier to treat with the representative of the craft or class certified by the Board as representative.¹³⁹

It is, we think, not open to doubt that Congress intended that this requirement be mandatory upon the railroad employer, and that its command, in a proper case, be enforced by the courts. The policy of the Transportation Act of encouraging voluntary adjustment of labor disputes, made manifest by those provisions of the act which clearly contemplated the moral force of public opinion as affording its ultimate sanction, was, as we have seen, abandoned by the enactment of the Railway Labor Act. Neither the purposes of the later act, as amended, nor its provisions when read, as they must be, in the light of our decision in the Railway Clerks' case, *supra*, lend support to the contention that its enactments, which are

¹³⁴ This summary of the decree appears in the opinion of the Supreme Court, 57 S. Ct. 592, 596.

¹³⁵ 84 F. (2d) 641.

¹³⁶ 57 S. Ct. 43.

¹³⁷ The carrier's contention that the regulation between it and its "back shop employees" was not a regulation of interstate commerce, was overruled by the Supreme Court. "The activities in which these employees are engaged have such a relation to the other confessedly interstate activities of the petitioner that they are to be regarded as a part of them. All taken together fall within the power of Congress over interstate commerce. * * * The relation of the back shop to transportation is such that a strike of petitioner's employees there, quite apart from the likelihood of its spreading to the operating department, would subject petitioner to the danger, substantial, though possibly indefinable in its extent, of interruption of the transportation service. The cause is not remote from the effect. The relation between them is not tenuous. The effect on commerce cannot be regarded as negligible."

¹³⁸ 57 S. Ct. 592, 596.

¹³⁹ See 1934 Amendments of Railway Labor Act, sec. 2, Ninth.

mandatory in form and capable of enforcement by judicial process, were intended to be without legal sanction.

* * * * *

The statute does not undertake to compel agreement between the employer and employees, but it does command those preliminary steps without which no agreement can be reached. It at least requires the employer to meet and confer with the authorized representative of its employees, to listen to their complaints, to make reasonable efforts to compose differences—in short, to enter into a negotiation for the settlement of labor disputes such as is contemplated by section 2, First (45 U. S. C., par. 152, subd. 1).

With respect to the second contention of the carrier, the Court stated that the provisions of the act—

as construed by the court below, and as we construe them, do not require the petitioner to enter into any agreement with its employees, and they do not prohibit its entering into such contract of employment as it chooses, with its individual employees. They prohibit only such use of the company union as, despite the objections repeated here, was enjoined in the Railway Clerks' case, *supra*, and they impose on petitioners only the affirmative duty of "treating with" the authorized representatives of its employees for the purpose of negotiating a labor dispute.

Each of the limited duties imposed upon petitioner by the statute and the decree do not differ in their purpose and nature from those imposed under the earlier statute and enforced in the Railway Clerks case, *supra*. The quality of the action compelled, its reasonableness, and therefore the lawfulness of the compulsion, must be adjudged in the light of the conditions which have occasioned the exercise of governmental power. If the compulsory settlement of some differences, by arbitration, may be within the limits of due process (see *Hardware Dealers Mutual Fire Insurance Co. v. Glidden Co.*, 284 U. S. 141, 52 S. Ct. 69, 76 L. ed. 214) it seems plain that the command of the statute to negotiate for the settlement of labor disputes, given in the appropriate exercise of the commerce power, cannot be said to be so arbitrary or unreasonable as to infringe due process.¹⁴⁰

As to the majority rule, the Court held that where a majority of those eligible to vote participated in an election, a majority of the votes thus cast was sufficient to designate representatives, even though this did not constitute a majority of all those qualified to vote.¹⁴¹

National Labor Relations Act sustained by Supreme Court.—On April 12, 1937, the Supreme Court in five cases sustained the constitutionality of the National Labor Relations Act, and no doubt remains as to the validity of this legislation in the sphere of manufacture "affecting commerce", and in proper cases, of the Board's administration of the act.¹⁴² In disposing of the seemingly contrary holdings in the Carter and Schechter cases,¹⁴³ Chief Justice Hughes stated in the

¹⁴⁰ *Virginian Railway Co. v. System Federation No. 40*, *supra*, p. 604.

¹⁴¹ With respect to one craft in which a majority of those qualified to vote did not participate in the election, the district court held that for this reason the certification of the Board had no effect. No appeal was taken as to this craft.

¹⁴² *National Labor Relations Board v. Jones and Laughlin Steel Corporation*, 57 S. Ct. 615; *National Labor Relations Board v. Fruehauf Trailer Co.*, 57 S. Ct. 642; *National Labor Relations Board v. Friedman-Harry Marks Clothing Co., Inc.*, 57 S. Ct. 645; *The Associated Press v. National Labor Relations Board*, 57 S. Ct. 648; *Washington, Virginia & Maryland Coach Co. v. National Labor Relations Board*, 57 S. Ct. 650.

¹⁴³ See pp. 238 and 251.

Jones and Laughlin case involving the discriminatory discharge of employees:

The close and intimate effect which brings the subject within the reach of Federal power may be due to activities in relation to productive industry although the industry when separately viewed is local * * *. In the Carter case * * * the Court was of the opinion that the provisions of the statute relating to production were invalid upon several grounds—that there was improper delegation of legislative power, and that the requirements not only went beyond any sustainable protection of interstate commerce but were also inconsistent with due process. These cases are not controlling here.

* * * * *

Experience has abundantly demonstrated that the recognition of the right of employees to self-organization and to have representatives of their own choosing for the purpose of collective bargaining is often an essential condition of industrial peace. Refusal to confer and negotiate has been one of the most prolific causes of strife. This is such an outstanding fact in the history of labor disturbances that it is a proper subject of judicial notice and requires no citation of instances. The opinion in the case of *Virginian Railway Co. v. System Federation No. 40*, supra, points out that, in the case of carriers, experience has shown that before the amendment, of 1934, of the Railway Labor Act “when there was no dispute as to the organizations authorized to represent the employees and when there was a willingness of the employer to meet such representative for a discussion of their grievances, amicable adjustment of differences had generally followed and strikes had been avoided.” That, on the other hand, “a prolific source of dispute had been the maintenance by the railroad of company unions and the denial by railway management of the authority of representatives chosen by their employees.”

* * * * *

* * * It is not necessary again to detail the facts as to respondent’s enterprise (the activities of the respondent engaged in the manufacture of iron and steel). Instead of being beyond the pale we think that it presents in a most striking way the close and intimate relation which a manufacturing industry may have to interstate commerce and we have no doubt that Congress had constitutional authority to safeguard the right of respondent’s employees to self-organization and freedom in the choice of representatives for collective bargaining.

In discussing questions under the due process clause of the fifth amendment, the Court stated:

As we said in *Texas & New Orleans Railroad Co. v. Railway and Steamship Clerks*, supra, and repeated in *Virginian Railway Co. v. System Federation No. 40*, the cases of *Adair v. United States*, 208 U. S. 161, and *Coppage v. Kansas*, 236 U. S. 1, are inapplicable to legislation of this character. The act does not interfere with the normal exercise of the right of the employer to select its employees or to discharge them. The employer may not, under cover of that right, intimidate or coerce its employees with respect to their self-organization and representation, and, on the other hand, the Board is not entitled to make its authority a pretext for interference with the right of discharge when that right is exercised for other reasons than such intimidation and coercion. The true purpose is the subject of investigation with full opportunity to show the facts. It would seem that when employers freely recognize the right of their employees to their own organizations and their unrestricted right of representation there will be much less occasion for controversy in respect to the free and appropriate exercise of the right of selection and discharge.

To the extent that the activities of employers in the formation, control, or domination of "company unions" interfere with the rights of labor to organize and bargain collectively, and insofar as such activities constitute unfair labor practices within the meaning of the National Labor Relations Act, such unions are outlawed. The law of collective bargaining has definitely evolved to the point where the rights of labor have received recognition and protection through statutory sanction.

Appendix II

Case Histories of the Establishment of Company Unions

The following are brief descriptions of the beginnings of 35 company unions as summarized from the data collected by the Bureau's field agents. They are selected as being typical of various procedures and circumstances. These are followed by summary accounts of the establishment of those eight company unions referred to in chapter VII, (pp. 91-92) which showed the greatest amount of employee initiative. The date at the beginning of each description represents the date the company union was established. The various company unions are shown under headings which most nearly describe the major influences or circumstances attending their formation. These headings are:

1. Management complies with National Industrial Recovery Act.
2. Management sets up a personnel agency.
3. A company union is set up to forestall a trade-union.
4. A company union is set up following a strike.
5. A company union is set up during a strike.
6. The company signs a contract with a newly established company union.
7. A benefit society becomes a company union.
8. The company organizes a social club.
9. The company organizes a safety organization.
10. Company headquarters sends in a plan.
11. Local management suggests the plan to an employee.
12. The foremen sound out sentiment for a company union.
13. The company circulates a prepared constitution.
14. The company calls a mass meeting.
15. Management interviews the employees individually.
16. The personnel manager attends the union meeting.
17. The company discharges trade-union members.
18. Eight cases of most marked employee initiative in establishment of a company union.

1. Management Complies With N. I. R. A.

July 1933.—With the passage of the N. I. R. A. and with apparently no unionization threatening, management set about introducing a company union. First a meeting was held with the supervisors to familiarize them with the plan. Then the foremen called department meetings. A letter from the treasurer explaining the plan was also posted on the bulletin boards. A secret vote, supervised by employer and employee tellers, was then taken on the single question, "Do you want employee representation?" The vote was 451 yes, 203 no. Three days later nomination ballots were distributed and nominations made. Four days after the nominations the election of representatives took place and 2 days later the successful representatives held their first meeting with the management representatives.

The meeting was opened with a talk by a company official on the duties of representatives and what the plan of employee representation should accomplish. The personnel manager, who acted as chairman, explained that thus far the plan had been operating tentatively on the basis of a typical plan of employee representation, and that it would be necessary to draw up and approve a permanent set of bylaws. A joint committee of four was appointed for this purpose. At the next monthly meeting the committee brought in its report and the bylaws as revised were adopted. It was then moved that they be submitted to the company for approval. This approval was immediately forthcoming.

August 1933.—Since 1924 a committee of employees had functioned largely in connection with suggestions and efficiency. The members of this committee had been selected by the foremen by means of an informal canvass of employees. The foreman would ask the men in his department whom they would like to nominate. He would then pick the four or five most popular and ask each man which of those he wanted as committeeman. When the N. I. R. A. was passed, the superintendent suggested to the members of the committee that certain changes in the existing system be made to conform to the requirements of section 7 (a). Together they drew up a constitution and members of the committee personally canvassed about 150 of the 1,000 employees. The results of this canvass were favorable and the first election was held and the constitution printed. The chief differences between the old and the new system are that there is now a written constitution, that elections are by secret ballot, and that the functions of the committee have been increased to include grievances and improvements by negotiation with management.

2. Management Sets Up an Agency to Improve Personnel Relations

1919.—The ——— Employees' Congress did not grow out of any labor difficulty or encroaching unionsim, but rather was the idea of the president of the company, who was a liberal with advanced ideas on employer-employee relations. The management selected five employees, who, together with five members of management, drew up the original plan. A mass meeting was held at which the idea was presented to employees and accepted by an oral vote.

3. A Company Union Is Set Up to Forestall a Trade-Union

May 1934.—Late in 1933, the company had talked representation when it sensed unrest, but at that time had dropped it. Early in 1934 with militant unionism making headway, some prospective foremen, apparently on a hint from the general manager, began asking for a plan. They put their request in writing. The manager drew up a tentative constitution with joint meetings of employer and employee representatives. A mass meeting was held at which the president of the company stated that the trade-union was supported with Moscow gold. That afternoon they held elections for representatives to consider the plan. The representatives extracted a 10-percent raise as the price of ratifying the plan and deleted the joint meeting provisions. The employees then voted upon the plan by signed ballot. Seventy-one percent voted for the plan. Before the vote 125 men, mostly union it was claimed, were laid off. These men stated that they had to give up their union membership in order to get back their jobs. Meantime, the A. F. of L. organizing campaign had started off with enthusiasm. However, when the organizers divided the new members up among the various crafts, the members became disgruntled and dropped out in the face of the company's strong anti-union attitude.

November 1933.—An outside union started organizing the employees. After the president of the company spoke at a mass meeting, at the request of the employees, a vote was taken to find out their preference. The vote was by secret ballot and was 4 to 1 in favor of an outside union. This vote was objected to and a second was taken, supervised by company officials. The result was again a large majority for an outside union.

Shortly after this a conference was held by a group of employees and the superintendent of the plant on how to organize and run an inside union. The testimony is confused as to how this meeting was called. Management states that a group of employees petitioned for it. Others say that it was called by the superintendent. At the meeting the superintendent referred the employees to a book on industrial management and to several employee-representation plans. One employee stated that he was called to a meeting in the superintendent's office with about 10 other workers and that when he came they were discussing ways of establishing inside unions. The superintendent was explaining the constitution of a company union in another company. This employee stated that he was asked to help organize a company union but refused because he belonged to an outside union and didn't believe in an inside union. He was laid off later when difficulty arose and was off almost a year.

About this time the outside union, claiming a majority in the plant, asked for an agreement and a closed-shop clause. After a delay of some weeks, they were told that the company would not sign it.

The inside group held a mass meeting and secured the signatures of about 80 percent of the employees. At the same time, the outside union signed up 80 percent. An examination of the membership cards shows, of course, many names which appear on both sets. Some of the employees stated that they were told there would be a shut-down of the plant and that those who were members of the company union would be called back immediately, but that those who were not would be let out. Two months later, the plant was shut down on Friday and opened the following Monday with only members of the company union at work. The Regional Labor Board decided that discrimination had been shown and ordered the other men back. The company rehired the men and also sent a letter to the trade-union recognizing it as the bargaining agency for its members. But it continued to favor the company union.

July 1933.—The American Federation of Labor was organizing about the time the company union was formed. Meetings of employees were called in the various departments by the foremen. At these meetings, the employees were told to choose representatives to confer with management. These delegates were chosen without a vote, groups of employees simply getting together and making an informal choice. When this committee of representatives met, management officials told them that employees as well as employers had to sign the codes and for this purpose an employees' organization was necessary. The company proposed a plan of representation based on joint councils of employee and management representatives. The employee representatives rejected this plan and drew up one of their own. No vote was taken as to whether a majority of the employees accepted this plan, but cards were passed around for those to sign who wished to become members. Election of representatives by secret vote was held in January 1934, the election being supervised by the original group of representatives.

1934.—During the World War the company had an "industrial democracy" plan in effect, but it was complex and costly and it was dropped shortly afterward. In March 1934, employees began organizing their own industrial union to be affiliated with the American Federation of Labor. They claimed to have had the shop organized 90 percent when the president of the union suddenly found himself without a job. Then five employees went to the management and asked for help in forming an employee-representation plan.

In May 1934 the company held an election. The ballot did not require a signature—it simply said, "Do you want your own shop union or do you not?" Of 230 votes, 136 were against, 85 for, 9 blank. Despite the unfavorable returns, the company went ahead holding elections in the various departments for representatives. Elections were held under the direction of the foremen and supervisors. The representatives elected were then handed a constitution which was almost verbatim from another company in the same city. The representatives accepted the plan.

Then the company held a vote of employees on accepting the plan. The ballots had the pay-roll number of each employee on them. The result was 83 for, 73 against, 53 blank.

The Central Labor Union protested over the conduct of the election and another was arranged to be held jointly by company, company union, and the American Federation of Labor union. Meanwhile, four more trade-union men, who made up the union committee, lost their jobs. In this election the company tried to have the office workers vote, but the trade-union objected. The company did succeed in having foremen and supervisors vote, although they were not to be included in the plan. The vote was 115 for the trade-union, 114 for the company union, 21 for individual bargaining, 1 stray, 6 void.

The company union went right ahead with its membership campaign. The names of those who signed were posted on bulletin boards in each department.

4. A Company Union Is Set Up Following a Strike

1929.—Following a very serious strike which was unsuccessful the company established an informal plan of employee representation. It had no written constitution and no one interviewed knew just how representatives were chosen. Shortly afterward, a new plant manager came. A strike was threatening at the time. One of his first acts was to introduce a new company union with a written constitution. The new plan was drawn up by management on the basis of a study of three well-known plans. Before submitting the plan formally to the

workers for adoption a straw vote was taken. The straw vote having been favorable, management submitted the plan to a formal secret vote, conducted in the plant departments and supervised by the representatives under the old plan. The vote was 4 to 1 in favor of adoption.

5. A Company Union Is Set Up During a Strike

March 1935.—Conditions in the plant had not been satisfactory. There were great seasonal fluctuations in employment. Workers felt that division bosses were arbitrary and disagreeable and there was no provision for remedying any difficulties or reporting any complaints. It is estimated that approximately 50 percent of the company's employees joined an American Federation of Labor local, which had called a strike against the company. Thereupon the company went out to break the outside union.

Said the business agent of the union: "After several conferences with the vice president we found we were not getting anywhere. He kept 'kidding us along' until he got his group of men together." Each employee was called in, one man at a time, and asked if he was in favor of a committee. The vice president threatened to lease out his delivery work, and he forced them to sign a resignation from the union. The resignation, printed by the plant, read:

I made application to join your union known as Local No. — under false pretenses and therefore withdraw my application for membership and resign from the union.

(Signed) ——— ———

After these were signed by the men, they were mailed to the union from the company office.

The chairman of the company-union committee said: "The plan was started because the vice president was worried about the men joining the outside union. He had a meeting of employees and told them that he didn't want them to start a union, that this had been an open shop for 84 years. He suggested that they have a grievance committee in connection with the mutual-benefit society. This was discussed in each of the three branches when the vice president visited them. He said, 'I have no objection to your joining a union, but this will always be an open shop. We'll never recognize any union.'"

There was no secret ballot by the employees on acceptance of the grievance-committee plan. Committee members were elected by employees in a secret vote held in the company's branches with the vice president and the general manager in attendance.

1921.—During a strike, 10 men left the strikers and came back and secured for themselves an agreement with management that they should have work whenever any was available. They and management representatives together drew up the constitution for the company union.

6. The Company Signs a Contract With a Company Union

1935.—The employees had organized a trade-union and secured an American Federation of Labor charter. On the advice of the secretary of the local chamber of commerce, the company attempted to set up a company union in order to break up the outside organization. A collective-bargaining committee, composed of foremen, was set up and the company entered into a written contract with the committee. Shortly thereafter, the outside union called a strike, which ended with management signing a new agreement with the American Federation of Labor men, although it did not formally recognize the union. The original

collective-bargaining committee no longer exists, but management stated that it hopes to have an employee organization in the near future that will work.

1934.—The outside union was attempting to gain a footing in this company. According to management, some of the men approached management with the idea of setting up their own bargaining committee. The manager advised them to get a lawyer to help draw it up, as the company would not contribute a penny. Because of the cost involved, the men did not consult an attorney, feeling that they could do the work themselves. Similar action occurred at the same time at another unit of the company, about 15 miles away, with no previous communication between the employees at the two units. Separate meetings were held for the two units and a vote was taken, in one case apparently on whether or not the men wanted the outside union to represent them. Although the employees were very largely illiterate, the vote in the latter case was recorded and subsequently notarized in the following form:

August 10 1934

----- co.
Empolies Met and apointed Three to repercent Them Which are

A balot was voted yes for union and no for no union	
Yes.....	1
No.....	34
Aug 17.....	14
	48

They want aus to repercent Them Not a outsider

Selection of representatives for the other unit was also notarized, although in a different form:

August 16th, 1934

TO WHOM IT MAY CONCERN:

This is to certify that we the undersigned, ----- and ----- have been authorized to represent 43 employees of the ----- company in collective bargaining with said company.

A signed agreement, consisting only of wage rates and having no termination date, was entered into with each of the two committees. Neither committee held any further meetings and no provision was made for election of new representatives at any time in the future.

7. A Benefit Society Becomes a Company Union

1933.—For nearly 10 years the company had maintained a mutual-benefit society which was governed by a board of nine trustees, four elected by the employees, four appointed by the president of the company, and the ninth the president of the company himself, who was ex-officio president of the mutual-benefit society. Early in 1933, two employees were discharged for activity on behalf of an outside union. With the passage of the N. I. R. A. a new set of

bylaws was adopted which set up a general committee of employee representatives for purposes of collective bargaining. The changes were not submitted to the employees for approval. Pending election of this employees' committee, a temporary employees' committee was established, composed of the four employee trustees who had been chosen at the preceding election, which antedated the changes in the functions of the organization. An agreement was signed between this committee and the company. In March 1934 the first regular election of employee representatives under the new bylaws took place. Shortly thereafter a bitter strike broke out, characterized by considerable violence. The company union carried on an active campaign against the outside union; in this campaign the company cooperated in various ways. The metamorphosis was completed in January 1935 with the adoption of a new constitution which combined the old benefit-society constitution and the new bylaws, eliminating all management representation on the governing body of the employees' organization.

8. The Company Organizes a Social Club

May 1934.—The company has agreements with two craft unions, but these include only about 5 percent of the employees. The initiative in the organization of the company union came from the central management. In each plant the recreational director called the employees together, read them a suggested form of organization, and announced that those who signed cards for membership were to meet later to form a permanent organization. There was no vote on the plan but almost everyone signed.

Management said: "We don't want this club called a union or a company union. We wanted to give them the finest possible in sports, social affairs at a low cost, and also provide welfare work. In addition, if a dispute arises, channels have been opened for each to get to the other. This is secondary."

October 1933.—The outside union was organizing the men. The assistant distribution engineer got an employee, who later became the first president, to organize a company union and get members. The proposal was submitted to the men to adopt or reject the idea. "The men thought they were voting on a social club, not a company union", said four employees. The men did not see copies of the constitution before the election. One of the men elected on the first board of directors said that the supervisory official above referred to read the constitution to the representatives paragraph by paragraph. They hadn't seen it before. When he read the paragraph indicating that the organization was to handle grievances, there was some objection but the majority agreed to retain the clause.

9. The Company Forms a Safety Organization

July 1933.—At the time this employee-representation plan was established shortly after N. R. A., wages had been reduced and there was a strong undercurrent of dissatisfaction among the company's workers. Unionization was not an important factor at the time. The idea for the plan was formulated by the management and presented to the workers. The foremen passed around an outline of the plan to the employees in their departments, and then company delegates passed around the bylaws and got signatures. A former employee, now a union official, said: "Safety was the keynote during the formation period, and the workers didn't know they had a company union until it was established." No secret vote was taken.

10. Company Headquarters Send in Plans

July 1933.—A representation plan was established during the World War, but after the war, when the plant closed for a while, the plan went out of existence through lack of interest. The present employee-representation plan originated with the parent company. It was established to satisfy the requirements of N. I. R. A. and was offered to all subsidiary plants of the company. There was no labor trouble or unionization threatening. The plan was voted upon secretly, operators going through the plant with ballot boxes. The vote was supervised by a committee named by the management. Delegates under the plan were elected later.

August 1933.—The plan was drawn up in the New York office by the company's attorney and copies forwarded to all the plants. The local management was very enthusiastic about the plan and even more receptive as the possibility of union organization increased. The men had had several meetings and were talking trade-union affiliation. No vote was taken on the plan. Management posted notices that elections would be held for representatives.

11. Local Management Suggests a Plan to the Employees

July 1933.—This company originally had an employee-representation plan in 1917 but it was discontinued after a strike. In 1933 management suggested to an employee the possibility of forming an inside union. The employee had worked in a company where a plan was in operation and he was for it. He suggested some other employees for an election committee. They all did considerable promotional work prior to the election. The employees voted on the plan by secret ballot. Ninety percent of eligible employees voted and more than three-fourths of the votes cast were favorable.

12. The Foremen Sound Out Sentiment for a Company Union

May 1933.—This company had an employee-representation plan for 6 months in 1919 but it never really functioned. When the present plan was started in 1933 the foremen were told to sound out their men as to whether or not they wanted such a plan. An election was then held for representatives to draw up a constitution. Approximately half of the employees participated in the election of representatives. These then drew up the plan. The employees as a whole were not given a chance to modify the plan or to vote on its acceptance.

13. The Company Circulates a Prepared Constitution

February 1934.—Unionization was making rapid headway when management decided to introduce the company union. Before presenting the plan to the employees for adoption, the plant manager conferred with an N. R. A. compliance official. Mimeographed copies of the proposed plan, accompanied by a letter from management explaining the advantages of such an organization, were then distributed to the employees. A secret ballot was then held at the plant with the understanding that a two-thirds vote would be required to ratify its establishment. The required two-thirds was obtained, about 25 percent voting in the negative. The establishment of the company union, however, did not succeed in halting the unionization movement. Shortly after its establishment a serious strike broke out and the company union was discontinued.

September 1933.—A local union, affiliated with the American Federation of Labor, was attempting to organize employees, but it would have included only one of the many groups employed. This and the desirability of a collective-bargaining agency in view of the passage of the N. I. R. A. were the chief reasons given by management as to why it set out to establish a company union.

The employee magazine carried a letter to employees from the president of the company suggesting the formation of the council, presenting a copy of the proposed bylaws, and outlining the procedure for electing representatives. This was followed by a series of conferences in which the plan was explained, first to the foremen and then by them in separate meetings to their workers. At the same time notices were posted on the bulletin boards. No vote on adoption of the plan itself was held.

14. The Company Calls a Mass Meeting

November 1933.—The union was organizing the plant and was having considerable success. One of the leaders claimed that 98 percent of the men were interested. Then a counter movement in favor of an inside union was started. Management claims that this originated with a group of employees, but there are many indications that it was instigated by the company. Thus, one employee claims that he was approached by a minor executive with a proposal to form a company union, but that he refused because of his union sympathy. A mass meeting was held in the town high school and the leader of the inside group spoke against the trade-union and in favor of a company union. The men then asked that an employee leader of the trade-union group be allowed to speak. In order to prevent his talking the meeting was adjourned. It was reconvened an hour or so later and the organization of the company union completed. There was no general vote of employees on the acceptance or rejection of the plan.

September 1934.—The company union originally came into existence 1 week prior to N. I. R. A. The object was to be prepared for section 7 (a) and to counteract the organizing efforts of an outside union. Word was passed through the mill that there was to be a meeting at the Y. M. C. A. At 7 p. m. the machines closed down, and employees were told to go to the meeting. The organizer spoke on how benevolent the company was and said the trade-union organizers all smoked big cigars and lived in fancy hotels on the dues paid by members. He promised a raise if they got a majority in favor of the plan. The raise came after the code and included all but one department, which was 100 percent unionized.

Immediately after the passage of the N. I. R. A., an American Federation of Labor union started organizing in this plant. They succeeded in getting a considerable portion of the workers signed up. As a result, interest in the company union died out and no more was heard about it until the time of the general textile strike in September 1934.

The present plan, called the Workers' Adjustment Club, was organized during this strike. All of the employees went out on strike. During the strike the man who had been active originally in organizing the company union started in again, along with some of his friends, to interest employees in signing up. He had a list of employees on whom he or his friends called personally, making a house-to-house canvass. The workers were told that if they wanted to return to their jobs, it behooved them to sign up. In this manner, a majority was obtained by the time the strike ended. Eventually the company union was put into effect at a mass meeting.

15. Management Interviews the Employees Individually

1933.—Before 1923 a large proportion of the women employees of this company¹ were organized in an American Federation of Labor union. In that year there was a strike which resulted in the defeat of the trade-union, although it kept its charter and a few members. Following the strike, the company instituted committees within each central office to take care of local grievances. These were in no sense bargaining agencies, since no contact was permitted between the various local committees. Until 1933 there were sporadic efforts and suggestions by various committees for some general organization, but this was continually discouraged by management.

In 1931 the company had called the central-office committees together and secured their consent to taking a day a week off without pay and to the discontinuance of increases. In August 1933 the blanket code went into effect and employees were put on an hourly rate of pay for 40 hours, instead of the former weekly rate for 48 hours, thus resulting in a substantial reduction in earnings.

Following this, the committee system broke down. The rank and file held a meeting at which it was decided that the committee representation was not adequate and that they would no longer deal through it but would establish a regular union and affiliate with the American Federation of Labor. From here on the struggle became one between the company, which was doing everything in its power to reestablish the committee system, and those employees who had decided to organize. The company resorted to a systematic and persistent series of personal interviews. In these interviews, it was pointed out to the employees that a union meant dues, that cuts were necessary because of the depression, that union membership meant strikes, and that the company preferred the committee plan. Those who admitted trade-union affiliation were interviewed several times by company officials. Meantime, the committees were resumed with such people as the management could persuade to serve without regard to whether or not they had been elected. Joint meetings were held in the various towns, and representatives picked by management traveled throughout the company's territory, working for the committee plan and staying at the best hotels at the company's expense.

The establishment of the revised plan took place in October 1933. The important difference between the old and the new is that now the organization does not stop with local committees in each central office but includes, in addition, a hierarchy of district and division committees. No general vote was taken on the revised system.

16. The Personnel Manager Attends the Trade-Union Meeting

May 1934.—The American Federation of Labor was conducting an organization campaign and about 100 employees of the company attended a mass meeting. The personnel manager of the company also attended. At the next meeting only three employees were present.

Shortly after this meeting, the formation of the representation plan began. It started with an employee group which constituted themselves a steering committee. Whether the formation of this group was spontaneous or whether the idea germinated in the company offices is not clear. At any rate, the personnel manager provided the committee with half a dozen copies of the plans of other companies. The committee drew up a set of bylaws and submitted them to management, which made a few changes. Suggested copies of the bylaws were posted on the bulletin boards and employees were asked to make suggestions for any

¹ The company had branch offices in many cities

changes. No election was held on the acceptance of the plan, but only on the election of representatives.

17. The Company Discharges Some Union Members

October 1933.—Since the spring of 1933, there had been attempts by different groups to organize the district and this particular plant. The company did away with the threat of unionization by eliminating the department in which the most active trade-union leaders worked. In June 1933 the American Federation of Labor started organizing the district, and in September a federal local was started in the company. It was directly after this that the employee association was formed.

The association started with a suggestion by some of the officers of the company's benefit association. Management encouraged the idea. A set of tentative bylaws was drawn up and the company issued a circular to its employees suggesting the association and listing the features of the proposed bylaws. A few days later the employees voted on the proposed association and the vote was 627 for and 1,143 against. The company announced that "the results of the election * * * fully warrant carrying through the —— Association", but did not announce the vote. Nominations and elections for representatives were thereupon held. At the first meeting of representatives, which was a banquet in a hotel, the constitution was read section by section and unanimously accepted by acclamation.

18. Eight Cases of Most Marked Employee Initiative in Establishment of a Company Union ²

1934.—This company union was planned during a strike when three or four employees decided that in their opinion the trade-union "was run by radicals" and was not a satisfactory bargaining agency and that they would organize a company union. Their attorney wrote a constitution and attempted to get an agreement for them, but the company refused at this time to recognize them or to negotiate with them.

Shortly thereafter, the trade-union agreement with the company expired and the National Labor Relations Board held an election to determine who should represent the employees in collective bargaining. The trade-union obtained a few votes more than the company union but not a majority of all votes cast, since some ballots were blank or void. Because the results were so close, the National Labor Relations Board said that the company might negotiate with either group for its membership. The trade-union made no attempt to negotiate for its members only but asked to negotiate for all employees. The company refused. The company entered into negotiations with the company union and finally signed an agreement with it, in which the company agreed to contribute regularly to the new organization's treasury an amount equal to the dues collected.

1934.—The trade-union was gaining strength among the men in two departments. According to an officer of the company union, it started with a meeting of the men from his department. They were opposed to the frequent rate changes without notice which had occurred, and they decided to set up an employees' organization. People from other departments were interested and they studied the plans from several companies. A committee was set up which asked management's permission to proceed in organizing a company union and the company agreed not to interfere. A petition was circulated and signed by over 50 percent

² See ch. VII, p. 91 f. for discussion of these cases.

of the workers. Delegates were elected on company time, with the permission of management.

The company union received several important concessions from management. One of these was the check-off privilege. This, the trade-union claimed, had influenced employees to sign up and had made them hesitate to drop their membership, since company officials knew who were members and who were not.

1933.—The formation of the company union and an organization campaign of the trade-union started simultaneously after the passage of the N. I. R. A. The leading spirit in the company-union group was an employee who said that he “just thought it up.” This employee has since been promoted to a salaried position with the company. The management apparently had little to do with it. However, its bitter opposition to the trade-union was well known. It would rather have had no organization but as between a trade-union and this company union, it preferred the company union.

Neither, however, made much headway at first. At a Labor Day company-sponsored picnic a Congressman spoke in favor of the company union and against the trade-union. The speech gave an impetus to the company union. When, later, the trade-union called a strike, the company union urged men to return to work and join their organization. This brought violence into the picture. Men were shot at as they were going to work. The shootings, for which the employees blamed the trade-union, sounded the death knell of the trade-union. They flocked to the company union and practically all are now members. The company union provides a check-off of the company-union dues.

1934.—This company union started as a trade-union local. The employees rebelled against the company's incentive wage system and decided that the way to make their stand effective was to affiliate with the trade-union. The organizer who came in answer to their petition was met enthusiastically by the workers and cordially by management and enrolled practically all of the employees. He promised them the abolition of the incentive system and a signed agreement. The company refused to grant either and relations became strained.

His successor arrived during a period of slack business and lay-off. He complained to the Regional Labor Board, without consulting the employees, that the company was using coercion to break up the organization.

Thereupon a committee of trade-union workers, including all of the officers of the local, called upon the president of the company and said that they were disgusted with the trade-union's handling of affairs and wanted to form an independent inside organization. The president of the company is said to have promised them a signed agreement. He called a mass meeting of the workers and spoke on the benefits of joining the new organization.

Meanwhile the Regional Labor Board ruled that an election should be held to determine which group should represent the employees in collective bargaining. The election resulted in a slight majority for the company union, and thereupon the employees flocked into the company union and the trade-union “left the city.”

1934.—During a strike, back-to-work petitions were circulated by a number of older workers, several of whom it is claimed were subforemen and salaried men. Those who circulated and signed the petitions included men who had helped to break an earlier strike, the memory of which was still bitter; men who were

disillusioned by their experience in the current strike; and nonunion workers and others who resented being deprived of the chance to earn.

At the close of the strike the company union organized, with the signers of the petition as the nucleus of its membership. At first an active campaign was waged in the plant. Very soon, however, the company refused to allow either the association or the trade-union to solicit members in the plant and the campaign was conducted from house to house.

Even a trade-union member said: "There is no direct evidence that company officials have had anything to do with starting the association."

1934.—There were at least two very distinct groups of employees in the company. One was organized and the company had, for a long time, negotiated with it through its trade-union. The other seemed clearly not to want trade-union affiliation. Many of the men had been with the company for a long time. Some of them went through an earlier strike and did not want to repeat the experience. Members of this group went to management after the passage of the N. I. R. A. and were told that they were free to choose their own method of negotiating. The assistant personnel director said that "the only part the company took in the formation of the union was to give them what literature we had on employee-representation plans when they asked for it and to recognize their union when it was formed." However, an employee made this interesting comment: "A lot of the men who joined this association did so because they thought it was the thing that the company wanted them to do. I should say that the greater part of the men wouldn't want any organization at all."

1924.—The ——— Company Association was formed in 1924 and is an offshoot of an organization which embraced the workers in the 10 major concerns in the industry in the city. The older organization, after 4 hectic years of life, ran into difficulties when putting through a new wage agreement. The employers' counter-proposal was deemed unsatisfactory, but the ——— Company's men in the organization approved the terms. The president of the organization, who was a foreman in the ——— Company, approached the president of the company with a proposal to form a labor-representation plan which would have as its members all employees of the company from foremen down. The president of the company agreed to the plan, whereupon the company's employees withdrew from the old organization, and the company union was launched.

1933.—(For the eighth case in this group see case 4 in appendix III, p. 272, which describes not only the formation of the company union but also its subsequent development.)

Appendix III

Six Case Studies of Changes Made in Existing Company Unions

Case 1

One of the most independent company unions is the product of a development dating back to the immediate pre-war period. The original impetus to organization came from a liberal official of the company, who set up a joint board consisting of three representatives each of management and of workers who had been employed for 3 years or more. The plan was expanded to take in more and more workers and to provide for a part-time business agent.

Immediately after the World War, a written constitution and bylaws were drawn up by a lawyer and approved by the workers. The new constitution made certain significant changes. It provided for a full-time business agent. Two-thirds of the requisite financing for the company union was to come from the employees and one-third from the company. Membership in the company union was no longer made a prerequisite for participation in the sick and death benefits provided for the employees.

Only minor changes were made until 1933. In that year the constitution was rewritten by a college professor on the basis of rulings obtained from the Regional Labor Board on the questions of majority rule and company support of employee organizations. The company stopped contributing financially except to the benefit features. Officials and supervisors were barred from membership, and a written agreement between the company and the company union was signed.

Case 2

The plan was originally established in 1920 on the initiative of a management official who was interested in "industrial democracy." It provided for automatic participation with a joint-committee method of functioning. The proposed plan was submitted to secret vote of the employees and was approved.

Although the company union functioned throughout the period from 1920 to 1933, both management and employees had come to feel that it was not serving its purpose. The vice president of the company stated:

The old plan grew anemic during the depression. Both sides became disgusted with it. It was only for discussion, like most such plans.

With the passage of the N. I. R. A., management decided that it should be revised in such a way that it would be really effective—that it should be a plan for settlement, not just discussion.

In June 1933, management prepared plans for revision. The final revision was worked out by employee and management representatives, and from all accounts it was a genuine thrashing-out of the situation by both sides. The revised plan was approved by a secret vote of the employees.

The principal changes from the old were as follows: Employee representatives were given "equal representation in the consideration and settlement of policies of mutual interest" instead of only in the consideration of such matters; the company-union constitution was jointly signed by management and employee repre-

sentatives, and decisions reached by the company-union mechanism were reduced to written form and signed by both parties; the provision for separate meetings of employee representatives was expanded to provide for regular caucuses of elected representatives at company expense; arbitration was made compulsory if requested by employees instead of optional with management; representatives were protected against demotion; supervision of election was placed in the hands of the employee representatives; a full-time paid secretary responsible to the employee representatives was provided; the company union was made terminable only by action of the elected representatives.

Case 3

Under date of June 26, 1933, the company proposed to its employees the establishment of "an employee representation plan that is being successfully used in many of our large industries." Employees were not asked to vote on the plan but were asked to choose representatives in an election to be held on the following 2 days, June 27 and 28. All employees, except certain specified supervisory officials, were given the right to vote in the election and it was stated that the "plan in no way interferes with membership in any other organization." It was stated that the plan would operate through a joint conference of employee and management representatives. All decisions by the joint conference were to be subject to review by management. The election was to be supervised by management and employee tellers.

The employee representatives chosen at this election soon asked for and obtained the right to meet separately before the joint meetings with management. In addition they proposed and obtained management consent to several amendments to the original constitution submitted by management. Under the amendments, supervisors and group leaders were added to the list of persons ineligible to vote or hold office. The recall of representatives was provided. There was also added a provision permitting amendments to the constitution, although only by a two-thirds vote of the joint conference and subject to final approval by management.

In the meantime, two outside unions were increasing their membership among the employees. A number of employee representatives participated actively in the trade-union organization movement. Thereupon another group of employee representatives by the fall of 1933 formed an inside "employees' union" with membership dues of \$1 a year. They asked the company to check these dues off the pay roll, but the company refused. They held general membership meetings monthly in a hall off company property. The executive committee of this "employees' union" conducted conferences with management in addition to those of the representation plan.

By June of 1934 discussions were under way seeking to unite the group representing the "employees' union" with the group favoring the original representation plan. On July 1, 1934, a constitution for an "Employees' union plan" was submitted, providing for the discontinuance of the company's representation plan. The new organization was to be a membership organization, with dues of \$1 a year. Employees represented by the trade-unions were ineligible to join. The constitution could be amended only by the employees' committee. However, it contained clauses binding management to a certain procedure in adjustment and providing that the company would pay employee representatives for time spent on adjustment work and would not discriminate against the representatives. In September 1934, the new organization was set up under the name of the "employees' committee."

Thus what started out as an automatic-participation company union financed entirely by management and functioning only through joint conferences whose

decisions were subject to management review became through several changes a membership organization financed through dues, excluding trade-union members, and functioning through an employees' committee.

Case 4

In July 1933 management prepared a company-union constitution based on automatic participation and joint councils and submitted it to secret vote of the employees simultaneously in each of its plants. At this particular plant the proposal was rejected by the employees. Shortly thereafter five employees who were dissatisfied with the results of the election met and decided to set up a company union. They adopted, in September 1933, the same constitution as had been previously submitted by management, making only minor modifications intended in the main to eliminate references indicating that the same constitution applied to a number of plants. They retained, however, a section permitting management to call a meeting of representatives from several plants on matters considered by management to affect more than one plant. They also retained the clauses providing that the company was to pay the expenses of the company union. The company union was made terminable by "mutual agreement" instead of by either party on 6 months' notice. The name was changed from Mill Council to Assembly.

The sponsoring group asked for and obtained the approval of the company. This included the assumption of the financial obligations involved. The new constitution was prefaced by the same letter from management as had prefaced the original plan; in addition it was accepted by the signature of two management officials and of the employee representatives elected under the new constitution. The formation of the new agency was not submitted to vote of the employees, but signatures of those favorable to it were obtained by personal solicitation. At least some of the signatures were obtained by foremen. A total of 1,100 out of the 1,400 employees signed.

At about the same time that this second constitution was issued, an outside union was attempting organization of the workers with considerable success. The trade-union demanded recognition as the bargaining agency for the employees. Management refused, declaring that it did not represent the majority of the employees. The Regional Labor Board was eventually called in to conduct an election. The election was held on January 17, 1934. Prior to the election, advertisements appeared in the local press from the company, the Employees' Protective Association, as the company union was by then termed, and the outside union. The advertisements and literature of the E. P. A. were paid for by management.

The trade-union won 56 percent of the votes. Management, however, proceeded to deal with the company union on the ground that there was no ruling in the N. I. R. A. prohibiting minority-group dealing if a company chose to do so along with majority-group recognition.

Sometime between the adoption of the second constitution and the time of the election, the form of the company union was changed to that of a membership organization, and its title became the Employees' Protective Association. Before the election, the following membership forms were circulated for signature:

APPLICATION

I hereby declare myself 100 percent for the Employees' Protective Association and apply for membership in same.

The new form of the company union was made clear in a third constitution, entitled "Rules and regulations of assembly of the employees' protective association", dated January 1934. The constitution refers to "members" rather than

"employees." Only "members" are entitled to vote in the company-union elections. Six months' membership in the company union is made a prerequisite for eligibility as an employee representative, replacing the previous requirements of 21 years of age, citizenship, and 1 year's continuous employment prior to nomination. However, no dues or formal membership requirements were set up. That membership in the trade-union was to be a bar to company-union membership was apparent, however, from the membership application form used by the company union after the Labor Board election:

I hereby solemnly swear that I desire membership in the Employees' Protective Association and do not belong to any outside labor organization, and if I should desire to join any outside labor organization will notify the Employees' Protective Association.

(Signed) -----

Subscribed and sworn to before me this ----- day of -----, 1935.

Notary Public.

The purpose of notarization, according to persons interviewed, was to permit the membership list to be used as a basis for certifying the company union as a bargaining agency for its members.

The third constitution modified the formal participation of management in the company-union's affairs in a number of respects. The prefatory letter from management and the accepting signatures by management were omitted, as was also a clause giving management the right to call a general council of employee representatives from a number of plants for the consideration of matters considered by management to involve more than one plant. The power of the president of the company in determining procedure in handling negotiations was curtailed. A clause requiring management to pay for printing of minutes was dropped. Management participation in amending the constitution and in terminating the company union was eliminated.

The third constitution relieved the company of any financial obligations for expenses of the company union but made no mention of any means of financing. Persons interviewed stated that funds were raised by means of various social affairs to which admission was charged.

Case 5

A small grievance committee was set up by management in 1912. The committee had no definite powers or authority. The membership was rotated at frequent intervals, appointments being made by management. Four or five years later, election of the grievance committee by the employees was instituted. In 1918 the employees' conference committee was set up. It met by itself once a month and the following week with the manager of the company. Final decision rested with the manager.

In 1921 an "industrial democracy" plan, with a house of representatives, a senate, and a cabinet, was established. It functioned until 1931, when there was a merger followed by a period of very slack operation. The company union became moribund.

In 1933 the company union was revived. The management called in some men who were interested and asked them to form a committee to draw up a new plan. This committee, together with the employment manager, went over the old plan and studied a number of other ones. The government form of organization was dropped. In June 1933 the revised plan was presented to the workers at mass meeting and a vote taken at the same meeting. The vote was by secret

ballot and only a few voted against the plan. Practically the same plan was established in all the other branches of the company.

It provided for automatic-participation rights for all employees in the election of representatives. There was no provision for membership, dues, or meetings of the employees. The constitution made no specific mention of how expenses were to be met. A combination employee-committee and joint-committee procedure was followed.

Sometime later, with the outside union pressing for recognition and making certain demands, management called a special session of the joint council in order to consider a problem raised by the union's presence. The minutes of the meeting follow:

EMPLOYEES' REPRESENTATION PLAN

Minutes of Special Meeting Held June 7, 1934

A special meeting of the industrial council was held at the general offices of the company, Thursday, June 7, 1934, at 7:30 p. m.

Announcements

A management representative announced that it had been brought to his attention only today that section 7 (a) of the National Industrial Recovery Act had been interpreted to mean that all employees in the service of the company, regardless of their length of service, had a right to vote at any and all elections and since article IV, paragraph 2, of the employees' representation plan did not comply with this provision in that it prevented employees with less than 60 days' service from exercising the privilege of voting and pointed out that since it was the intent of the company to comply with every provision of the act, it would be necessary to declare, in this instance, an emergency due to nominations being held in several of the electoral divisions the next day, June 8, 1934, and to pass a resolution to provide for amending the representation plan, waiving the provision that no amendment shall be voted upon until 1 month after its introduction. Employee Representative _____ then introduced the following resolution:

"Resolved, That the proposed amendment to article XVII of the employees' representation plan be voted upon at this meeting of the industrial council and that for the purpose of voting upon such amendment all of the duly elected employees' representatives, together with all of the management representatives, do hereby waive the provision of article XVIII to the effect that no amendment shall be voted upon until 1 month after its introduction."

Representative _____ then moved that the foregoing resolution be adopted. On vote, the motion unanimously carried.

The following amendment was then introduced by Mr. _____:

"Resolved, That the employees' committee propose to the industrial council that article IV, paragraph 2, of the Employees' Representation Plan of the _____ Corporation _____ be amended to read as follows:

"All employees, excepting those classified as foremen and bosses, in article IV, paragraph III, in the employ of the _____ Corporation _____ on the date fixed for any election, shall be eligible to vote."

Representative _____ seconded the motion that the foregoing amendment be adopted. On vote, the motion carried unanimously.

There being no further business to come before the meeting, it adjourned.

Secretary.

At the meeting of the employees' committee on June 29, 1934, it was reported that the outside union was going to ask the Labor Board to hold an election. The employees' committee thereupon voted to appoint a committee to consider changes in the representation plan in order to strengthen its legal position under the N. I. R. A. Two days later, under date of July 1, 1934, the committee proposed a series of amendments "to conform to the provisions of the National Industrial Recovery Act, section 7 (a), and to the rulings of the National Labor

Board as well as to the recent rulings of the Regional Labor Board." The amendments were adopted at a special meeting of employee representatives held on July 3, 1934, at 1 p. m. At 3 p. m. of the same day a joint meeting of management and employee representatives unanimously adopted the amendments and a "collective bargaining agreement." Both parties agreed to waive the constitutional provision that "no amendment be voted upon until 1 month after its introduction." The result of the changes was that the constitution of the company union provided for an employees' committee, while the agreement provided for a joint committee. The combination of employee and joint committee was thus continued, but under two separate documents.

On July 18, 1934, the Regional Labor Board held an election to determine the bargaining agency for the employees and, as of date of July 24, certified the outside union as the exclusive bargaining agency. The employee representatives, in regular meeting held on August 10, 1934, protested against the action of the board in excluding certain votes and empowered its chairman to carry on the case.

Five days later (Aug. 15, 1934) a special meeting of the employees' committee was held. The minutes of this meeting follow:

The vice chairman (presiding) announced that a meeting of the special committee appointed by the chairman at the last meeting held Friday, August 10, 1934, to investigate the advisability of forming an employees' association for the purpose of furthering the interests of the employees' representation plan as a means of collective bargaining with the management and to provide a means for promoting other activities of mutual interest to the employees,¹ met on Monday, August 14, 1934, and tentative bylaws were drawn up with a view to establishing such an association.

The bylaws of the employees' association and application for membership cards were then read and following discussion, Mr. _____ moved and Mr. _____ seconded the motion that the bylaws and application cards be accepted in their present form. On vote, the motion unanimously carried.

Mr. _____, chairman, then appointed the members of the various electoral divisions to act as subchairmen of the various departments and instructed them to enlist the assistance of as many employees as necessary to assist them in the solicitation of members and also instructed them as to the method and procedure to be followed in so doing.

There being no further business to come before the meeting, it was moved by Mr. _____ and seconded by Mr. _____ that the meeting adjourn. On vote, the motion carried.

The bylaws of the employees' association, consisting of eight brief provisions, established a membership organization in order, among other purposes—

to promote the interests of the employees' representation plan and to further it as a means of collective bargaining with the management * * *.

The duly elected members and officers of the employees' committee were made the governing body and officers of the new association, the office of treasurer being added. Funds were to be raised by "voluntary contributions, gifts, or donations", dues being specifically prohibited.

At the employees' committee meeting of September 14, 1934, the chairman explained that—

it would be necessary to raise funds to defray expenses incident to forming the employees' association and to defray other expenses in connection with appealing the case to the National Labor Relations Board.

A finance committee was appointed to circulate petitions for subscriptions among members, but to do this off company property.

Late in 1934 or early in 1935, certain further changes were made which combined the employees' representation plan and the employees' association, turn-

¹ The printed minutes of the regular meeting make no mention of any such discussion or of the appointment of such a committee.

ing the former employees' committee of the representation plan into an executive board for the employees' association. An extensive constitution and bylaws was adopted, providing among other things for membership dues and regular monthly meetings of the members of the association. The joint council arrangement was again continued by means of a separate collective bargaining agreement with management. Thus the procedural arrangements for dealing with management persisted practically unchanged throughout all these changes in the constitution and structure of the employees' organization.

Case 6

There had been a shop committee set up in this plant during the war, but it had disappeared long before 1929.

The present company union was established in July 1933 following closely a model which had become famous in the particular industry.

In May 1934 the employees' committee sent to all employees the following announcement in printed form, with autographically reproduced signatures of the councilmen:

To the employees of the ——— Company:

In ——— a plan of representation was established by the ——— Company and its employees in order to provide effective contact and discussion of matters pertaining to industrial relations.

During the time this plan has been in effect several changes have been proposed by your workmen's council with the result that a revised plan has been drawn up, by your council, to include these proposed changes, together with changes that will cooperate with and support to the fullest extent the National Recovery Act.

We are confident that the proposed changes to the plan will make it more favorable to our fellow workers, and we therefore recommend its adoption.

On ——— the management was advised of the changes we desire.

A copy of the revised plan, together with a letter received from the management, is attached for your consideration and approval.

In order that you may signify your approval, we have arranged for a vote by secret ballot to be taken on ———.

The committee on rules will arrange for taking the vote, and the ballots will be counted under the direction and supervision of this committee.

WORKMEN'S COUNCIL

(Signatures of councilmen autographically reproduced.)

The principal changes proposed were as follows:

The original constitution provided that—

The representation of employees herein provided shall in no way abridge or conflict with the right of employees to belong to labor organizations

but officials of labor organizations were declared ineligible to act as representatives.

The revision provided that—

This plan shall in no way discriminate against any employee because of race, sex, or creed, or abridge or conflict with his or her right to belong or not to belong to any lawful society, fraternity, union, or other organization.

The membership basis was broadened by eliminating citizenship, age, and service requirements for voting or serving as representative. The secret ballot was definitely provided.

The clause providing that: "Representatives will be deemed to have vacated office upon severing their relationship with the company" was deleted. A recall provision was inserted whereby a representative "may be recalled by a two-thirds majority vote in his department or unit."

Nominating primaries were substituted for the provision that outgoing workmen's representatives are empowered to act as a nominating committee to prepare

a list of candidates for the office of representatives, "to which additional names may be added by petition of 25 workmen."

Numerous formal evidences of management participation were removed from the constitution, although many of these reappeared in an accompanying letter from the company.

The plan was declared to be established "by the employees of the company" rather than "by the company and its employees."

Provisions that the company pay employee representatives "for time necessarily spent in actual attendance at regular meetings or at special meetings" and that it defray "expenses incident to the discharge of the duties" of the rules committee were deleted.

In the amended plan, no reference was made to compensation of representatives by the company or the company union, nor was there provision for dues or any other form of financing.²

The old constitution declared that "any method of procedure hereunder may be amended at any time by the mutual consent of the workmen's council and the management." In the new one this clause was changed to read:

Any procedure in this plan may be amended by a favorable vote of two-thirds of the eligible voters at any general or special election * * *. Such amendment shall first be approved by two-thirds majority of the council and submitted to the employees for their approval at any election under rules prepared by the committee on rules.

The old plan gave management an equal right to terminate the plan with that of the workers, as follows:

This plan having been adopted in the belief that it will prove of permanent value and usefulness, and with the intention that it be given a full, fair, and honest trial, the plan is entered into subject to the express condition and limitation that it may be terminated after June 30, 1935.

(a) Upon 3 months' notice by the board of directors of the company, if said board has reason to believe that the mutual benefits anticipated by its adoption have not been realized;

(b) Upon the expiration of 3 months after a majority of the electors shall have voted in favor of its termination at a special election called for that purpose, by a majority vote of the representatives, and held under the supervision of the workmen's council.

The new constitution stated that—

This plan shall not be terminated except by a favorable vote of two-thirds of the eligible voters at any annual convention.

A clause stating that "the company will provide the necessary facilities for the proper carrying out of the voting" was deleted, but reappeared in the letter from the company.

Two sections covering principles and policies governing relations between management and employees and guaranteeing the independence of representatives, and therefore implying the assent of management, were lifted bodily out of the constitution and inserted instead in the letter from the company.

However, the statement of procedure in adjustments, which also governed management participation, was retained in the constitution. A permissive arbitration clause was added. The earlier constitution had stated that final decision rested with "the president of the company or his representative."

² At the written request of the secretary of the company union, however, the company granted \$500 per month to the treasury.

The proposed revisions were sent to the employees accompanied by a letter of approval from the company and were adopted in a secret vote. The letter from the company follows:

CHAIRMAN, WORKMEN'S COUNCIL
INDUSTRIAL REPRESENTATION PLAN

DEAR SIR: We have noted with interest the amendment to the present plan of workmen's representation which your council has presented and your letter of May 15, transmitting it. We wish to assure you that the company will be glad to cooperate fully with its employees to the end that they may have every opportunity of discussion with the management for the purpose of adjustment of any matters affecting their welfare.

In accordance with your request, until further notice, the company will assist your organization as outlined below:

I. The general superintendent will meet with the council at such times as may be mutually satisfactory.

II. The company will provide the necessary facilities to carry out elections when requested by your committee on rules.

III. The company will provide suitable meeting places where the committee may hold its meetings.

IV. Matters concerning which the council has not been able to make satisfactory adjustment with the general superintendent may be discussed with the president of the company.

V. It is understood and agreed that each representative and alternate shall be free to discharge his duties in an independent manner, without fear that his individual relations with the company may be affected in the least degree by any action taken by him in good faith in his representative capacity.

To insure to each representative and alternate his right to such independent action, he shall have the right to take the question of an alleged and personal discrimination against him, on account of his acts in his representative capacity, to any of the superior officers, or to the president of the company.

Having exercised this right in the consecutive order indicated and failing a satisfactory remedy within 30 days, a representative or alternative shall have the further right to appeal to the secretary of the State department of labor or the Secretary of Labor of the United States. The company shall furnish the said secretary of the State department of labor or said Secretary of Labor of the United States with every facility for the determination of the facts, and the findings and recommendations of the said secretary of the State department of labor or said Secretary of Labor of the United States shall be final and binding.

VI. Regarding the relations of the company with the employees' organization, the company will be guided by the following principles and policies:

(a) The management of the works and the direction of the working forces, including the right to hire, suspend, discharge, or transfer, and the right to relieve employees from duty because of lack of work, or for other legitimate reasons, is vested exclusively in the management, except as expressly restricted herein.

(b) For offenses other than such as are specifically mentioned, employees shall not be discharged without first having been notified that a repetition of the offense will be cause for dismissal. A copy of this notification shall, at the time of its being given to an employee, be sent also to the general superintendent, and be retained by him for the purposes of future reference.

(c) The following offenses may be cause for summary dismissal, or other discipline:

1. Violation of any law—special attention is called to the following:

(a) Carrying concealed weapons; fighting or attempting bodily injury to another employee; drunkenness; bootlegging; habitual use of drugs; conduct which violates the common decency or morality of the community.

(b) Offering or receiving money or other valuable consideration in exchange for a job, better working place, or any advantage in working conditions.

(c) Stealing or malicious mischief, such as destroying or hiding any property of other employee or of the company.

2. Persistent violation of safety rules.

3. Insubordination (including refusal or failure to perform work assigned) or use of profane or abusive language toward fellow employees or officials of the company.

4. Absence from duty without notice to and permission from superintendent or foreman, except in case of sickness or cause beyond his control of a character that prevented his giving notice.

5. Harboring disease that on account of his own carelessness will endanger fellow workmen.

6. Changing working place without orders or prowling around the works from assigned place.

7. Falsifying or refusing to give testimony when accidents are being investigated, or for false statements when making application for employment.

8. Neglect or carelessness resulting in serious damage to equipment.

9. Willful neglect in care or use of company's property.

10. Obtaining material at storehouse or other assigned places on fraudulent orders.

VII. With respect to any subject covered by this letter, except the matters included in subsection (a) of paragraph VI, the company will consent to arbitration if satisfactory adjustment of differences is not obtained by negotiation with the workmen's council.

Yours truly,

———— COMPANY,
By —————,
General Superintendent.

Appendix IV

Scope and Method of the Mail Inquiry

The figures used in part II of the study, except those for railroads,¹ are based upon returns from a questionnaire sent in April 1935 to approximately 43,000 establishments reporting monthly employment statistics to the Bureau of Labor Statistics. A total of 14,725 usable replies was received.²

The canvass covered firms in manufacturing,³ mining, public utilities, dyeing and cleaning, hotels, laundries, and selected branches of retail⁴ and wholesale⁵ trade. The construction industry, because of its peculiar nature, was not covered by the study, which also did not extend to water transportation.

The replies accounted for 21.9 percent of the aggregate estimated employment in April 1935 in the combined industries covered, excluding railroads and telephone and telegraph companies, which are separately treated. The sample for the manufacturing industries was somewhat larger, covering 26.4 percent of the workers. In the manufacture of durable goods, the replies covered 28.3 percent of the estimated employment; in nondurable goods, 25.0 percent. The smallest samples were those in the service industries, 10.8 percent; wholesale trade, with replies estimated as covering 4.4 percent of the employment in the branches circularized; and retail trade, with an estimated coverage of 9.6 percent of the branches canvassed. Because of the fairly large number of establishments reporting in the latter groups, however, it is believed that the data indicate in a broad way the situation existing in those industries.

The response from establishments in the agricultural implement, cash register, and aircraft industries accounted for at least 60 percent of the estimated employment in these industries. On the other hand,

¹ The method used in determining the extent of the various types of employer-employee dealing on the railroads has been described in ch. IV.

² This does not include replies received from telegraph and telephone companies, which for reasons discussed in ch. IV were treated separately.

³ Steam-railroad repair shops are grouped with railroads. Electric-railway repair shops are combined with electric-railway and motorbus maintenance and operation, since the returns covering electric railways did not treat repair shops separately. For reasons stated in the section dealing therewith, telegraph and telephone companies are treated separately. A few industries—car building, canning, turpentine and rosin, and crude-petroleum production—were dropped because few replies were received.

⁴ Retail grocery and meat stores, general merchandise, and women's ready-to-wear stores.

⁵ Automotive, chemicals and drugs, dry goods and apparel, electrical equipment, farm products, farm supplies, and food products.

in the women's clothing, ice-cream, and baking industries the coverage was less than 15 percent. The sample in these cases was, however, considered satisfactory in view of the relatively large number of establishments which replied. A few industries—those manufacturing plumbers' supplies, tin cans, aluminum goods, lighting equipment, fur-felt hats, millinery, chewing and smoking tobacco, cigarettes, and rubber boots and shoes—yielded samples which were not adequate to warrant separate presentation. Such reports are carried in the miscellaneous listings only and are permitted to affect only the group totals and the grand total. The inadequacy of the iron and steel figures has already been noted.⁶

The sample somewhat overrepresents the large establishments. This is especially evident in the service and trade groups. The emphasis on large plants exaggerates the proportion of those dealing with company unions and trade-unions as against firms dealing on an individual basis; to a less extent, it favors company-union firms over trade-union firms.

The study is based on replies received from employers only.⁷ Some organizations which are actually in both aim and activity purely mutual-benefit associations may have been classified as company unions.

No attempt was made in the study to subdivide the number of workers in establishments with company unions into those dealing on an individual basis and those dealing through the company unions.⁸ Where both a company union and a trade-union existed in the same plant, the number of workers was carried under a combined company-union and trade-union heading, since the replies failed to indicate any adequate basis for subdividing them into those covered by the company union and by the trade-union. In many cases membership in the trade-union and in the company union was not mutually exclusive.

Office and supervisory forces are not included in the study. Where companies engage in both the fabrication and the erection of elevators, bridges, tanks, and similar structures, they are classified here solely with regard to their dealings with their shop workers, since the workers engaged in erection work are considered as part of the construction industry, which is not covered in the present study.

⁶ See footnote 2, ch. III.

⁷ In 121 cases where establishments were included in both questionnaire and field studies, a check on the replies was possible. In a few of these cases the field study showed different results from the questionnaire, and correction was made accordingly. In the total returns from questionnaires, which were corrected only for internal inconsistencies, there is some bias toward understatement of trade-union dealings. The discrepancies, however, are not great enough to invalidate the general results.

⁸ All but 13 company unions covered all the workers in the plant. Coverage should not be confused with membership. For a discussion of the participation basis of company unions, see pt. III, ch. IX.

TABLE 34.—Proportion of estimated total employment in April 1935 covered by replies to questionnaire

Industry	Estimated total employment ¹	Covered by replies	
		Workers	Percentage of total employment
All industries covered ²	8,884,704	1,946,646	21.9
All manufacturing industries	5,447,059	1,459,586	26.4
Durable goods	2,420,496	683,842	28.3
Nondurable goods	3,026,563	755,744	25.0
<i>Durable goods</i>			
Iron and steel and their products, not including machinery	556,528	108,555	19.5
Blast furnaces, steel works, and rolling mills.....	299,517	51,492	17.2
Bolts, nuts, washers, and rivets.....	11,374	2,949	25.9
Cast-iron pipe.....	10,643	2,011	18.9
Cutlery (not including silver and plated cutlery) and edge tools.....	13,410	5,353	40.0
Forgings, iron and steel.....	14,946	5,050	33.7
Hardware.....	27,962	6,146	22.0
Plumbers' supplies.....			
Steam and hot-water heating apparatus and steam fittings.....	21,686	4,652	21.5
Stoves.....	45,778	10,755	23.5
Structural and ornamental metalwork.....	27,318	4,274	15.6
Tin cans and other tinware.....			
Tools (not including edge tools, machine tools, files, and saws).....	11,707	6,447	55.0
Wirework.....	23,202	4,744	20.4
Miscellaneous.....	48,985	4,682	9.6
Machinery, not including transportation equipment	662,069	266,291	40.2
Agricultural implements.....	27,354	18,819	68.8
Cash registers, adding machines, and calculating machines.....	14,539	14,017	96.4
Electrical machinery, apparatus, and supplies.....	157,682	78,505	49.8
Engines, turbines, tractors, and water wheels.....	48,750	31,791	65.2
Foundry and machine-shop products.....	303,664	84,578	27.9
Machine tools.....	23,149	7,052	30.5
Radios and phonographs.....	53,626	18,944	35.3
Textile machinery and parts.....	20,201	7,447	36.9
Typewriters and parts.....	13,104	5,138	39.2
Transportation equipment	539,656	127,388	23.6
Aircraft.....	9,371	7,517	75.3
Automobiles.....	482,837	104,743	21.7
Locomotives.....	6,266	3,801	60.7
Shipbuilding.....	40,582	11,327	27.9
Nonferrous metals and their products	184,851	56,582	30.6
Brass, bronze, and copper products.....	53,252	21,823	45.7
Clocks and watches and time-recording devices.....	17,418	9,065	52.1
Jewelry.....	17,419	6,323	36.3
Silverware and plated ware.....	12,189	3,699	30.3
Smelting and refining—copper, lead, and zinc.....	26,137	4,461	17.1
Stamped and enameled ware.....	32,403	8,210	25.3
Miscellaneous.....	26,033	3,001	11.5
Lumber and allied products	367,408	77,428	21.1
Furniture.....	118,609	27,147	22.9
Lumber:			
Millwork.....	42,281	12,789	30.2
Sawmills.....	166,518	37,492	22.5
Stone, clay, and glass products	149,984	47,588	31.7
Brick, tile, and terra cotta.....	28,190	6,008	21.3
Cement.....	18,450	3,707	20.1
Glass.....	65,752	21,510	32.7
Marble, granite, slate, and other products.....	10,150	2,767	27.2
Pottery.....	27,452	13,616	49.6
<i>Nondurable goods</i>			
Textiles and their products	1,454,282	329,618	22.7
Fabrics (except hats).....	977,449	250,434	25.6
Carpets and rugs.....	26,815	5,847	21.8
Cotton goods.....	408,014	108,875	26.6
Cotton small wares.....	14,224	6,901	48.5
Dyeing and finishing textiles.....	74,605	12,054	16.1
Knit goods (including hosiery).....	211,684	50,516	23.9
Silk and rayon goods.....	89,247	22,125	24.8
Woolen and worsted goods.....	154,860	49,116	31.7
Wearing apparel (except millinery).....	441,371	74,452	16.9
Clothing, men's.....	172,543	38,956	22.6
Clothing, women's.....	172,140	19,075	11.1
Corsets and allied garments.....	14,351	3,022	21.1
Men's furnishings.....	22,260	3,602	15.7
Shirts and collars.....	60,077	9,897	16.5
Miscellaneous.....	35,462	4,932	13.9

See footnotes at end of table.

TABLE 34.—Proportion of estimated total employment in April 1935 covered by replies to questionnaire—Continued

Industry	Estimated total employment	Covered by replies	
		Workers	Percentage of total employment
<i>Nondurable goods—Continued</i>			
Leather and its manufactures	944, 733	51, 809	21. 2
Boots and shoes.....	193, 041	39, 916	20. 7
Leather.....	51, 692	11, 893	23. 0
Food and kindred products	446, 661	86, 586	19. 4
Baking.....	181, 563	19, 929	11. 0
Beverages (including breweries).....	43, 524	10, 102	43. 9
Butter.....	13, 376	2, 543	19. 0
Confectionery.....	48, 422	11, 338	23. 4
Flour.....	24, 857	5, 328	18. 8
Ice cream.....	16, 100	2, 036	12. 6
Slaughtering and meat packing.....	103, 261	22, 248	21. 5
Sugar, beet.....	3, 239	1, 080	33. 3
Sugar refining, cane.....	12, 319	2, 978	24. 2
Cigars	(³)	(³)	(³)
Paper and printing	413, 311	111, 748	27. 0
Boxes, paper.....	48, 763	11, 612	23. 8
Paper and pulp.....	132, 419	51, 922	39. 2
Printing and publishing:			
Book and job.....	115, 930	25, 625	22. 1
Newspapers and periodicals.....	116, 199	22, 589	19. 5
Chemicals and allied products, and petroleum refining	278, 024	105, 626	38. 0
Other than petroleum refining.....	207, 846	73, 172	35. 2
Chemicals.....	60, 933	17, 138	28. 1
Cottonseed—oil, cake, and meal.....	7, 772	1, 959	25. 2
Druggists' preparations.....	9, 099	2, 751	30. 3
Explosives.....	4, 991	2, 749	55. 1
Fertilizers.....	28, 731	8, 056	28. 0
Paints and varnishes.....	26, 099	8, 752	33. 5
Rayon and allied products.....	53, 584	26, 332	50. 1
Soap.....	16, 637	4, 935	29. 6
Petroleum refining.....	70, 178	32, 454	46. 2
Rubber products (except boots and shoes)	99, 017	53, 109	53. 6
Rubber goods, other than boots, shoes, tires, and inner tubes.....	42, 318	11, 644	27. 5
Ruber tires and inner tubes.....	56, 699	41, 465	73. 1
Miscellaneous nondurable goods ²	90, 535	17, 048	18. 8
Service	469, 800	50, 586	10. 8
Laundries.....	186, 600	27, 007	14. 4
Dyeing and cleaning.....	47, 200	4, 604	9. 8
Hotels.....	236, 000	18, 975	8. 0
Public utilities ⁴	460, 415	111, 236	24. 2
Electric railways.....	196, 115	53, 573	27. 3
Light and power.....	264, 300	57, 663	21. 8
Mining and quarrying	509, 400	185, 035	36. 3
Bituminous coal.....	340, 800	139, 264	40. 9
Anthracite.....	75, 100	19, 963	26. 6
Metal.....	50, 600	12, 736	25. 2
Quarrying.....	42, 900	13, 072	30. 5
Retail trade (selected groups)	1, 385, 308	133, 131	9. 6
General merchandise group.....	770, 100	101, 563	13. 2
Grocery, meat, and produce stores.....	513, 701	23, 876	4. 6
Women's ready-to-wear.....	96, 507	7, 692	8. 0
Wholesale trade (selected groups) ⁵	612, 722	27, 072	4. 4

¹ Based on estimates of the Bureau of Labor Statistics.

² These figures differ somewhat from the corresponding figures in ch. III. The figures in this table do not include replies covering 23,333 workers in "Miscellaneous manufacturing industries" (see table 2), for which no comparable estimate of employment was available. On the other hand, table 34 includes 34,306 workers in 4 automobile plants which are excluded from the tables in ch. III for reasons indicated there (footnote 3, p. 36).

³ No employment estimates were available for cigars separate from cigarettes. The combined figures for cigars and cigarettes are therefore included under the "Miscellaneous nondurable goods industries" heading.

⁴ Excluding telephone and telegraph and railroads.

⁵ Automotive, chemicals and drugs, dry goods and apparel, electrical equipment, farm products, farm supplies, and food products.

Copy of Mail Questionnaire

Do you wish us to send you a copy of the completed report? Yes---- No----

B. L. S. 865

UNITED STATES DEPARTMENT OF LABOR

BUREAU OF LABOR STATISTICS

WASHINGTON

INDUSTRIAL RELATIONS MACHINERY

- 1. Do you deal with your employees on an individual basis? Yes-----
No-----
 - (a) Through a personnel manager.
 - (b) Through foremen or shop superintendent.
- 2. Do you deal with any group of your employees through a trade-union? Yes----- No-----
 (If more than one union, please attach separate statement answering
 (a) (b) (c).)
 (a) Name of union-----
 (b) How long have you been dealing with this union?-----
 (c) Do you have a union agreement? Yes----- No----- Date of
 expiration-----
- 3. Do you deal with your employees through an employees' association or employees' representation plan? Yes----- No-----
 (a) When was it originally established?-----
 (b) Has it been reorganized since 1929? Yes----- No-----
 Date-----
 (c) What major changes were made by the reorganization?-----

IF YOU HAVE AN EMPLOYEES' ASSOCIATION OR EMPLOYEES' REPRESENTATION PLAN, PLEASE ANSWER THE FOLLOWING

- 4. What proportion of your employees are members of association or plan?

- 5. How do employees become members?-----
- 6. Do members pay dues? Yes----- No----- How much? (per
month)----- (per week)-----
- 7. How frequently are general membership meetings held?-----
 (a) By departments?-----
 (b) By entire plant?-----
- 8. How frequently do representatives meet?-----
- 9. Are employee representatives paid for time while attending to association duties? Yes----- No-----
 (a) How much?-----
 (b) By company?-----
 (c) By membership dues or assessments?-----
- 10. Do employee representatives have any contacts or meetings with employee representatives of—
 (a) Your other plants? -----
 (b) Other companies? -----
- 11. Do you have a written agreement signed by management and employees' representatives? Yes ___ No ___ Date of expiration -----
 (Please send copy of agreement.)

12. If you have no written agreement, how are decisions on results of negotiations recorded and announced? (Please send sample copies, if available.)

13. With whom does final decision rest on matters brought up for negotiation?
 (a) General manager. (b) Board of directors. (c) Others (specify).

Remarks: -----

14. Does your plan provide for outside arbitration when agreement cannot be reached between management and employee representatives? Yes -----
 No -----

If so, under what conditions? (Please specify) -----

15. Check matters which have been negotiated by the management with representatives of employees' association or plan since January 1, 1933:

- | | |
|---|--|
| <input type="checkbox"/> (a) Individual grievances and complaints. | <input type="checkbox"/> (g) Changes in weekly or daily hours. |
| <input type="checkbox"/> (b) Methods of sharing or rotating work. | <input type="checkbox"/> (h) Type of wage payment (piece work, bonus, etc.). |
| <input type="checkbox"/> (c) Rules of seniority. | <input type="checkbox"/> (i) Wage rates for specific occupations. |
| <input type="checkbox"/> (d) Health and safety. | <input type="checkbox"/> (j) General wage increases or decreases. |
| <input type="checkbox"/> (e) General rules and regulations. | |
| <input type="checkbox"/> (f) Discharge of an employee or employees. | |

Remarks: -----

16. Check activities listed below which are administered and financed by the employees' association or plan. Double check if administered or financed jointly with employer.

- | | |
|--|--|
| <input type="checkbox"/> (a) Sick benefits. | <input type="checkbox"/> (g) Library or reading rooms. |
| <input type="checkbox"/> (b) Savings and loan plan. | <input type="checkbox"/> (h) Recreational activities. |
| <input type="checkbox"/> (c) Restaurant and cafeteria. | <input type="checkbox"/> (i) Group insurance. |
| <input type="checkbox"/> (d) Cooperative purchasing. | <input type="checkbox"/> (j) Stock purchases. |
| <input type="checkbox"/> (e) Safety and accident prevention. | <input type="checkbox"/> (k) Profit sharing. |
| <input type="checkbox"/> (f) Suggestion system. | <input type="checkbox"/> (l) Others (specify). |

PLEASE SEND COPY OF CONSTITUTION OR OTHER RELEVANT PRINTED MATTER

 (Name of establishment covered by this report)

 (Signature of person making report)

 (Location)

 (Position)

Appendix V

Scope and Method of the Field Study

The study presented in part III covered 126 company unions in 125 companies.¹ An attempt was made to have the coverage representative of company unions in general from the standpoint of age,² industry, size of plant, region, and form of company union. A list of firms reported to be dealing with their employees through company unions was compiled from various sources. From this list a sample considered to be representative was selected. In general, company unions which had already been studied in detail by other agencies were omitted from this selection. A comparison with the much larger group covered in the mail-questionnaire survey (part II) would seem to indicate that the 126 company unions were representative of company unions in general, and that the field study may be considered a qualitative interpretation of the quantitative results obtained on the basis of the mail questionnaire.³

The Bureau's field agents were instructed to interview several key people of the following groups: Management, company-union representatives, rank-and-file workers, trade-union members employed in the plant or having first-hand contact with the operations of the particular company union, State and Federal representatives entrusted with handling labor relations who were familiar with the operations of the company union, and detached observers, such as professional men and women. A detailed questionnaire was prepared for these interviews.⁴ The representatives also had instructions to obtain sample copies of company-union minutes, official documents, and other pertinent literature.

In order to permit a complete and effective study of the company unions, the permission and cooperation of management was sought in each case. The great majority of firms solicited gave wholehearted and unstinting cooperation. In only six cases were the field agents unable to obtain interviews with management. In all other cases,

¹ In one company there were two company unions so different in history and functioning as to require separate treatment. They are, therefore, treated as separate company-union cases.

² For discussion of this point, see ch. VI, p. 79, footnote 4.

³ One significant difference between the samples covered by the two studies is that the field study did not include any examples of the federated type of company union, such as the Loyal Legion of Loggers and Lumbermen. The effect of this difference upon the data revealed by the two studies is pointed out at various places.

⁴ See pp. 293-300 for copy of this questionnaire.

one or more management officials were interviewed. Excepting company-union officials, the largest number of interviews was obtained from management.

It was not always possible to get satisfactory interviews with employees. In 85 of the 125 establishments covered, management permitted the Bureau's agents to interview employee representatives and workers without any interference or interruption. But even in these cases it was not always possible to secure the opinion of the workers. In some instances workers hesitated to express opinions while on company property. One field agent was visited at his hotel in the evening by a worker who contradicted statements he had made earlier in the day in an interview at the plant. The field agents tried to minimize this obstacle by interviewing the men at home or outside the plant insofar as possible, but most of the interviews were necessarily conducted in the office or the factory.

For the remaining 40 companies the expressions of workers' attitudes are less adequate. In some cases this was due to management officials. In two cases the field agent was given a room in which to conduct his interviews, but a company official would occasionally drop into the room to inquire about progress, or to obtain papers from the files. Even though this was done in complete good faith and with no intent to sway the testimony, workers might feel hampered in fully expressing themselves. In three other cases there seemed to be an attempt on the part of the company to select the persons interviewed and to coach them on the replies they should make. In nine companies management insisted upon having a representative present when employee representatives and rank-and-file workers were being interviewed. In such cases, the management representative usually took it upon himself to supervise and conduct the interview, or to coach the persons interviewed. The following excerpt from a field-agent's report illustrates this problem in an extreme way:

The personnel manager was very amiable and wanted to supervise all interviews. He selected the men to be interviewed, brought them into his office, prompted them in their answers, and explained to them that he was their "guardian" in these matters * * * . He gave each man he called in a cigar and tried to handle the interview in his way.

In two cases the employer would permit his employees to be interviewed only on condition that he be allowed to read the reports. Since all information was secured in confidence and the field agents were under oath not to reveal such information, this request could not be granted. In one case management was induced to withdraw its request; in the second, the company union was dropped altogether from the study.

In 15 of the 40 instances management gave its version of the organization and functioning of the company union but refused to permit

either employee representatives or other employees to be interviewed. Various reasons were given for this refusal. The management of one company, with a long established company union, said that the entire plan could be covered from their records and that it was not necessary to see the employees. Another company said that "the workers are satisfied, and there is no use stirring them up and putting ideas into their heads."

In 24 cases management refused permission to study constitutions, minutes, or other documents of the company union, or otherwise withheld information asked for. In one instance, the reason given was that "so many amendments had been made to the constitution and the management did not know what they were." In another instance the chairman of the company union, on the advice of the vice president of the company, refused to show the agent the minutes of the employee-representative meetings and records of cases, stating that these records were not made public to all the workers.

Although the general reception accorded the field agents was cordial and cooperative, in about a third of the cases included in the study more or less serious limitations were encountered. The information obtained in these 40 cases was adequate enough to permit inclusion on most if not all points. The limitations tended on the whole to restrict the expression of views unfavorable to the company union. When complete noncooperation was encountered or the information furnished was very meager, the cases were entirely excluded from the study.

The field agents held 700 interviews, distributed as follows among the various groups: Management, 198; company-union officials and representatives, 217; rank-and-file workers, 171; trade-union officials, 101; Government officials, 6; outsiders, 7.

There was thus an average of about five and one-half interviews per company union studied. In almost all cases these were separate and independent interviews. In a few cases one schedule was used to record information obtained from three or four employees in a joint interview. Twenty-seven partial interviews were also obtained, as well as numerous briefer contacts with workers, either during working hours or after work. In addition, the field agents obtained copies of the company-union constitutions in 97 cases ⁵; of the written agreement between the company union and the company in 18 cases ⁶; of minutes and reports of meetings of company-union representatives and of the general membership in 41 cases;⁷ of house and company-union

⁵ Written constitutions were reported for 106 company unions.

⁶ Written agreements were reported in 19 cases.

⁷ These minutes covered, in almost all cases, periods of more than a quarter of a year and in some cases the entire period of the company union's existence. The company unions which supplied minutes were, judged by various criteria, clearly the more active ones.

organs in 26 cases; of newspaper and other clippings in 21 cases; and of miscellaneous material, including application cards, membership cards, ballots, handbills, and similar material in 97 cases. In only 11 cases was no supplementary material obtained.

Not all of the 126 company unions were functioning at the time of the field agent's visit. A few were dormant or had been abandoned. In three cases the company union had recently been replaced by trade-union dealing; in another the trade-union had captured the company-union mechanism. Since the recent history in these cases served to illustrate the principles and problems involved in company-union situations, they were included in the study. One case was included because management had expressed its intention of having a company union, had already selected the worker to be head of it, and was laying the foundations for the organization of the company union. The case thus illustrated the procedure employed in some companies to build up a company union.

The 125 establishments covered by the field agents represented a total of 231,042 workers, exclusive of office and supervisory forces.⁸

Ninety-eight of the companies, representing nearly 80 percent of the total, were in manufacturing industries. (See table 35.) Eleven were in public utilities, seven in mining, five in retail trade, and two each in wholesale trade and the service industries. This order of importance corresponds rather closely to that represented in the mail-questionnaire study, except that company unions in retail trade are not as well represented in the field study. In terms of industries covered, the field study thus reflects fairly well the distribution by industrial groups within the larger mail-questionnaire study. Within the manufacturing group, company unions in the durable goods are somewhat under-represented in the field study. This under-representation is principally in the lumber and allied-products industries, and is very largely a result of the fact that almost all of the company unions in this industry are connected with the Loyal Legion of Loggers and Lumbermen, which was not covered in the field study.

⁸ It thus covered in a detailed study nearly 45 percent as many workers as the mail-questionnaire study. (See ch. v.) Although most of these companies were also included in the mail-questionnaire analysis, 29 companies were not so included because they were in industries not covered by the quantitative study or because they were selected from a list exclusively composed of company unions and were not part of the random sample mailing list originally used for the mail study. The 96 companies included in both field and mail studies covered 191,782 workers, or 83 percent of the workers covered in the field study. To this extent the plants covered by the field study are identical with plants covered by the questionnaire replies.

TABLE 35.—*Distribution of establishments included in field study, by industry group*

Industry group	Total		Establishments dealing with—			
			Company unions only		Company unions and trade-unions	
	Estab-lish-ments	Workers	Estab-lish-ments	Workers	Estab-lish-ments	Workers
All industries.....	125	231, 042	86	123, 945	39	107, 097
All manufacturing industries.....	98	179, 143	67	95, 648	31	83, 495
Durable goods.....	45	106, 259	31	56, 132	14	50, 127
Iron and steel.....	13	28, 272	13	28, 272	—	—
Machinery.....	13	35, 110	7	11, 180	5	23, 930
Transportation equipment.....	8	23, 320	4	11, 990	4	11, 530
Nonferrous metals.....	4	6, 257	2	2, 900	2	3, 357
Lumber and allied products.....	3	2, 013	2	1, 313	1	700
Stone, clay, and glass.....	5	11, 287	—	477	2	10, 810
Nondurable goods.....	43	66, 089	28	34, 328	15	31, 763
Textiles.....	6	3, 938	5	3, 188	1	750
Leather.....	5	4, 170	4	3, 950	1	220
Food.....	10	9, 638	6	3, 628	4	6, 012
Paper and printing.....	5	4, 432	2	1, 875	3	2, 557
Chemicals and petroleum.....	13	19, 379	9	17, 205	4	2, 174
Rubber goods.....	4	24, 532	2	4, 482	2	20, 050
Miscellaneous manufactures.....	10	6, 795	8	5, 190	2	1, 605
Service.....	2	850	2	850	—	—
Public utilities.....	11	32, 830	8	15, 430	3	17, 400
Mining.....	7	4, 184	3	484	4	3, 700
Retail trade.....	5	12, 522	4	10, 020	1	2, 502
Wholesale trade.....	2	1, 513	2	1, 513	—	—

The establishments studied represented a wide range in terms of the number of employees. Five of the company unions were in establishments with less than 100 workers, while 13 were in units with 5,000 employees and more. Two-thirds of the plants studied fell in the group with from 200 to 2,500 workers, being fairly evenly distributed over this range. Because somewhat different units⁹ were used in the field study and the mail study, it is not possible to make any direct comparison of the size distributions. The field study, however, apparently contains relatively more of the larger plants than does the mail questionnaire.

A list showing the size of establishments covered in the field study and the number of establishments in each size group is given below:

	<i>Number</i>
Under 50 employees.....	2
50-99 employees.....	3
100-199 employees.....	10
200-499 employees.....	29
500-999 employees.....	27
1,000-2,499 employees.....	27
2,500-4,999 employees.....	14
5,000 employees and over.....	13
Total.....	125

⁹ The establishment was the unit used in the mail study. The field study was based upon organizational units. While the two coincided to a very considerable extent, there were certain significant differences, particularly in public utility and distributive companies.

Of the 125 companies studied, 86, employing a total of 123,945 workers, dealt only with a company union. In the other 39 companies, with a total of 107,097 workers, the management recognized and dealt with both a company union and a trade-union. (See table 35.) Thus, nearly one-third of the companies, covering nearly half of the workers, presented situations in which the employer recognized two or more employee organizations. This is a higher proportion than was revealed by the mail questionnaire,¹⁰ in which the proportion of dual-bargaining situations to all company-union situations was about 16 percent and the proportion of workers involved about 27 percent.

The companies studied were distributed over 23 States. (See table 36.) Twenty-two were in New York, 14 in Ohio, 10 in Illinois, 9 in Massachusetts, and 8 each in Pennsylvania and New Jersey. In large part, the survey was confined to the territory east of the Mississippi and to the Pacific Coast area. However, the States principally represented by the cases studied were those which, as revealed by the replies to the mail questionnaire, contained the largest number of company unions.

TABLE 36.—*Distribution of plants covered in field study, by States*

State	Com- panies	Shop workers	State	Com- panies	Shop workers
Alabama.....	3	4,955	New York.....	22	42,232
Arizona.....	2	1,350	North Carolina.....	1	2,500
California.....	5	3,502	Ohio.....	14	40,454
Connecticut.....	4	8,807	Oregon.....	3	397
Georgia.....	2	880	Pennsylvania.....	8	25,377
Illinois.....	10	8,001	South Carolina.....	1	500
Indiana.....	4	7,383	Tennessee.....	5	4,692
Kentucky.....	2	1,010	Virginia.....	4	7,184
Massachusetts.....	9	28,069	Washington.....	2	380
Michigan.....	6	14,030	Wisconsin.....	6	7,800
Minnesota.....	3	2,336			
Missouri.....	1	750	Total.....	125	231,042
New Jersey.....	8	17,999			

Seventy-nine different communities, ranging in size from New York City to towns of 200 people, are represented in the study. Eleven of the companies were in New York City, six in Chicago, four in Cleveland, and four in Cincinnati. Five were in communities with less than 1,000 inhabitants.

Flowing to some extent from this diversity in size was a considerable variation in the relationship of the establishment to community life. Many of the companies were located in large cities with varied industries, and in such cases the workers were more or less free of the dominance of the company after leaving the plant and had various means of contact with workers in other plants. Others were located on the outskirts of such large centers. The freedom and contact of

¹⁰ See p. 60.

the workers in such cases were more restricted. A number of communities were dominated by the industry represented by the company studied, and some of the smaller communities by the particular establishment itself. Six or seven of the communities were of the mine or mill-village type, company owned or company dominated.

In 73 cases, or 68 percent, the workers were reported to be mostly American-born. In 16 companies these were of early American white stock only, while in 5 others natives of this stock worked in plants where more than 30 percent of the employees were Negroes.¹ In 15 cases the majority of the workers were American-born of recent immigrants or of immigrants who had retained a certain ethnic distinctness in the community. The workers were predominantly foreign-born in 34 companies, and in 20 of these the workers represented a variety of races.

Some of the companies employed mostly skilled workers, others reported largely semiskilled workers, while a large group hired mostly unskilled workers. One company had a small staff of skilled workers for whom steady work was provided and a large number of unskilled workers whose employment was highly seasonal. In some companies, all the workers performed the same kind of work, while others required an elaborate hierarchy of skills and trainings. In 17 companies most of the employees were reported as having received a high-school education, while in 2 cases people with college training formed an appreciable part of the employees. At the other end of the scale were nine establishments with employees reported as being mostly illiterate. In some companies with large foreign groups, sections of the workers could speak and understand only their native language. Eighteen companies stressed the fact that their employees had been with them a great many years. In one case the average service was reported as 30 years. Other companies reported highly seasonal employment with large turn-over.

In terms of type of community and of workers, the group studied presents a diversity which reflects the varied situations existing in different sections and industries.

¹ In 7 cases no information regarding the type of workers was obtained, while in 11 other cases this information did not cover the racial composition of the working force.

Schedule Used By Field Agents

INDUSTRIAL RELATIONS MACHINERY

UNITED STATES DEPARTMENT OF LABOR

BUREAU OF LABOR STATISTICS

WASHINGTON

Interview with

Position

Date

Does company wish this to be confidential?

Does person wish a copy of study when completed?

Investigator

Schedule number

A. Introductory:

1. Name of firm
2. Address of firm
3. Business affiliation
4. Plant designation
5. Address
6. Principal products and services in order of their importance
7. Code or codes under which operating
8. Number of employees (not including supervisory staff):

Men	Women	Total
Office	Shop	Total
9. Describe in a general way kind of employees constituting majority of labor force (nationality, race, literacy, etc.)
10. Types of industrial relations machinery (check ν):
 - (a) Employees representation plan only.
 - (b) Employees representation plan and personnel management.
 - (c) Employees representation plan and outside union.

B. Employees' representation plan or association:

1. Name
 2. When established?
 3. Did present plan succeed a different type of plan?
- (Give date and statement of character of changes, and reasons for changes.)
4. Situation at time of establishment:
 - (a) Labor unrest and threatened strike.
 - (b) Strike.
 - (c) Outside union attempting to gain foothold.
 - (d) Management felt need of closer touch with workers.
 - (e) Workers requested management for representation plan.

Remarks:

5. Method of establishment:
 - (a) Executive order with bulletin board announcement.
 - (b) Mass meeting.
 - (c) Signing of paper passed around shop by an employee.
 - (d) Signing of paper passed around shop by foremen or other company officials.

B. Employees' representation plan or association—Continued.

5. Method of establishment—Continued.

- (e) Secret vote. -----
 Where conducted? -----
 How supervised? -----

Remarks: -----

6. Is there a written constitution? ----- (Secure copy.)
 7. Is there a written agreement signed by both company and representatives of plan or association? ----- (Procure copy.)

- (a) When first signed? -----
 (b) Date of expiration. -----
 (c) Provision for renewal. -----

8. Membership in plan or association:

- (a) Requirements for membership:
 (1) Length of service with company. -----
 (2) Education. -----
 (3) Citizenship. -----
 (4) Age. -----
 (5) Other. -----
 (b) Does employee retain membership when laid off temporarily? -----
 (c) Are all eligible employees automatically considered to be members? -----
 (d) If not, what proportion of eligible employees are not members? -----
 Why are they not members? -----
 (e) Do new employees sign up for membership when accepting employment? ----- (Get sample cards.)
 (f) Membership dues? Yes ----- No ----- How much?
 (per week) ----- (per month) -----
 How are dues collected? -----
 Who is custodian of funds? -----

9. Financing:

- (a) Are officers and representatives paid for time attending to association duties? -----
 (1) Equivalent of wage rate. -----
 (2) More than wage rate. -----
 (3) Less than wage rate. -----
 (4) Monthly or weekly fee. -----
 How much? -----
 (5) For time put in outside of working hours. -----

 (b) How are representatives paid?:
 (1) By company. ----- Amount? -----
 (2) By association. ----- Amount? -----
 (3) Does company contribute to plan's treasury?
 ----- How much? -----

 (c) How are other organization costs (e. g. printing, secretarial expenses, etc.) defrayed? -----

B. Employees' representation plan or association—Continued.

10. Election of officers and representatives:

- (a) Date of last election.....
 Where held?.....
 Who had charge?
- (b) Term of office.....
- (c) Provision for recall.....
- (d) Must representatives be employees of company? Yes....
 No.....
 (1) Have any representatives not been employees of
 company? When, etc.?
- (e) May person continue to serve as representative after leav-
 ing employ of company or transfer to different department?
 Yes..... No.....
 (1) Any instances?
- (f) Method of voting:
 (1) Define election districts (department or occupation,
 etc.).....
 (2) How are nominations made?
- (3) Who certifies nominees?
- (4) Elections:
 Acclamation.
 Signed ballot.
 Secret ballot.
 Who supervised counting of ballots?

Remarks:

11. General membership meetings:

- (a) How frequently are general membership meetings held?

- (b) Date of last meeting.....
- (c) Where held?
- (d) Time of day.
- (e) Employees paid wages while attending?
- (f) Provision for referendum
- (g) Do representatives of management attend:
 On invitation.
 As a matter of course.
- (h) Topics discussed at membership meeting.

Remarks:

12. If no membership meetings are provided for:

- (a) How does representative account to workers?
- (b) How do workers discuss grievances with their representa-
 tives, and instruct them as to their desires?
- (c) How do workers discuss general policies affecting their
 interests?

B. Employees' representation plan or association—Continued.

13. Do employee representatives have any contacts or meetings with employee representatives of:

- (a) Other plants of same company? ----- Which? -----
- (b) Other companies? ----- Which? -----
- (c) Describe nature of contact. -----
- (d) Opinion of person interviewed on desirability of some sort of national or regional federation of employee representation plans for the industry. -----

14. Officers and representatives:

Office (president)	Name	Occupation	Department	How long held office
-----	-----	-----	-----	-----
-----	-----	-----	-----	-----
-----	-----	-----	-----	-----
-----	-----	-----	-----	-----

C. Methods of negotiation:

1. Joint committee or council plan (omit if employee committee type):

- (a) How are employer representatives chosen? -----
Give official position of each. -----
- (b) Total membership on joint council. -----
Employer representatives -----
Employee representatives -----
Others. ----- How selected? -----
- (c) Meetings of council:
 - (1) When? -----
(Time of day) ----- (Frequency) -----
 - (2) Where? -----
 - (3) Is presiding officer the employer representative, employee, or impartial? -----
How selected? -----
 - (4) Is secretary the employer, employee, or impartial representative? -----
How selected? -----
 - (5) When is secret vote used? -----
- (d) How is decision made, by majority vote? ----- By unanimous vote? ----- Or is voting by unit? -----
- (e) Is there any appeal from decision of joint council? -----
 - (1) To whom? -----
 - (2) How negotiated?
In conference with higher official. -----
Written appeal. -----
Remarks: -----
- (f) Provision for outside arbitration? Yes ----- No -----
How selected? -----
How conducted? -----
Who pays expenses? -----
What cases have been arbitrated? ----- (Give dates.)

C. Methods of negotiation.—Continued.

1. Joint committee or council plan—Continued.

(g) Final decision rests with whom? President, general manager,
board of directors, others (specify). -----

(h) How are minutes and other records made available to the
workers? -----

Do they consult them? -----

2. Employee committee type (omit if joint council plan):

(a) Meetings of representatives:

(1) When? -----
(Time of day) (Frequency)

(2) Where? -----

(3) When is secret vote used? -----

(b) Negotiations with employer. (Describe in detail various
steps to final settlement of both ordinary and especially
important matters):

(1) Through joint committee. -----

(2) Through personnel manager. -----

(3) Directly to general manager or superintendent.

(4) Who represents employees in these negotiations?

(5) Written or oral? -----

Remarks: -----

(c) Provision for outside arbitration? Yes ----- No -----

How selected? -----

How conducted? -----

Who pays expenses? -----

What cases have been arbitrated? ----- (Give dates.)

(d) Final decision rests with whom? President, general manager,
board of directors, others (specify). -----

(e) How are minutes and other records made available to the
workers? -----

Do they consult them? -----

D. General working conditions:

1. Check matters which have been negotiated by the management with
representatives of employees' association since January 1, 1933:

- (a) Individual grievances.
- (b) Methods of sharing or rotating work.
- (c) Rules of seniority.
- (d) Health and safety.
- (e) General rules and regulations.
- (f) Discharge of employees.
- (g) Changes in weekly or daily hours.
- (h) Type of wage payment (piece work, bonus, etc.).
- (i) Wage rates on specific occupations.
- (j) General wage increases or decreases.

2. Describe last case under each subject checked above which has been
negotiated (except (a) individual grievances and (j) general wages
which are treated separately below). -----

E. Individual grievances:

1. How many cases of individual grievances during a week does the average employee representative take up directly with foreman concerned? -----
2. When are individual grievance cases referred to the committee? -----
3. How many cases of individual grievances have been brought up to joint or employee committee during past 6 months? -----
4. How effective is employee representative plan in adjusting individual grievances? (See instructions.) -----
5. Describe six recent cases; kinds of grievances, how handled, and what settlement was made? -----

F. Wages:

1. Standards for determining wages:
 - (a) Does plan set standards for determining wages? -----
Wages paid by competitors, prevailing wage in community?
----- Cost of living? -----
 - (b) If plan has no provision, is any standard used in determining wages when being negotiated? -----
2. Describe in detail last general wage increase or decrease, giving date, methods of negotiation, and final decision. -----

G. General information:

1. Were employees consulted in connection with formulation of code?

(a) Did employees participate at hearings? -----
2. Did employees participate at hearings of the Wagner industrial disputes bill?
(a) 1934 hearings -----
(b) 1935 hearings -----
3. Have employees appeared before any of the Government Labor Relations Boards?
When? ----- Issues involved? -----

Position of employees? -----
4. Does the plan allow employees to hire outside experts? -----
(a) If so, have they ever availed themselves of privilege? -----
----- (Give details.) -----
(b) From what sources would or did funds come to pay the experts? -----
5. Have there been any strikes since the plan has been in operation?

(a) Who called the strike? -----
(b) Occupations and departments of workers involved? -----
(c) Number of workers involved: Plan members. -----
Nonmembers. -----
(d) Percentage of strikers to total number of employees in occupations involved -----
6. Any recent attempts to unionize the workers covered by the plan?

(a) By what union? ----- International? -----
(b) Outcome. -----

H. Activities sponsored, administered, and financed by employees' association.

1. Check activities listed below which are administered and financed by the employees' association or plan. Double check if administered or financed jointly with employer.

- (a) Sick benefits.
 (b) Savings and loan plan.
 (c) Restaurant and cafeteria.
 (d) Cooperative purchasing.
 (e) Safety and accident prevention.
 (f) Suggestion system.
 (g) Library or reading rooms.
 (h) Recreational activities.
 (i) Group insurance.
 (j) Stock purchases.
 (k) Profit sharing.
 (l) Outside activities such as politics, charity (specify).
 (m) Others (specify).

2. Describe each one in detail covering following points:

(a) General description of plan. (Get printed rules, if possible.)

(b) By whom and how was it started? -----

(c) Do employee representatives administer plan? -----

(d) Do employee representatives and employer administer jointly? -----

(e) Do employee representatives hear and investigate complaints? -----

(f) Who acts as treasurer? -----

(g) Who invests funds? -----

(h) Who pays for administration? -----

I. Outside union or unions (attach separate sheet if more than one union):

1. If company has written agreement with outside union (obtain copy):

(a) Name of local union -----

(b) Name of international union -----

(c) Date of expiration of agreement.-----

(d) Membership within plant -----

(e) Trade jurisdiction -----

(f) Name and address of business agent -----

(g) How long has company been dealing with union? -----

Remarks: -----

2. If company has dealings with outside union but no written agreement:

(a) Name of union -----

(b) Estimated membership within plant -----

(c) Date of last conference with union representative.-----

(d) Is it policy of company to meet with union committees of own employees only? -----

(e) Are union representatives not employees also received in conference? -----

(f) Matters discussed and decisions. -----

(g) Are decisions a result of negotiations? -----, or does company take union demands under consideration and make its own decision? -----

1. Outside union or unions—Continued.

2. If company has dealings with outside union but no written agreement—Continued.

(h) How are decisions communicated to union?

.....
To the workers? (Obtain copies.)

(i) How long has company been dealing with union in this manner?

3. If company is not now dealing with outside union, has it ever dealt with union?

(a) Name of local union

(b) Name of international union

(c) When did it discontinue dealing with union?

.....

(d) Why? (Obtain written material.)

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