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BUTTE MINERS' UNION:
An Analysis of Its Development
and
Economic Bargaining Position

by

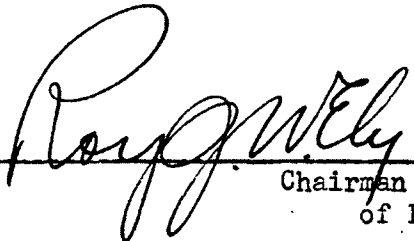
James L. Macpherson
B.A., Montana State University, 1948

Presented in partial fulfillment of the
requirement for the degree of Mas-
ter of Arts.

Montana State University

1949

Approved:



Chairman of Board
of Examiners



Dean, Graduate School

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INTRODUCTION

The frequency with which labor issues capture the attention of newsmen, legislators, and the nation is frank evidence of the importance of such problems. Indeed, some writers have expressed the opinion that labor-management difficulty may well be considered our most pressing domestic problem.¹ Nor is this importance misplaced, for over three-fourths of all American families obtain practically all their living from payrolls, and it is mere formality to observe that the fortunes of the remaining families are strongly affected by what happens to the wage earning, market strengthening majority.² Granted then, labor problems are of vital interest to all of us. Yet the quality of reasoning which we accord such problems is far from being commensurate with the importance of these problems. More often than not, labor issues inspire emotional reactions rather than logical mental processes. More often than not, opinions are formed on the basis of personal experience or hearsay. And just as frequently, individuals are influenced by publications of dubious sincerity. Perhaps an even more serious danger lies in the development of stereotyped opinions—the idea of being a "labor man", or a "management man" regardless of the facts surrounding a particular case. Opinions formulated in such fashion have resulted in the present state of thinking on labor problems; a state of thinking which is, at best, ill informed and unsound.³

The purpose of this thesis is to examine a particular labor-management relationship—that between the Butte Miners' union and the Anaconda Copper Mining Company and to present the more important facts surrounding this

1. Lester, Richard A., and Shister, Joseph (Eds.), Insights into Labor Issues, p.V
2. Lester, Richard A., Economics of Labor, p.27
3. Ibid., Chapter 2. For a discussion of some of the most flagrant types of reasoning on labor problems.

relationship so as to enable the interested person to gain some insight into the historical development and economic framework of bargaining. In short, the purpose is to review the situation in a manner that will allow for intelligent opinion formation on a particular labor experience.

In accomplishing this objective the paper has been divided into two parts. The first major section deals with the development of the union from its origin in 1878 to the present time, as such it is mainly historical, and occasionally critical. References for this section include newspapers, government documents, periodicals, and personal interviews. Of these sources major reliance has been placed upon newspapers, admittedly a rather serious limitation. News accounts are often biased and distorted to such an extent that it is often difficult, if not impossible, to separate fact from fiction.

The second section is devoted to an examination of some of the economic factors which conditioned the bargaining relationship between the Butte Miners' union and the Anaconda Copper Mining Company. As such, this portion of the paper is mainly analytical. Material for this section was obtained from government documents and reports, books, and periodicals.

In addition to the previously mentioned sources of material, personal interviews were obtained from men who have long been familiar with labor affairs in Butte. Mr. Robert C. Brown and Mr. Denis McCarthy of the Butte Miners' union and Mr. William McMahan, Commissioner of Labor for the Anaconda Copper Mining Company, have been most helpful.

In closing, I would like to emphasize that the purpose of this thesis is directed toward the satisfaction of academic curiosity. It is not intended to resurrect old animosities, or create new ones.

PART I
THE DEVELOPMENT OF THE BUTTE MINERS' UNION

CHAPTER I

THE PERIOD OF ORGANIZATION

Some General Characteristics of the Labor Movement in Butte The founding of the Butte union in 1878 coincided with the appearance of large national labor groups. Most certainly many local unions had been established after the Philadelphia cordwainers initiated the labor movement in the United States in 1792.¹ Yet the trend toward national labor groups began in earnest only during the last half of the nineteenth century. For example, the first of such associations, the National Labor Union, was formed in Baltimore in 1866, just twelve years prior to the formation of Butte's first union. The Knights of Labor, a similar organization perhaps more widely known than the National Labor Union, preceded Butte's union by only nine years. Finally, the appearance of the now powerful American Federation of Labor on the trade union scene did not occur until 1886, eight years after the formation of the Butte Workingmen's union.² Therefore, we find that unionism was established in Butte at about the same time that national organization was coming into its own, though not contemporaneous with the organization of local bodies.

To further establish the fact that unionism occurred in Butte at a comparatively early date, let us review what was happening in the locality at the time. When the first union was formed in 1878 the mining camp of Butte, Montana was only in its fourteenth year of existence. The silver

1. Yoder, Dale, Personnel Management and Industrial Relations, pp.660f
2. For further information concerning the various national labor organizations mentioned above see Lester, Richard A., Economics of Labor, Chapter XX, and Commons, John R., et. al., History of Labour in the United States, Vol.II.

era, which began in 1874—four years previous to the advent of the union, had rescued Butte from the fate of becoming a ghost town. Furthermore, the discovery of copper, which provided the mining city with its most valuable asset, was not accomplished until some time after the formation of a union. So that it can be said that unionism was accomplished before the town had experienced its peak of growth—before it had begun to mine its most profitable metal.

Though the union was founded at an early date, it has not followed a period of steady, unbroken growth up to the present time. Rather it has been subject to the ebbs and flows which have characterized unionism throughout the nation. From 1878, the year of organization, to 1914, the union grew steadily and rapidly. Then, in the latter year, it was dismembered by internal dissension which dissipated entirely the gains of the foregoing thirty-six years. A radical union which came into being after the original group had been destroyed, failed to fill the position which it had caused to be vacated, and disappeared in less than a year. In 1917 another attempt was made to form a union among the miners of Butte, but only negligible results were achieved. This effort, led by members of the Industrial Workers of the World, succeeded in enrolling a sizeable number of workers in the union, but it failed in its bid to gain recognition from the employing companies. The period of the twenties and early thirties was an era of drought for the forces of organized labor in Butte. Then, in the depths of the great depression, the union which had been discarded in 1914 was re-organized, once more increasing the number and power of unionists.

Aside from the fluctuations in influence and membership mentioned above, the Butte experience has had other significant characteristics common to labor movements. Among them, we might mention at this point episodes of violence and the development of leaders.

On a smaller scale the mining city had its "Haymarket riot", its "Ludlow massacre", and its fierce organizing campaigns. "Bloody", "rough and tumble", "lusty", "brawling", and "rugged", are but a few of the expressive adjectives which writers have employed to describe the labor history of the "richest hill on earth". Mob violence and terrorism reigned during the labor troubles of 1914, 1917, 1920, and 1946; and the same elements were in evidence to a lesser degree in 1934.³

Butte also contributed leaders to the cause of unionism. A. C. Witter led the efforts which culminated in the formation of the Butte Workingmen's union, the initial organization. John (Muckey) McDonald, a young miner, emerged as the main force behind the radical attempt to smash the old union and put another in its place during the tempestuous days of 1914. The efforts to establish a miners' union in 1917 were directed largely by members of the Industrial Workers of the World, with Tom Campbell and Frank Little being the most prominent.

Early Beginnings of Unionism in Butte

The first instance of collective bargaining in the Butte area occurred in 1876, two years before the organization of the first union. This initial experience was concerned primarily with arriving at a suitable schedule of wages to be paid to the miners in the camp.

The four hundred men reported to be involved in the discussions were represented by a man named A.C. Witter.⁴ The interests of management were handled by Marcus Daly and William Andrews Clark, later characterized as "Copper Kings". Witter, in presenting the demands of the workers, stated

3. For an account of the 1914 incident, see Fitch, J.A., "Union Paradise at Close Range", Survey, Vol. XLII, 22, pp. 538-9; for the 1917 experience, Merz, Charles, "The Issue in Butte", The New Republic, Vol. XII, 151, pp. 215-17; and for 1946, see Newsweek, Vol. XXVII, 17, April 29, 1946, p. 22

4. Montana State Federation of Labor Year Book; 1944, p. 83

that unless the operators conceded to their requests within three days, the miners would strike. This ultimatum placed the representatives of management, particularly Daly, in a difficult position. Daly, who had arrived in the camp the previous year to manage the interests of the Walker Brothers' mining firm, was unable to contact the Salt Lake City office of his employers and receive a reply advising him as to what action should be taken, within the specified three day period. Consequently, Daly was faced with two alternatives. He could grant the proposed wage schedule, or he could wait for a reply from his employers. In the event he chose the latter course of action, Daly risked a shut down of the Walker mining properties in Butte. This he was not willing to chance, and, accordingly, Clark as well as Daly agreed to accept the workers' requests.

The agreement which emerged from the incident was signed on June 3, 1876. It provided that a wage of three dollars and fifty cents per day be paid to quartz miners, and four dollars per day to placer miners. In addition to the wage clause, it was agreed that ten hours would constitute a day shift and nine hours, a night shift.⁵

Butte Workmen's Union

Two years after this initial agreement was signed, organization of a permanent union was advocated. Not only miners, but all other classes of day laborers participated in the discussions and planning of the proposed union. Finally, on June 13, 1878, the formal ceremonies took place which launched the organization on its purpose of maintaining the wage structure in the area and providing for the protection of the working man.

The building which was used by the new group was located at the corner of Broadway and Main streets in Butte. A small structure, measuring only about

5. op. cit., Montana State Federation of Labor Year Book, 1944, p.83

sixteen by twenty feet in area, it was not large enough to accommodate all of the two hundred and sixty-one charter members at one time. Consequently, the men were initiated in groups, then excused to make room for others to follow. A. C. Witter, who had so effectively represented the workers two years earlier, was elected as the first president of the union.⁶

The Butte Workingmen's union, as the organization was named, was a quasi-industrial union, somewhat resembling the assemblies of the Knights of Labor in structure.⁷ All laborers were accepted as members regardless of their particular trades or occupations. Undoubtedly this type of an arrangement was a considerable aid in building up the membership, for it enabled all classes of labor to seek admittance. However, this lumping together of members claiming heterogeneous occupations, also provided the union's major weakness. A diverse membership may not have proven troublesome by itself, but in this particular situation the miner element made up such a preponderant majority, that it was only a matter of time before serious disagreement alienated the other groups from the miners.

Butte Miners' Union

In 1880 the full effect of this aforementioned weakness became evident. The various minority factions indicated their dissatisfaction at having to follow the wishes of the miner majority by differing with the miners in regard to the major aims and policy of the union. This controversy resulted in an open split between the divergent forces. Accordingly, the miner segment withdrew from the Butte Workingmen's union to form a second organization,

6. Montana Standard, August 11, 1940, p.8. Other officers elected were: Peter Allen, vice-president, Pat Shovlin, recording secretary; Edward Rooney, treasurer; John Sullivan, financial secretary; William Larkin, conductor; and Charles Waterman, warden.

7. Lester, op. cit., p.546. The Knights of Labor excluded liquor dealers, lawyers, bankers, stock brokers, and professional gamblers. Possibly the only similarity between the Knights and the Butte Workingmen's union on this point was the fact that employers were denied membership.

which restricted membership to miners only. In 1881 the members of this new group incorporated their organization as the Butte Miners' union.

The secession of the miners did not result in the demise of the Butte Workingmen's union however, for enough members of other trades and occupations remained to further its activities. Later, the various trades took their leave to enter craft unions of their own, and the Butte Workingmen's union was continued as a general labor union, affiliating with the American Federation of Labor in 1912 as Federal Labor Union No. 12,985.⁸

Soon after its incorporation in 1881 the Butte Miners' union experienced "growing pains" that, for a time, threatened its existence. To accommodate the increasing membership, construction was started on a new union hall. Shortly before completion, the structure collapsed, and the financial strength of the union went with it. However, a nucleus of determined members succeeded in keeping the debt-ridden organization intact, and, in 1885, the new building was completed.⁹

The first disputes which the Butte Miners' union became involved in occurred in 1887 and 1888. In the former year, wage troubles were encountered between the union and the Alice mining company. The following year, a similar dispute took place with the Lexington mining company. These differences, which seemed not to be very serious, were quickly settled by the parties involved. At the same time, the union deemed it advisable to set the rate of wages for all men employed underground at no less than three dollars and fifty cents a day, a minimum which was maintained without difficulty.

8. Montana State Federation of Labor Year Book, op. cit., p.83

9. Montana Standard, August 11, 1940, p.8

The Western Federation of Miners

In the early part of 1892, the Butte Miners' union initiated the formation of a federation of western mining unions by inviting delegates from interested labor groups to attend a convention in Butte, May, 1892. This convention laid the ground work for the Western Federation of Miners, which was formed in the following year, 1893.¹⁰ The organization of this federation gave rise to a parent group which claimed jurisdiction over the various mining locals west of the Mississippi River. The Butte union, which was named Local No.1 in the Western Federation, provided not only the impetus, but also much of the monetary and numerical strength for the newly founded federation. It is of interest to note in this connection, that Big Bill Haywood, whose name later became synonymous with that of the Western Federation of Miners, credited the Butte union with being the largest union in America at that time.¹¹

The Western Federation of Miners remained for a time as an independent organization. Then, in 1915, it became the present International Union of Mine, Mill, and Smelter Workers, and joined with the American Federation of Labor. It continued as an affiliate with the AFL until 1938. However, the International participated in the activities of the Committee for Industrial Organization which was formed within the American Federation of Labor in 1935. When the Committee was transformed into the Congress of Industrial Organizations in November, 1938, the International disaffiliated from the AFL and became a charter member of the Congress of Industrial Organizations.

The Butte Miners' union, after its affiliation with the Western Federation of Miners, continued to grow. By 1896 the membership had reached 4,000. The ease with which the scale of wages was maintained by the union

10. Brissenden, Paul F., "The Butte Miners and the Rustling Card", American Economic Review, Vol.X, 4, p.756

11. Howard, Kinsey, "Butte Remembers Big Bill Haywood", The Nation, Vol.141, 3669, p.515

left financial means available to be used for other purposes. Consequently, the union was in a position to relax its wage administering function in favor of providing welfare services for the membership. This is precisely what it did, and much of the union's effort and resources was directed to supplying sick and death benefits for its members.¹²

Summary of Early History

The comparative ease with which initial organization was accomplished requires some explanation, inasmuch as the later turbulent history of unionism in Butte offers no insight into the peaceful years which followed the beginning of the first miners' union. From the viewpoint of the workers, establishment of a labor union was an appealing idea. The success achieved by the first collective bargaining experience in 1876 constituted a formidable reason for continuing the existence of a labor group. The appeal of a union that offered membership to all classes and kinds of laborers is another factor that must not be overlooked in illustrating why unionism was so readily acceptable to the workingmen of Butte. Finally, the area was free from any competition between different groups attempting to capture the loyalty of the workers before other unions could organize the area. In short, Butte was virgin territory for unionism. The workers were favorable toward labor groups, and organization resulted in the formation of but one union, without confusion being created by several or more unions competing for jurisdiction.

Action from employers did not detract in any way from the placid manner in which unionism came into being. Whether the operators were desirous of seeing labor organized in the camp or not, remains unknown. At any rate, they made no attempts to halt the organization and later

12. Anaconda Standard, Vol.VII, 264, June 13, 1896, p.6. Estimated that sick benefits amounted to \$20,000 yearly, and funeral benefits accounted for an additional annual expenditure of \$9,000.

development of the Butte Workingmen's union, and the Butte Miners' union which grew out of it.

There are several reasons which can be advanced to explain the apparent acquiescence of the employers. To begin with, most of the mining organizations at the time of the union's inception were relatively small. By the time that copper was discovered in large quantities in Butte in 1883, the miners' union was firmly established. Thus, the era of large mining firms and intensive operations had not yet begun. Most probably, therefore, the small mine owners chose to stand by while the union was organized simply because they lacked the strength to challenge unionism.

This situation changed considerably however, for, after the start of the copper era in 1883, the small mine owners were replaced by the "Copper Kings", men of great wealth and economic power. Yet, the employers made no attempts to discourage organized labor. During the period from 1883 to 1906, commonly referred to as the "War of the Copper Kings", labor was something to be wooed rather than fought by the opposing titans. The prodigious power wielded by Marcus Daly, William Andrews Clark, F. Augustus Heinze, and the Amalgamated Copper Company was used in opposing one another. So, in the beginning, union organization was not contested because the mine owners did not possess the means to oppose organization; and later, when financial ability was available, the employers chose to use it in opposing one another.

There occurred no appreciable change in the attitude of management toward unionism from 1906, the closing date of the War of the Copper Kings, to the early part of 1914. However, a vitally important structural change took place which, though not causing any immediate reversal in the employers' attitude, did much to influence labor-management

relations after 1914. During this period, the corporate form of business organization largely replaced the individuals as owners of Butte's copper resources. And with this change in form, came a change in methods and attitudes concerning labor relations. When, in 1906, the Amalgamated Copper Company, predecessor of the Anaconda Copper Mining Company, acquired the holdings of F. Augustus Heinze for a reputed \$10,500,000, it emerged as the largest, and most powerful employer in the camp.¹³

13. Copper Camp, compiled by writers from the Works Progress Administration, P.291. In 1910 the Amalgamated company gained the principal mining properties of William Andrews Clark, to add to its already strong position in Butte.

CHAPTER II
THE UPHEAVAL OF 1914

The relative placidity which characterized the early development of the Butte Miners' union ended abruptly in 1914. In that year the membership of the union became involved in an internal struggle that rendered it powerless, destroyed unionism for a time, and finally resulted in the declaration of open shop conditions.

By the early part of 1914, the union had split into two factions. One group, the "conservatives", favored close adherence to the policies of the Western Federation of Miners. Whereas, the opposing members, or "radicals" as they were called, pursued the ideology of the Industrial Workers of the World.¹ Despite the wide latitude in the views held by the two groups, they continued their relations with the union for a time, offering no indication that a breach was imminent. For example, leadership of the organization had been alternated between them on several different occasions without causing the other faction to withdraw. Then, in June, 1914, with the union in the control of the conservative forces, events swiftly built up that culminated in the virtual destruction of the Butte Miners' union.

The Break

The incident that touched off the break between the two rival groups occurred on June 12, 1914. On that date the conservative officials of the union were conducting a routine check at the Speculator mine to see that the workers possessed paid-up union cards which were necessary for employment. Objecting to this action, about 1,200 miners refused to

1. Space does not allow for a detailed discussion of the aims and characteristics of the Industrial Workers of the World. For further information, see Brissenden, Paul Frederick, The I.W.W.: A Study of American Syndicalism, Longmans, Green, and Company, 1919.

produce their cards for inspection and walked off the property. Similar action was taken by workers reporting for the night shift at the Black Rock mine, and the radicals began urging other miners to refuse to show their cards.²

At a meeting held on the evening of June 12, 1914, in the City Auditorium, the members of the radical element congregated to plan their course of action. After resolving that workers should be allowed to work without having to display their union cards, the assembled miners debated the advisability of forming a new union. In line with this latter proposal, temporary officers were named to prepare the details. During the ensuing discussion, it was suggested, rather prophetically, by one of the members present, that the radicals should "seize the Butte Miners' union records and elect another set of officers."³

The following day, June 13, 1914, was Miners' Union Day, a traditional holiday for the men working on the hill. Despite the tension which existed as a result of the action taken by the radicals, plans were made to hold the usual festivities associated with the occasion. However, the customary celebrative parade was not as large as usual. Of the total membership numbering between six and seven thousand miners, only about five hundred participated actively in the parade, while the remaining miners viewed the proceedings from the side lines.

When the parade, with Riley, the conservative president of the union, riding at its head, reached an intersection of two principal Butte streets, a sudden attack was made upon the marching men by the radicals who lined the streets. In the melee which followed, Riley and other conservative

2. Anaconda Standard, Vol.XXV, 283, June 13, 1914

3. Ibid.

leaders were thrown from their mounts, and the five hundred marchers were set upon, beaten, and dispersed.⁴

After routing the conservative forces, the radical mob proceeded to the union hall. There, as had been promised previously, the records of the Butte Miners' union were "audited", then destroyed. The large crowd of men, by that time completely beyond control, continued its orgy of destruction without any interference from the law enforcement officers. Windows in the building were smashed, and furniture, radiators, and other equipment were torn up and thrown to the ground below. After several hours the hall was left a damaged, desolate shell.

Some time later, police officers, attempting to haul the union safe to the City Hall for safekeeping, were divested of their charge by the crowd. Taking the van containing the safe, the mob proceeded to a section south of the city where the safe was dynamited and its contents looted.⁵ Police and sheriff's officers, after making several feeble attempts to reclaim the stolen safe, finally withdrew and satisfied themselves by restraining the crowd to prevent injuries while the safe was being dynamited.

For several days following the ill-fated Miners' Union Day the city was apprehensive, as sporadic acts of vandalism and violence occurred. During this period the radicals consolidated their forces by holding daily meetings, and discussing the proposed new union. It was during this time also that "Muckey" McDonald began to assert his leadership of the radical group. Although he had been active in the movement from its

4. Anaconda Standard, Vol. XXV, 284, June 14, 1914

5. The exact sum taken from the broken safe has often been a matter of dispute. At any rate, the amount was in excess of one thousand dollars.

beginning, his part became more prominent after he replaced Dan Shovlin as temporary chairman.

Charles H. Moyer, then president of the Western Federation of Miners, made plans for a journey to Butte to effect, if he could, a reconciliation between the divergent groups. Upon his arrival Moyer requested that the radicals remain in the Butte Miners' union and abandon their attempts to organize a new one. The radicals' answer to his proposal came on June 22, 1914, when they announced the formation of the Butte Mine Workers' union. This new group, with the energetic McDonald as president, declared itself to be entirely independent from the Butte Miners' union and Moyer's federation.⁶

Meanwhile, Moyer requested a meeting to be held on the following day, June 23, 1914. It was reported that the invitation to attend this meeting was intended solely for the members of the conservative faction.⁷ When the meeting began, after several hundred men had entered the building, the surrounding streets were filled by several thousand curious onlookers.

The exact course of the following events remains somewhat uncertain. Whether a commotion occurred in the street to set things off, or whether the action began spontaneously, is not known. In any event, shooting broke out between the conservatives in the hall and the radicals standing in the street below. The gunfire claimed the life of a bystander, and wounded a member of the conservative group as he attempted to make his way into the hall.

In response to shouts during the shooting, a group of men hurried to

6. Anaconda Standard, Vol. XXV, 293, June 23, 1914

7. Fitch, J.A., "Union Paradise at Close Range", Survey, Vol. XXXII, 22, p. 539

a nearby mine, caused themselves to be lowered to the explosive dump, and returned to the besieged hall with a supply of dynamite. The explosives were placed at intervals along the walls and ignited. When the first blast failed to accomplish its purpose, several more attempts were made, resulting in the total destruction of the Butte Miners' union hall.

In the meantime, presumably while the dynamite was being procured, Moyer and the other men inside the building had succeeded in escaping through a rear window.

Following this incident, Butte was once again subject to mob violence as it had been just ten days earlier.

The Result

The collapse of the original miners' union—the Butte Miners' union, was perhaps the most important result of the revolt staged by the radical element. For, with the exception of a small group of miners who retained their membership cards, the Butte Miners' union, Local No.1 of the Western Federation of Miners became defunct after the dynamiting of the union hall. Furthermore, its successor, the newly organized Butte Mine Workers' union, lasted less than a year.

After rendering the conservative union impotent, the victorious Mine Workers launched a drive to enroll all of the miners employed on Butte hill in their organization. For a period of several weeks the jurisdiction committee, which had the responsibility of bringing non-members into the union, circulated about the various mines in an attempt to completely unionize the miners. Intimidation was frequent during this campaign; and the committee accommodated reluctant prospects by escorting them from the city if they refused to join the Butte Mine Workers' union.

Continued use of such tactics created considerable opposition from various groups in the city. Finally, reaction led to the formation of a citizens' committee which petitioned the state capitol for assistance in curbing the rough tactics employed by the McDonald union in its organizing campaign. Accordingly, Governor Sam V. Stewart declared martial law to be in existence in Butte.

On September 1, 1914, ten companies of the Second Regiment, Montana National Guard, under the command of Major D.J. Donohue, arrived in the city to enforce the Governor's proclamation.

Immediate efforts were made to apprehend "Muckey" McDonald and his associates, but shortly after the arrival of troops from Helena, McDonald and Joe Bradley, vice president of the Mine Workers' union, had fled the city. A detail of troops pursued them into the mountains south of Butte, but the two men were successful in eluding their followers.

Several days later, McDonald and Bradley returned to Butte and hid for a time in a rooming house, where they were arrested on September 9, 1914. With the leader of the Butte Mine Workers' union under arrest on a charge of kidnapping, and with the city under the close surveillance of National Guardsmen, the radical organization began to weaken. There was a marked decrease in labor activity, and no further efforts were made to enlist the unaffiliated miners.

On November 5, 1914, after more than two months duration, martial law was declared at an end, and the troops quit the city.

The Butte Mine Workers' union was finally smashed by the subsequent trial, conviction, and sentencing of "Muckey" McDonald and Joe Bradley. The trials of the two men were moved from Butte to Boulder in nearby Jefferson County on a change of venue. Then, on November 21, 1914, both

men were found guilty on two counts of kidnapping for the parts they played in the abduction and deportation of uncooperative miners.⁸

This development effectively discouraged any attempts to keep the Butte Mine Workers' organization alive. Conviction of the two top leaders of the radical movement removed the driving force behind the union. Further, it served to frighten any others who might have wished to take over the functions of McDonald and Bradley.

Thus, the radical element which forced the breakup of the Butte Miners' union, was in turn destroyed by martial law invoked to cope with the tactics used by the McDonald union, as well as by the ultimate conviction of its leaders.

Declaration of the Open Shop

Paralleling the result which deprived the Butte miners of a union to represent them in collective bargaining with the operating companies, was another development, instigated this time by the employers. Taking advantage of the confusion which existed during the conflict between the radical Mine Workers' and the conservative Butte Miners' unions, the operating companies publicly announced on September 9, 1914, that open shop conditions were in effect for all Butte miners.⁹ The employing firms explained their actions by stating that the Butte Mine Workers' union could not be recognized as the workers' representative because of its radical inclinations. This complexion, asserted the operators, had only resulted in the disruption of production due to the methods utilized by the Mine Workers in attempting to increase its membership. The Butte Miners' union, on the other hand, did not merit recognition by the employing companies because it was unable to speak for a majority of the

8. Copper Camp, op. cit., p.293

9. Anaconda Standard, Vol.XXVI, 366, September 9, 1914

miners. Although the Butte Miners' union at that time had an agreement with the mining companies, these firms maintained that the union was powerless to fulfill its duties under the labor agreement. Hence, the operators concluded that they were forced to declare open shop conditions because there existed no organization deserving to represent the interests of the workers.

Causes

The entire chain of events that has been related here was promulgated mainly by one cause—the theoretical differences which became evident within the membership of the Butte Miners' union in 1914. This conflict between conservatism and radicalism looms as the starting point. However, a number of grievances arose prior to 1914 that served to aggravate the widening rift between the two rival factions. An enumeration of some of these grievances will give the reader a general view of the situation prior to the schism.¹⁰

The radical element had charged that the union had degenerated into a "company union" under the leadership of the conservatives. To prove this indictment they pointed to the failure of the union to gain wage increases for its members. No attempt had been made to raise the scale of wages during the period 1878 to 1907. In the latter year an effort was made to boost the figure from three dollars and fifty cents to four dollars per day. The employing companies rejected the proposal, and an agreement was finally effected which provided for a minimum rate of three dollars and fifty cents per day, with increases to be made as the price of

10. The most reliable information regarding the labor difficulties of 1914 can be found in the Final Report and Testimony of the Commission on Industrial Relations, Vol.IV, Senate Document No.415, 64th Congress, 1st Session, pp.3681-4095.

copper increased—a sliding scale. Shortly after this agreement was put into effect, wages were increased under the terms of the sliding scale, and, at one time, reached a level of four dollars per day. However, the average wage over this period was only about three dollars and seventy-five cents.¹¹ No further attempts were made then, from 1907 to 1914; and the total gain from 1878 to 1914 amounted to only twenty-five cents for each day's work. Thus, the radicals contended that this inability to increase the economic welfare of the membership was evidence of the conservatives' desire to satisfy the interests of management.

The demands for excessive assessments from union members constituted another reason prompting the radicals to break with the conservative leadership. In keeping with the desires of the Western Federation of Miners, the Butte union had been supplying striking fellow-miners in Michigan with funds to enable them to continue their struggle. When added to the monthly dues of two dollars, these levies often boosted the total amount to as much as five dollars and fifty cents a month for each member—the equivalent of more than a day's pay. In this manner, the Butte Miners' union had contributed an amount approximating \$150,000 to the strike fund of the Michigan miners.¹² This practice was bitterly opposed by the radicals. They felt that such contributions were forced upon them by the conservative leaders at the bidding of the Western Federation.

The union hall itself contributed to the rivalry between the two opposing groups, for it accommodated only about ten per cent of the total membership. Consequently, with two forces vying for power, the end result was that the faction which was fortunate enough to crowd its adherents into

11. Fitch, op. cit., p.538

12. Anaconda Standard, Vol.XXV, 283, June 13, 1914

the inadequate structure first, received its reward by being placed in a position to make the body's decisions. This situation, the radicals later alleged, enabled the party having a majority in attendance to select the election judges, and thus assure itself of victory in the subsequent election of officers. Further, it was also charged that the Anaconda Copper Mining Company, the principal employer, exploited the faults of the small union hall by excusing men from work whenever a matter of importance within the union was to be voted on. Thus, packing the meeting with conservatives, who were said to be instructed by the company as to how they should cast their ballots.¹³

The Butte Miners' union was also without any formal grievance procedure, a fact which enabled the employers to discharge workers and to deny them the right of review. This situation prompted one writer to observe that the union "apparently acquiesced fully in the assertion by the company of its right to discharge men at will, with or without reason."¹⁴ On one particular occasion, the Anaconda company, in 1912, discharged several hundred miners for being "socialists". The union, after several unsuccessful attempts to interview management, merely decided to drop the matter.

Nor was this the only time that the union failed to adopt a positive course of action when it appeared to be in the best interests of the membership to do so. For example, in December, 1912, the Anaconda Copper Mining Company introduced a system of employee identification cards known as the "rustling card" system. As set up, it operated in this manner. A miner, wishing to obtain employment, first had to make application for

13. Fitch, op. cit., pp.538-39

14. Ibid., p.539

a rustling card from an office maintained for that purpose. The card he received requested certain information concerning the job seeker's name, age, nationality, citizenship status, and previous record of employment. Upon receipt of this card, the man was free to "rustle" the hill for a job from the foremen of the various mines. In the event he was employed, his card was taken up by the foreman and later deposited with the issuing office. Here a check was made with the individual's previous employers. If he was found to be acceptable by the company, he was permitted to remain in its employ. But should the check reveal that the worker harbored radical views inimical to the company's interests, he was subject to discharge, and his rustling card was cancelled. Though the Anaconda company first put this system into use, it was soon adopted by most of the mining companies in Butte; so that, with but few exceptions, a rustling card was a necessary prerequisite to employment.

This system of checking on employees was later defended by the Anaconda company on the grounds that the increasing numbers of I.W.W.'s and other radicals in Butte made it imperative that some system of identification be established. Furthermore, the company asserted that the use of rustling cards provided a means to thwart "deadbeats" who obtained credit from local merchants by claiming employment with the company as security. It furnished protection to the worker himself, said the company, by making it impossible for certain foremen to exact payment from the men for giving them the opportunity to work. Finally, it was said to be a source for acquiring certain data required by federal and state governments that

were otherwise unobtainable.¹⁵

The miners, claiming the system to be nothing more than a form of blacklisting, opposed the rustling card arrangement since its inception. In 1912, soon after the cards were first placed in use, the members of the Butte Miners' union took a referendum vote to protest the system. The results of this vote showed, though inconclusively, that the miners were opposed to the rustling card system.¹⁶ However, the conservative leadership of the union ignored the results of the referendum and failed to call a strike in support of the protest, and no further action was taken.

These grievances, when combined with the basic ideological difference, brought on the split which destroyed the Butte Miners' union.

Summary

Several interesting observations can be made regarding the experience of 1914. First, the split within the Butte Miners' union, which was responsible for the developments which followed, came about without any apparent influence being exerted by the employing companies to hasten the rift. At the outset of hostilities between the radicals and conservatives, the mining firms excused themselves from taking any partial stand on the matter. They recognized that it was purely an internal matter which they would rather not interfere with. As previously mentioned, however, they did take advantage of the opportunity by proclaiming open shop conditions, but the bulk of the damage had already been done by the quarreling unionists.

15. Brissenden, Paul F., "The Butte Miners and the Rustling Card", American Economic Review, Vol.X, 4, pp.756ff. For an account of company defenses see also an address delivered by L.O. Evans before the Chamber of Commerce, Missoula, Montana, August 29, 1917.
16. Anaconda Standard, Vol.XXIV, 110, December 22, 1912. The referendum found 1,856 members in favor of protesting the card system; 1,627 members opposed to the protest, with a protest majority of only 229. An estimated 3,600 members did not participate in the referendum.

themselves. This does not constitute a white wash of the companies involved; it merely serves to illustrate the point that open shop conditions evolved as a windfall to the operators. However, it must be realized that this conclusion may be subject to question. Charges were made during the hearings conducted by the Federal Industrial Relations Commission in Butte late in 1914, to the effect that the Anaconda company had interfered with union affairs before the split. It was alleged that the company attempted to influence conduct of the union's policies by instructing members as to how to vote, rewarding them by granting profitable leases for doing the company's bidding. Yet, no tangible proof was advanced to support these charges, their validity rested entirely upon personal opinions voiced by radical witnesses.

A second observation that can be made concerns an attitude that became a characteristic of the Butte Miners' union, and which has persisted up to the present. The manner in which Charles H. Moyer attempted to bring the divergent forces together was strongly resented by the miners of Butte. To them, Moyer and his Western Federation became a hateful legend. Consequently, in later years the local union members tended to be rather suspicious of parent organizations, and conducted their relations in a highly independent manner.

CHAPTER III

THE PERIOD OF I.W.W. INFLUENCE

The declared open shop policies of the employers continued in effect without incident for three years. Then in 1917, with the Butte mines busily engaged in producing copper and manganese for the war effort, another attempt was made at union organization. This attempt ushered in the period of I.W.W. influence which extended from 1917 to 1920. True, this group was a factor in the upheaval of 1914. However, the I.W.W.'s contribution on that occasion was mainly a moral offering, rather than an actual physical act of assistance. The strength of the group had increased by 1917 so that it was in a more favorable position to aid in organization of the miners than it had been three years before. In number, I.W.W. members in Butte increased steadily after 1914. By 1917, an office of the Industrial Workers of the World had been established, and the advocates of radical syndicalism assumed a large role in shaping the development of labor organization in Butte. Strikes were conducted under the auspices of the I.W.W. in 1917, 1918, 1919, and 1920. However, only the work stoppages of 1917 and 1919, the two most significant, are reviewed here.

The Speculator Mine Fire

Early on the morning of June 9, 1917, the residents of Butte were stunned by the news of one of the worst metal mine disasters in the nation's history. A heavy cable being lowered down the Granite Mountain shaft of the Speculator mine had broken free from the restraining equipment which guided it in its descent. The falling cable finally became entangled near the 2,400 foot level of the mine. In attempting to free the cable, Ernest Sallau, a foreman, accidentally allowed the flame from his carbide lamp to come in contact with insulating material protruding from the broken cable. The heat from

the burning insulation caused the coils of wire inside the cable to melt and fuse together, thus short-circuiting the current. Fire spread rapidly from the shaft to the various levels of the mine. One hundred and sixty seven of the four hundred and fifteen men who had reported for the night shift at the Speculator mine lost their lives in the fire, or from the deadly gases which accumulated because of it.¹

The Mine Shutdown

For several days following the Speculator disaster there was a great deal of confusion. Thousands of people passed through the morgue attempting to identify friends and relatives from among the victims. Also, mine crews were still at work removing bodies from below the surface, and searching for miners who had survived by sealing themselves off from the gas. In a move intended to lessen the confusion, a group of miners requested that the operating companies shut down their properties until all of the trapped men, living and dead, had been found, and until all of the funerals had been held. This the companies consented to do, and accordingly, with the exception of rescue work, all mining activity ceased.

Metal Mine Workers' Union

During the shutdown there was considerable agitation by individuals to provoke a strike. The efforts of these agitators reached a climax at a meeting held on June 12, 1917 in Finlander hall on Butte's east side. The miners who attended organized a union to be known as the Metal Mine Workers' union, and voted to call an immediate strike at all the mines. To justify the strike action, the meeting named a grievance committee whose responsibility was to present the demands of the union to the various mining companies.²

1. Anaconda Standard, Vol. XXVIII, 279, June 9, 1917

2. Anaconda Standard, Vol. XXVIII, 283, June 13, 1917

The foremost demand coming from the Metal Mine Workers' union was the abolition of the rustling card system. In addition, the miners requested an increase in wages to seven dollars a day, a six-hour day, and regulations requiring that two men be assigned to a machine. At a later meeting the Metal Miners enlarged upon the above demands. They reflected the effects of the Speculator fire by demanding that all mines be inspected once a month by a three member committee from the union, which would decide on any measures necessary to insure safety in every mine. Further, the new union requested that management provide supervised exits in every mine.³

Position of the Employers

Before the newly-organized Metal Mine Workers' union was a day old, the employing companies published an announcement of their positions.⁴ They accused the miners' organization of being influenced and led by the same "element" which had fomented the trouble in 1914. They construed the action of the group in calling a strike to be a deliberate effort on the part of I.W.W. and other "unpatriotic and seditious persons" to cripple war production. They stated further that, "No grievance of the workers in the Butte mines has been brought to the attention of the operators and we believe that none exists."⁵ The employing companies concluded their statement by reassuring miners who wished to continue working, that they would be protected from any violence and intimidation that the strikers might commit. They further said, "The Butte mines will continue to be operated. The miners of Butte will not permit a comparatively small band of cowardly agitators and non-workers to deprive them of their livelihood and drive them from their homes, but such protection

3. Anaconda Standard, Vol. XXVIII, 284, June 14, 1917

4. Anaconda Standard, Vol. XXVIII, 283, June 13, 1917

5. Ibid.

as they require will be furnished them."⁶

Early Effects of the Strike

On June 14, 1917, the grievance committee of the union reported that it had "waited on management," but had, as its members put it, "been turned down cold."⁷ The operating companies had refused to recognize the union, or to give any consideration to the demands coming from the organization.

Up to this point it was difficult to measure the effect of the strike order issued by the Metal Mine Workers' union. The Speculator, and adjoining properties affected by the fire, were temporarily closed for repairs. Large numbers of men were also kept from their jobs by the many funerals which were held. Nevertheless, it seemed as though the union had experienced some success in urging miners to refrain from working.

The cause of the Metal Miners was enhanced when the electrical workers, Local No. 65, of the International Brotherhood of Electrical Workers left the mines. This union had been engaged in a dispute with the Montana Power Company. In an effort to bring pressure to bear upon the power company, the electrical workers requested that the Anaconda Copper Mining Company suggest to the utility that the union's demands be accepted. When the Anaconda company refused to take the action requested, the electrical workers extended their strike to the mines as well. This development was a timely gesture in furthering the strike of the miners. Not only did it help by making continued operation of the mines more difficult, but the electrical workers also made it known that they were in complete support of the new Metal Mine Workers' union.

By June 18, 1917 all of the mines which had been running since the Speculator fire were still in operation although the number of men at work

6. Anaconda Standard, Vol. XXVIII, 284, June 14, 1917

7. Anaconda Standard, Vol. XXVIII, 285, June 15, 1917

was greatly reduced from normal. The newspapers reported that, "many of the keepers of boarding houses refused to put up buckets for men going to work."⁸ On the same day the Metal Mine Workers' claimed in a bulletin that 12,000 of Butte's 20,000 miners were on strike.⁹

Encouraged by the early success which they were experiencing, the Metal Miners voted to extend their strike effort to other cities. Delegates were sent to Anaconda and Great Falls in an effort to persuade the smelter workers in both cities to support the miners in their demands against the operators by joining the strike. This strategy met with little immediate success, but, as will be shown later, it eventually proved to be worth the effort.

The Metal Miners and Other Unions

With the exception of the striking electrical workers, all of the union groups in Butte refused to recognize the Metal Mine Workers' union. This situation did not remain unchanged, however. Within several weeks after the appearance of the Metal Mine Workers' union, other union groups began to change their attitudes toward the miners' organization. On June 26, 1917, two weeks after the strike had begun, a decision made by the Silver Bow Trades and Labor Assembly, the central labor body of Butte, demonstrated this change in attitude toward the Metal Miners. In a vote of forty-four in favor, to twenty-eight opposed, the Assembly passed a resolution recognizing and supporting the Metal Mine Workers' union.¹⁰ The motive behind this move was readily apparent. The American Federation of Labor, wishing to gain jurisdiction over the miners, advised its member locals in Butte to do everything possible to accomplish this end. Consequently, the local unions warmed up to the Metal Miners in order to entice them into the Federation. When, on June 27,

8. Anaconda Standard, Vol. XXVIII, 289, June 19, 1917

9. Ibid.

10. Anaconda Standard, Vol. XXVIII, 297, June 27, 1917

1917, the mill and smeltermen in Butte, who were under the jurisdiction of the International Union of Mine, Mill, and Smelter Workers, threw in their charter and joined forces with the Metal Miners, the AFL urged all of its Butte locals to increase their efforts. In compliance with this request a committee of five men from the Engineer's union addressed the Metal Mine Workers' union and prevailed upon its membership to join the International Union of Mine, Mill, and Smelter Workers.¹¹ The committee promised that, if the miners would do so, they would receive the full support of all unions in the camp. This suggestion was rather coolly received by the miners. Tom Campbell, leader of the striking miners' organization, and other radical members strongly denounced this proposal. As an alternative, Campbell suggested that the various crafts disaffiliate with the AFL and join with the Metal Miners in "one big union" instead.¹²

Despite the fact that Campbell and other leaders of the union favored postponement of the matter of affiliation at least until "the strike was won", a vote was taken on the question July 11, 1917. Shortly before the referendum was executed, William Davidson, an Executive Board member of the International Union of Mine, Mill, and Smelter Workers, attached some strings to the deal in the event the Metal Miners chose to affiliate with his organization. He declared that the members of the Metal Mine Workers' union would first have to return to work, then a strike would be considered later through the proper channels. Secondly, they would be expected to disband the Metal Miners' union and join the Butte local of the International individually and not as a body.¹³

11. It will be recalled that the Western Federation of Miners became the International Union of Mine, Mill, and Smelter Workers in 1915 and then affiliated with the AFL. Its Butte local was the old Butte Miners' union.

12. Anaconda Standard, Vol. XXVIII, 306, July 6, 1917

13. Ibid.

Davidson's statement gave a new meaning to affiliation, which Campbell and other radical leaders were quick to exploit. They claimed that the strike of the Metal Miners would now be defeated if the members voted to join the International. They pointed out further that individuals would be eliminated when they attempted to join the Butte local. Radicals would be excluded from the International's local when they applied singly for membership. This turn of events was a severe blow to the members of the Metal Miners who were desirous of affiliation. They maintained that the Davidson statement had the eleventh hour effect of defeating the proposal.

By an overwhelming majority the members of the Metal Mine Workers' union voted against affiliation with the International Union of Mine, Mill, and Smelter Workers. The vote was reported to have been fifteen to one in opposition to the proposal, with a total vote of approximately five thousand.¹⁴ The number of votes cast in the referendum was exaggerated somewhat. An auditing committee later found that the number of votes cast, both for and against the question, had been doubled, though the actual ballots had not been altered. Thus, instead of the five thousand claimed, a more realistic figure would have been two thousand, five hundred.¹⁵

After the referendum the Metal Miners gave notice that the strike was still in progress, and action was taken to increase the effort. Pickets began lending weight to the strike order, and newspaper reports of various acts of intimidation against miners returning to work, gave evidence of the

14. Anaconda Standard, Vol. XXVIII, 311, July 11, 1917

15. See Anaconda Standard, Vol. XXVIII, 332, August 1, 1917. Substantiated also by Robert C. Brown who served on the auditing committee.

increased enthusiasm with which the miners continued the strike.

However, the striking miners now found themselves devoid of the support of the AFL unions in Butte. For when the Metal Miners spurned affiliation with the International, they withdrew the support they had grudgingly offered previously. Then, by July 13, the support of the electrical workers was lost when that group decided to accept the power company's offer and return to work. Negotiations in this dispute were carried on continuously from June 22, 1917 under the guidance of W.H. Rodgers, a United States Department of Labor mediator. His assignment in Butte was specifically to effect a settlement of the power company dispute; and the successful conclusion of that difficulty was due largely to his efforts.

An Attempted Settlement

Shortly after the issue between the electrical workers and the Montana Power Company had been settled, Rodgers directed his attention to the miners' dispute. In an address before their organization, the federal mediator requested the miners to return to work immediately, pledging that if they would do so, he would exert his best efforts to obtain recognition of the union by the employers, and consideration of the miners' demands.¹⁶ His appeal, however, met with little favor, and the Metal Miners, disappointed with Rodgers' methods, later requested his recall by the Secretary of Labor.¹⁷

A Change in Employer Strategy

The operating companies did not deviate from their declared policy of non-recognition proclaimed at the outset of the miners' strike. Despite repeated attempts on the part of the union grievance committee to meet with

16. Anaconda Standard, Vol.XXVIII, 315, July 15, 1917

17. Anaconda Standard, Vol.XXVIII, 317, July 17, 1917

management, the mining companies refused to negotiate. Even the efforts of Mediator Rodgers to bring the two forces together were to no avail.

Departing from this isolationist policy, the Anaconda company made a move to bring about a break in the strike. To attract individual strikers, the Anaconda company, on July 20, 1917, offered to institute a new sliding wage scale with a minimum of three dollars and fifty cents per day. In addition to the wage offering, the company made provisions for a weekly pay day, and for changes to be made in the rustling card system. In regards to the latter proposal, the miner could ask for and receive his original card unless for a good and sufficient reason it had been taken up and cancelled. "The company itself was to pass upon the goodness and sufficiency of reason."¹⁸

This effort of the Anaconda company to break the strike was not without effect. Steadily the number of employed miners increased. To counter this back-to-work movement the Metal Miners increased their activity. Handbills were put into use and the strike movement took on new life. In this endeavor the miners were fortunate in gaining the aid of several I.W.W.'s who had come to Butte from Bisbee, Arizona, where they had been deported from the town in connection with a labor dispute in that area. Perhaps the outstanding figure in this group was Frank Little, an executive board member of the Industrial Workers of the World. Little was a leader of experience and ability, and much of the spirit which came into the strike movement after the company's offer can be attributed to his efforts.

18. Merz, Charles, "The Issue in Butte", New Republic, Vol.XII, 151, p.217

Though Tom Campbell retained the nominal leadership of the Metal Miners, many of the new tactics were the result of Little's ideas.

The Murder of Frank Little

The fortunes of the Metal Miners received a severe setback, when on August 1, 1917, the body of Frank Little was found hanging from a railroad trestle near South Montana street. The actual crime has never been solved. As near as could be discerned Little was abducted during the night from his room by a band of five or seven masked men. Then his captors drove to a place near the outskirts of the city where Little was hanged. The city was shocked and then grieved by the murder. Little had been a very effective leader with a remarkable popularity among the workingmen of Butte. Yet, this tragedy had but slight effect on the immediate cause, for Little's brutal death did not inspire a wave of walkouts, as might be imagined. Rather, the opposite was true; the strike movement continued to grow weaker. Two days after Little's murder, night shifts were put on at three of the properties on Butte hill. No attempt had been made to have men work at night since shortly after the strike had begun. Further, five days after the Little slaying, on August 6, 1917, the Anaconda company claimed that production had risen to seventy per cent of normal.¹⁹

Use of Troops

When intimidation of workers going to the mines threatened to hinder the back-to-work movement, one hundred and fifty federal troops camped in Butte near the School of Mines took up the task of patrolling the main routes to the mines. As there was no declaration of martial law, the soldiers served as auxiliary law enforcement officers.

19. Anaconda Standard, Vol. XXVIII, 338, August 7, 1917

Strike of the Anaconda Smeltermen

Thus, with production slowly returning to normal and troops on hand to suppress any forceful means to continue the strike, it appeared as if the efforts of the Metal Mine Workers' union, as well as the organization itself, were destined for failure.

As mentioned previously, the Metal Miners had sent delegates to Anaconda and Great Falls in an attempt to enlist the aid of workers in both cities.²⁰ However, the two mill and smelter workers' unions were reported to be opposed to a strike in support of the Butte miners. Then, in a surprise move, the smelter workers at the Anaconda smelter gave the strike of the miners new life. On August 24, 1917, only one hundred and ten of a force of two thousand, five hundred men reported for the night shift at the smelter. The Anaconda Standard reported that the smeltermen walked out because they did not want to be called "scabs".²¹

This action was probably more effective in closing the mines than had been any other single act by the Metal Mine Workers' union. Eleven thousand men in Butte and Anaconda were idled by the walkout, and all smelting activity in the state of Montana came to a halt.²²

This sudden, advantageous turn of events came about only after much persuasion by Tom Campbell, Joe Shannon, and other officials of the Metal Mine Workers' union to get the Anaconda smeltermen to back their cause.

The strike situation remained unchanged from the time of the smeltermen's walkout on August 24, 1917 until September 11, 1917. On the latter date, the same smeltermen, in an equally surprising move, voted to return to work immediately. Thus, the men who had provided the sudden chance for

20. See page 30.

21. Anaconda Standard, Vol. XXVIII, 356, August 25, 1917

22. Ibid.

success in the strike, just as quickly removed the hope that they had given.

All operating companies announced that the mines and smelters would be reopened on September 17, 1917, if enough men appeared for work. On the scheduled date hiring began and all installations resumed production with nearly full complements of men on hand. Several instances of disturbance between some of the miners returning to work and some of the more determined Mine Workers were noted, but the opposition was not serious enough to prevent the mines from reopening. Thus, the strike of the Metal Mine Workers' union, which continued in varying degrees of intensity from June 12, 1917, finally came to an end after three months' duration. Furthermore, any subsequent attempts to revive the strike were spiked when the price of copper was set by the government at twenty-three and a half cents per pound. This action substantially boosted the wages then in effect under the sliding scale arrangement, and the miners were reluctant to strike and thus forego this increase.

The Strike of 1919

The collapse of the 1917 strike caused the defeat of the Metal Mine Workers' union. However, that organization continued to function, albeit in a weakened condition. In 1918, a year later, the same union attempted to gain the demands made in 1917 by calling another strike, but without success. Then, in February, 1919, an encouraging opportunity presented itself for the miners again to attempt to gain recognition and a consideration of their demands. This chance came when the workers spontaneously absented themselves from the mines in protest to a wage cut. The copper market had been affected adversely when the armistice of 1918 left producers with large stocks of copper on hand. Because of this market situation the Anaconda company announced an immediate cut in wages from five

dollars and seventy-five cents a day to four dollars and seventy-five cents. On February 7, 1919, about one thousand, two hundred miners refused to go to work because of the decrease.²³ The following day saw a complete shutdown of the mines. Efforts of agitators to keep men from being transported to work were largely wasted, for not enough men were willing to work at the reduced wages to make intimidation necessary.²⁴ Not only the miners were involved in the walkout, but all of the crafts employed about the mining properties also refused to accept the wage cut graciously.

Two days after the walkout began troops were on hand to cope with any violence committed because of the strike. On February 9, 1919, two hundred and fifty soldiers of the Forty-fourth Infantry Regiment arrived in Butte from Fort Wright. Martial law was not declared, so the troops functioned as patrolmen, guarding the streets and roads leading to the mines.

Major E.M. Jones, commander of the detachment, immediately called a meeting in an effort to probe the strike situation. When questioned about the part taken by the Metal Mine Workers' union in the walkout, Tom Campbell denied that his organization had any responsibility. He asserted that the cessation had been purely spontaneous.²⁵

Five hundred more soldiers arrived in Butte on February 12, 1919 to reinforce the troops already in the city.²⁶ But their presence was not a necessity for the strike, though still in effect, was a very tranquil affair with little or no agitation on the part of any of the workers in-

23. Anaconda Standard, Vol.XXX, 158, February, 8, 1919

24. Anaconda Standard, Vol.XXX, 159, February 9, 1919

25. Anaconda Standard, Vol.XXX, 160, February 10, 1919

26. Anaconda Standard, Vol.XXX, 163, February 13, 1919

volved.

The Metal Miners officially ended the strike on February 17, 1919, ten days after the walkout began. The strike, which had been steadily losing ground after the engineers, electrical workers, blacksmiths, and other craftsmen had voted to return to work, presented too formidable a task for the miners to venture alone.

Summary

In the final analysis it is regrettable that the adherents to the I.W.W. philosophy gained such a strategic position in the conduct of the labor affairs of the Butte miners. The reason for this statement lies in the fact that the radical I.W.W. element was unsuccessful in gaining recognition and attendant bargaining concessions for the miners. Thus, it was a damaging influence—because it had failed to enhance the position of the workers.

It has been alleged that the militant brand of unionism that came into existence in Butte in 1914, and became full-blown by 1917, was a result of the unenlightened labor practices followed by the Anaconda Copper Mining Company. Charles Merz, in an article published in 1917, stated that, "the opportunity to the I.W.W. leader depends upon the existence of a situation in which the workers have been so harshly exploited by an autocratic management that they are ready for a revolt. Unless there is a disturbing evil in the industrial organization, the best efforts of I.W.W. agitation and foreign intrigue are seeds with no ground to take root."²⁷ The author went on to state that, "by denying their employees the right of collective bargaining the companies had for several years been preparing to bring anarchy upon themselves." Merz's statement may well be true. No attempt is made to refute its validity. However, it must be pointed out that, regardless of how, or why, militantism emerged, it was detrimental to the cause of the

Merz, op. cit., p.215

Butte miners. Reasons to support this position follow.

First, the aims of the I.W.W. led union, and the tactics employed by it to gain them, caused the employers to use every means within their power to smash the union. Any organization that openly declared that it would be satisfied with "no less than the complete ownership of the mines, mills, and smelters" was bound to meet with opposition.²⁸ Thus, the revolutionary creed of the I.W.W., highly objectionable to the operators, caused a great amount of distrust between the employers and employees; and was most certainly not an appropriate vehicle for the introduction of collective bargaining.

Second, the I.W.W. program, though having considerable original appeal, was incapable of marshalling enduring loyalty on the part of many workers. Its attractive demands, expressive language, and glittering promises struck a favorable response from workers who did not even enjoy recognition from their employers. However, this impression was not lasting. The reason for its perishability rests on the I.W.W. program. That organization, favoring as it did, the abolition of all contracts between itself and the operating companies, opposed the interests of many of the workers. The I.W.W. advocated calling a strike to support its demands. If they were granted the members returned to work without signing any agreement embodying the gains. Then, other issues were brought up, a strike was called, and the procedure was continued. This idea was rarely palatable for a workingman whose only means of gaining a livelihood and providing security for himself and his dependents, was through continuing employment. Hence the I.W.W. practice of refusing to negotiate a lasting agreement was incompatible with the interests of many workers, regardless of whether this scheme was justified or not.

²⁸. Taken from a circular distributed on the streets of Butte on June 15, 1917 by the Metal Mine Workers' union. See Anaconda Standard, Vol. XXVIII, 286, June 16, 1917, p.1

These reasons: the failure to gain recognition, the antagonism of management, and the disharmony between the I.W.W. program and the interests of the workers, made the radical period of Butte's labor development a rather unproductive one. Moreover, its effects left deep scars that persisted to show and influence the course of later events.

CHAPTER IV

THE PERIOD OF REORGANIZATION, 1933

The Situation Prior to 1933

The passing of radicalism and I.W.W. influence from the labor organization of the Butte miners in 1920 ushered in a period of dormancy. Not until 1933 were there again any attempts to bring the workers into a union, and to seek recognition from the employers.

Several reasons may be given to explain this depression in labor activity during the interim from 1920 to 1932. First, the turbulent years from 1914 to 1920 had served to dampen the morale of the workers themselves. To many of them unionism, especially when accompanied with I.W.W. tactics, was something to be shunned. Thus, the miners, or at least a considerable number of them, had become indifferent in regard to labor organization.

Second, a crisis which had developed in the copper market caused a virtual shutdown during most of 1921, and part of 1922. Consequently, the decrease in the price of copper and copper production was accompanied by a corresponding reduction in the volume of labor activity. With strong competition in evidence for the limited number of jobs available, such activity was at a minimum. A clear indication of this fact is illustrated by the book, *Copper Camp*, which points out that, the year of 1922 was the first in a decade that a strike had not been called in some Butte industry.¹

Finally, the later years of this period of dormancy were marked by prosperity and an abundance of employment opportunities at high wage levels. In February of 1929 wages reached a peak of six dollars a day, the highest in Butte's history.² However, with the advent of the great depression in

1. Op. cit., p.296

2. Ibid., p.297

1932, the feeling toward organization changed from one of indifference to one of vital concern, finally leading to the reorganization of a union.

Reorganization of the Butte Miners' Union

In a sense the term "reorganization" may be a misnomer, for the union which captured the workers' attention in 1933 had been in continual existence. It was the same local union that had been broken up by the split within its ranks in 1914. From that time on, however, it had been powerless as a collective bargaining agent. Yet enough men had remained within the organization to enable it to retain its charter with the International, successor to the Western Federation of Miners.

In the latter part of 1933, miners began spontaneously to apply for membership in the Butte Miners' union. This movement persisted until, after a time, a sizeable number of the miners were enrolled. Within several months after this movement to join the Butte Miners' union began, the membership made a move to seek recognition from the Anaconda company. A committee from the union sought and gained an interview with company officials during the last week of December, 1933. As a result of this meeting the union was accorded recognition by the company. Moreover, the union was granted the right to send delegates on company property for the express purpose of organizing all workers over whom the union had been granted jurisdiction.

The union took immediate advantage of this right to solicit membership on company property. Two full time organizers were hired for the purpose for a period of ninety days. At the end of this time the delegates had succeeded in bringing the membership up to almost one hundred per cent.³

3. "The Butte Citizen", strike bulletin of the Butte Miners' union, Local No. 1, International Union of Mine, Mill, and Smelter Workers. No numbers or dates given.

In comparison with the strife and violence that had marked the organization of other unions in Butte, this was indeed a very peaceful affair. Another striking fact concerning the reorganization was that the men had, in the beginning, joined the hated Butte Miners' union spontaneously and voluntarily. Mr. Robert C. Brown, a past president of the union, stated that, "Although there did exist some sentiment against joining 'Charlie Moyer's outfit', membership continued to increase rapidly even before organizers made their appearance on company property."⁴

Reasons Contributing to Reorganization

Though the movement on the part of miners to join the Butte Miners' union in 1935 has been described as "spontaneous", there were a number of reasons prompting this development. Perhaps it is well to examine them at length at this point. First, prior to 1933, the Anaconda company served notice on the craft unions that it intended to discontinue recognition of them in a movement for the extension of the open shop to the crafts as well as the miners.⁵ This proposal seriously endangered the existence of the craft unions. They realized that, without support of the miners, they had little chance of success in combatting the company's open shop campaign. So, to protect themselves, the craft unions urged the miners to organize.

Another reason, one which is most often advanced by the union itself, took root from the working conditions that prevailed at that time. In regards to working conditions, union spokesmen often singled out the contract system of wage payment which was widely used by the operators. An excerpt from one of the union's strike bulletins, "The Butte Citizen",

4. Interview with Robert C. Brown, December, 1948

5. Ibid.

effectively presents the gist of their criticism.

"In 1919, the contract or piece work system was adopted pretty generally for all kinds of ground breaking and mucking in the A.C.M. mines and within succeeding years practically all kinds of underground work came within the scope of this system. The operating mines of the other companies adopted a similar system soon thereafter. When this system was inaugurated in the mines, men were paid a price that enabled them to make decent wages without murdering themselves; and while there was more or less chiseling on prices and measurements all the time since the beginning of the contract system, conditions did not become really flagrant until about 1930 after the bottom fell out. Prior to that time the chiseling was not universal, for instance, there might be three or four victims out of a group of, say fifteen or twenty contractors, and these few would not be victimized for more than one week at a time. They would probably make a fair wage next week and somebody else would be the victim. Therefore, up until about the middle of 1930 almost everybody was doing fairly well on the contract system, they were getting enough wages to buy and pay on a cheap car every few years, many could afford to get a radio and a few more of the simple luxuries as well as educate, feed, and clothe their children properly."⁶

The statement continued, asserting that the favorable situation prior to 1930 had changed placing the miners in bad straits financially. It concluded that the reason for their predicament was due to unfair administration of the contract system.

Perhaps this allegation was true. The reader must decide for himself whether or not the adverse change in the workers' economic condition was due to the general business depression, or due to exploitation through the medium of the contract system. At any rate, the miners felt the effects of the business contraction then prevalent throughout the nation by smaller pay checks and diminishing employment. It was, to them, quite logical to associate their plight with inequities in the system which determined their share of production. No attempt is made here to prove whether or

6. "The Butte Citizen", op. cit.,

not the contract system operated to the detriment of the miners. Rather, it will suffice here to point out that the workers were prompted to join the union and eventually seek redress because they felt that the contract system was inequitable. Thus, whether this alleged exploitation was real or imagined, it nevertheless served as a reason for reorganization.

The contract system was not the only fault to be found in the working conditions under which the miners labored during the early years of the depression. Work schedules consisted of a two week on, and two week off arrangement. And during the working period high productivity was expected from each individual miner if he was to retain his position in the face of a large oversupply of labor that waited outside the gates for a chance at employment.

The Copper Code, which came into existence under the provisions of the National Industrial Recovery Act of 1933, did little to alleviate the disagreeable working conditions in the copper industry.⁷ As an illustration of how the Code neglected labor, one writer dealt with it as follows:

"Few of the N.R.A. codes have let down the workers' expectations as thoroughly as did the provisions of the copper code. Where the prevailing rate of pay for miners in the Northwest was something like 53 cents an hour, the code specifies 47½ cents for inside and 45 cents for outside labor. Furthermore, the maximum length of the work week is set at forty hours averaged over a period of three months. Eight hours is prescribed (as constituting a day's work), but no limit on the number of days per week. This makes it possible to work one group of miners 56 hours a week for a number of weeks; then to lay them off while another group is being worked 56 hours; and yet to keep within the 40 hour limit as averaged over a three months' interval."⁸

7. The Copper Code was adopted on April 21, 1934.

8. Editorial, The Nation, Vol.139, 3603, July 25, 1934, pp.86-87

Finally, Section 7A of the same National Industrial Recovery Act, not only provided impetus for labor organization in Butte, but it performed the same function throughout the nation. Moreover, it also protected the right of the workers to exercise their privileges under the Act. This piece of legislation permitted enterprisers collectively to agree on prices and output, subject to concurrence by the Administration, on each code which was drafted under the Act. In conjunction with participation in a code, producers had to abide by several supplementary regulations, among which was the section relating to labor organization,---the all-important Section 7A. This section provided that:

"Every code of fair competition, agreement, and license approved, prescribed, or issued under this title shall contain the following provisions:

- (1) That employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from 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 and 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; and
- (3) That employers will comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment approved or prescribed by the President."⁹

Thus, pressure from craft unions, disagreeable working conditions, and the assertion of the federal government of its influence in labor relations fostered, and furthered the reorganization of the Butte Miners' union in 1933.

The Strike of 1934

Early in May of 1934 the Butte Miners' union made an attempt to gain closed shop conditions. Along with this security measure, the miners

9. United States Statutes at Large, Vol. XLVIII, Part I, 73rd Congress, Chapter 90, pp.198-99

requested an increase in pay, development of machinery for the adjustment of grievances, and double time pay when the members were required to work on certain holidays.

When these demands were presented to the officials of the Anaconda company, they were promptly rejected. Whereupon the union took a strike vote and decided to call a strike in support of its demands. Following the lead of the miners and the other locals of the International Union of Mine, Mill, and Smelter Workers in Great Falls and Anaconda, the crafts employed by the Anaconda company submitted the strike question to their membership, and voted to walk out also. A combined committee of the unions involved met to set a date for the strike. However, the miners' organization had previously settled on a date, May 8, 1934; and the other unions decided to make their plans agree with the decision taken by the miners' union. Accordingly, on the agreed date, the strike began in all of the plants of the Anaconda company in Butte, Anaconda, and Great Falls.

The ensuing strike, which lasted for four and one-half months, was significant for the placid manner in which it was conducted, in comparison with earlier labor disputes. There were, to be sure, several minor clashes between company guards and pickets, but none was serious enough to warrant martial law.¹⁰

Settlement of the 1934 Strike

Continued efforts were made toward settlement of the dispute under the auspices and guidance of the government. Two federal mediators, P.W. Chappell and R.C. Jacobson, were on hand to take charge in the task of bringing the forces of labor and management together.

10. For a discussion of the conduct of the strike see, Sebold, Charles E., "No Troops—No Violence", The Christian Century, Vol.51, 42, October 17, 1934, pp.131off.

In the meantime, the officials of the Anaconda company and the International officers of the trade unions involved, conducted negotiations in New York City. Shortly before the strike came to an end in September of 1934, these meetings led to a separate settlement for the craft locals. John P. Frey, then head of the Metal Trades Department within the American Federation of Labor, journeyed to Butte to insure the acceptance by the crafts of the agreement stemming from the New York meetings. The craft locals took an immediate vote on the question, and indicated that they were in favor of accepting the New York agreement. This vote showed that a majority of the unions involved favored acceptance, but the total of all individual ballots cast was against the proposal. However, it had been understood prior to the actual balloting, that the results of the referendum by unions would decide the issue.

Even though the crafts represented but about five hundred of the five thousand men striking in Butte at that time, their acceptance of the agreement and subsequent return to work weakened the position of those who were still on strike.

On September 13, 1934, after nearly three weeks of continuous daily sessions held at the request of the federal mediators, an agreement for the settlement of the strike was reached. The proposed contract was then submitted to the local unions of the International Union of Mine, Mill, and Smelter Workers for their approval or rejection. The four locals of the International, on September 17, 1934, by referendum vote accepted the agreement which had been negotiated by their committee. Table I, on the following page, presents the results of the referendum by union.

TABLE I

RESULTS OF THE REFERENDUM ACCEPTING 1934 CONTRACT, BY UNIONS

Local	For	Against
Butte Miners' Union	1,297	915
Butte Engineers' Union	229	42
Anaconda Smeltermen's Union	476	69
Great Falls Smeltermen's Union	<u>567</u>	<u>78</u>
TOTALS	2,569	1,104

Source: Montana Standard, Vol.LXXI, 345, September 18, 1934

Forces Operating to Halt the Strike

The climate of opinion within the Butte Miners' union shortly before the vote was taken, had been favorable to continuation of the stoppage.

A number of occurrences however, brought about a change in attitude.

The federal government, besides its part in providing mediators, intervened in another manner in order to bring the strike to an end. The administration threatened to deny relief grants for striking miners unless they came to some agreement. This action was proposed because it might have appeared that the miners were not interested in a settlement of the strike, but would have rather been satisfied with dependence upon the government dole.¹¹

The failure of the union to leave maintenance men in the mines was another reason operating to bring the strike to a conclusion. Although strikebreakers were on the property, there was a danger that damage from water would render the mines useless unless work was presently resumed by competent pumpmen.

¹¹. Interview with Robert C. Brown, op. cit.

Finally, the acceptance of contracts offered to about forty craft locals in Butte, Anaconda, and Great Falls had, as previously mentioned, placed the locals of the International Mine, Mill, and Smelter Workers in a difficult position. It might be added here that the government threatened to withdraw relief grants partly because of the other factors which have been given above.

The 1934 Contract

The labor agreement which emerged from the negotiations was signed on September 19, 1934.¹² From the viewpoint of the union it was a favorable agreement. As a testimonial to this fact, it may be pointed out that this contract was adopted as the standard by the International, to be used in setting the bargaining pattern for other locals. It had secured for the workers a guaranteed minimum wage higher than the previous wage paid before strike action was taken. The wage clause provided for a sliding scale arrangement which was, in at least one writer's opinion, "better than had ever been guaranteed this camp."¹³ The minimum wage for underground workers was set at four dollars and twenty-five cents for an eight hour day. This rate applied when copper was selling for nine cents per pound.¹⁴ Increases were made as the price of copper advanced.

The union demand for closed shop conditions was complied with in the agreement. In Section 4 of the contract, the company agreed to retain in its employ only members of the union in good standing.

A vitally needed system of grievance procedure was also inaugurated. It provided four levels to be confronted in the settlement of disputes; and

12. The full text of this agreement is reproduced in Appendix A, pp. 129-132

13. Sebold, Charles, op. cit., p.1310

14. At the time the agreement was placed in operation, copper was quoted at nine cents per pound, the point of origin for the sliding scale system.

the decision of the last body of appeal, known as the executive industrial relations committee, was final and binding upon the members of the agreement.

Overtime work was to be paid for at time and one-half rates, as was call-in work performed between regular shifts. As regards the latter, the minimum pay for service in such instances was agreed to be not less than four hours of straight time. A final improvement won by the workers specified that they would receive double time rates for work performed on four stipulated holidays; Memorial Day, July Fourth, Labor Day, and Christmas.

In return for the gains cited above, the union offered a no-strike pledge for the duration of the agreement, which was to continue for one year and longer, unless one of the parties signified its desire to negotiate changes. The miners also agreed that:

"should any conditions lead to a stoppage of operations, the Union will, at the request of the Company, keep such members of the Union as the Company may require, engaged on such work on the properties of the Company in connection with the operation of pumps and other machinery, or on such work as may be necessary to protect the properties from damage or destruction; it being understood that no such employees shall be required to work during the period of any strike if and when the Company attempts to produce."¹⁵

Immediate Results of the 1934 Contract

On September 21, 1934 full scale hiring resumed and the mines were reopened. At this point the Butte Miners' union was not only fully reorganized, but it also had an ironclad provision for union security in the clause granting the closed shop. Thus, the union entered upon a period of collective bargaining with the employer, for the first time, it may be observed, since the declaration of open shop conditions in 1914.

15. Agreement between the Anaconda Copper Mining Company and Butte Miners' Union, Local No.1, International Union of Mine, Mill, and Smelter Workers, 1934, Section 6, Paragraph 2

CHAPTER V

THE PERIOD OF COLLECTIVE BARGAINING

Negotiation of the 1934 contract initiated the period of collective bargaining which has continued up to the present time. During this period, 1934-1948, covering a span of fourteen years, new contracts have been negotiated annually, with but one exception.¹ In 1939 a two year contract was placed into effect, and thus, revision of this agreement did not take place until 1941.

The importance of these agreements cannot be denied, and a complete analysis of them would add much to this study. However, certain limitations, excluding that of space, make such an analysis impossible.² To compensate in part for this situation, perhaps the reader will obtain a fairly adequate impression of the developments during this period, if we examine the mechanics, aims, and achievements of the bargaining process.

Mechanics of Bargaining

The negotiating committee representing the Butte Miners' union is an elected body consisting usually of about five members. It is possible, however, for as many as nine persons to hold positions on this committee, because the three highest officers, the president, vice-president, and secretary-treasurer, possess the privilege of being ex-officio members of all committees. Hence, in the event they have not been directly elected to the negotiating committee, these officers are, nevertheless, entitled to function

1. Personal interview with Denis McCarthy, former secretary of the Butte Miners' union, December, 1948
2. Despite persistent attempts to obtain copies of all agreements negotiated since 1934, both from the union and the Anaconda Copper Mining Company, they were not available.

as committee members.³ In addition to this group, a representative of the International Union of Mine, Mill, and Smelter Workers is permitted to sit in on the negotiations and function as an adviser to the local union.

The group representing the Anaconda company is composed of the following officials: the Vice-President in Charge of Western Operations, the General Counsel, the Manager of Mines (for the Butte area), the superintendents of the Anaconda and Great Falls plants, and the Commissioner of Labor for the Anaconda company.⁴

Whatever arrangements emerge from the bargaining process engaged in by the above groups must be approved by the eligible, paid-up members of the union.

The By-Laws of the union further provide, that:

"Before any strike can be called, a majority vote favoring same must be taken at a regular meeting of the members of this Union. The question must then be submitted to the membership, for a referendum vote, on a date of the meeting, so ordering the strike, and must again be carried by a majority vote of the members voting thereon, as provided in Article 8, Section 1, of the International Constitution."⁵

The procedure whereby a strike is terminated does not differ radically from the way in which one is called.⁶

Aims of Bargaining

Tradition and practice generally limit the points which will be covered in collective bargaining. The Butte experience reveals that the major aims are concerned with wages and hours. Indeed, individuals familiar with the pattern of bargaining agree that the primary aim has been directed toward achieving higher wages.⁷

3. op. cit., Interview with Robert C. Brown. See also the Constitution of the Butte Miners' Union, local No. 1, Article 6, Sections 1, 2, 4, and 12.

4. Ibid., Interview with Robert C. Brown.

5. By-Laws of the Butte Miners' Union, Local No. 1, Article 3, Section 3

6. Ibid., Article 3, Section 7

7. On the basis of interviews obtained with Mr. Robert C. Brown and Mr. Denis McCarthy of the Butte Miners' Union and Mr. William McMahon, Commissioner of Labor for the Anaconda Copper Mining Company.

Thus far, a shorter work day has not been achieved.

Due to the hazardous nature of metal mining, it may be questioned why safety regulations have not entered the bargaining picture. The Anaconda company has consistently regarded such issues as being beyond the scope of bargaining, that is a managerial prerogative. In this respect it has been successful in retaining the right to prescribe whatever regulations it deems necessary to improve safety, with but one exception. A provision in the contract states that blasting during the shift will take place only under certain extenuating circumstances. This provision is stated as follows:

"Blasting during working hours in raises and stopes shall be confined to the following situations; When a life or lives are in danger, a bad slab, a hung chute, a missed hole or holes, when holing a raise or stope when the ground at the sill is considered unsafe. The Company and the Union shall cooperate fully in the practical enforcement of all blasting requirements to the end that no unnecessary blasting shall be done during the shift. It is understood that a blocked grizzly shall be considered a hung chute."⁸

Bargaining on the part of the union therefore has been directed to the satisfaction of two ordinary and familiar aims—the increase of wages, and the decrease in the length of the working day.

Achievements of Bargaining

Wages for the Butte miners increased approximately 261 per cent over the period from 1934 to 1948. In 1934 the minimum wage under the sliding scale arrangement instituted in that year was four dollars and twenty-five cents. In 1948, the standard wage rate, with no sliding scale in effect, was eleven dollars and eleven cents.

8. Agreement between Anaconda Copper Mining Company and Butte Miners' Union, Local No.1, International Union of Mine, Mill, and Smelter Workers, 1948, Section 24. This agreement has been reproduced in full in Appendix B, pp. 133-144

In addition to outright increases in wages there has resulted a further increment in pay as a result of several so-called "fringe issues", which have operated to increase the workers' take-home compensation. For example, union members are allowed pay for six holidays not worked. These include; Memorial Day, Fourth of July, Labor Day, Christmas Day, Miners' Union Day (June 13), and New Year's Day. Workers are eligible to receive such pay providing they have completed twenty-six weeks of continuous employment with the company. Compensation for such holidays not worked is provided at the regular straight time rate for eight hours. However, all work performed on such holidays is paid for at double-time rates.

Overtime work, which provides for increased rates of pay, is another means of increasing wages. The contract provides for time and one-half rates to apply for all work performed in excess of eight hours per day, or forty hours per week. Two other similar measures, minimum call-in pay and minimum report charge, may also be mentioned as methods of increasing the workers' incomes. The first, minimum call-in pay, provides that whenever employees are requested to work between the regular shifts they shall receive time and one-half for such services; and the minimum amount which can be paid in such instances is four hours of straight time. The second, minimum report charge, relates to instances where individuals report for work and find that work is not available for them. In such cases the company is obligated to pay the inconvenienced employees for four hours of work at the regular straight time rate of pay. However, the company cannot be held responsible if the cause for work not being available is beyond the control of the company.

Another major "fringe issue" which the union succeeded in gaining since 1934 has been the matter of paid vacations. In 1941, one week vacations were

granted to employees who could qualify with the applicable seniority provisions. The 1948 contract increased the vacation period for certain of the company's employees. Individuals who have been employed "steadily" by the company for more than one, but less than five years, are entitled to one week's vacation with pay. Those with more than five years of "steady" employment are entitled to two week's vacation with pay.⁹ The compensation in each instance is dependent upon whether the employee is on a weekly schedule of five, or six days. Those on a five day per week work assignment receive either a seven day vacation with five days' pay, or a fourteen day vacation with ten days' pay, depending upon their seniority. Whereas, workers employed on a six day schedule are entitled to either a seven day vacation with six days' pay, or a fourteen day vacation with twelve days' pay.

Union security has received consideration in several concessions won by the union in the course of bargaining. The closed shop provision, mentioned earlier, has been a part of every contract negotiated since 1934.¹⁰ In addition, the company has assented to collection of union dues and assessments by means of the check-off. Also, the union has been accorded the use of a section on each bulletin board at the various mines. Finally, the Business Agent of the union has been granted the right to visit the working places in the company's mines at any reasonable hour requested by him and agreed to by the company.

In the matter of what may be termed "welfare", the union has made several gains of sufficient merit to warrant mention. The company has agreed

9. To determine the stability of each individual's working experience, a formula is provided, which indicates if the worker is eligible for vacation privileges, and to what extent. See Agreement between Anaconda Copper Mining Company and Butte Miners' Union, Local No.1, International Union of Mine, Mill, and Smelter Workers, 1948, Article 19, Section G.

10. See page 51.

to contribute to a family doctor and hospital contract or contracts or insurance for necessary medical and hospital treatment, subject to the union's preference. At present, the plan adopted by the union is the Blue Cross and Blue Shield program, which provides medical and hospital treatment for the workers and their families. The company supplies an amount equal to the amount paid by the employee up to a maximum of one dollar per family, per month. Further, in the event an employee is temporarily removed from the company's payroll because of sickness or injury, and provided that he can advance proof that he has contributed to any such medical and hospital plans previous to his misfortune, the company has agreed to continue its contribution for a period of six months.

Another provision written into the labor agreement provides that men who are injured in the course of their employment shall receive a full day's pay for the day on which they are injured.

During this bargaining period the grievance procedure, which was instituted in 1934, has been subject to some refinements, although the general nature of this machinery has not been altered. It presently provides that all grievances, including those arising out of the contract system, will be processed through four levels, leading to compulsory arbitration. This procedure allows that any grievance which cannot be settled by the worker and his superior, must first be taken up with the Mine Grievance committee and a committee representing management. In the event that a settlement cannot be reached at this stage, the subject matter of the grievance is taken up by a Union Grievance committee and a committee of the company. If an agreement on the subject is still not forthcoming, it is then handed over to an Executive Industrial Relations Committee, which consists of three members

representing the employees and three members representing management. The workers' representatives are chosen, one from Butte, one from Anaconda, and one from Great Falls. Likewise, the company's committee members are selected from among its officials, one from each city. The decision of this Executive Industrial Relations Committee is final and binding upon the parties to the agreement. However, if the committee is unable to reach a decision on any grievance, the question may be submitted to arbitration. In this event, the decision of the arbitrator is final. The only limitation on matters to be submitted to arbitration pertains to questions on changes in the wage scale and wage differentials. Such items are specifically excluded by a contract provision to that effect.

The strike of 1946

The fourteen year bargaining period, from 1934 to 1948, was marred by only one strike. This walkout, which occurred in 1946, came about as the result of a disagreement regarding a wage increase to be written into a new contract. In October of 1945 the existing contract expired. In the course of negotiations for a new agreement, the union requested a wage boost ranging from twenty-one and one-half cents to thirty cents per hour. A government fact-finding committee, operating under the War Labor Board, advocated a raise of eighteen and one-half cents. This judgment was acceptable to the miners providing the increase would be made retroactive to the expiration date of the previous contract, which was October 1, 1945. This the company refused to do, pointing out that it had been subsidized during the war period just ended, and therefore could not afford to pay the retroactive increase from its own pocket. Thus, the negotiations became deadlocked. In November of 1945 the union ordered a strike vote to be taken which held in favor of a work stoppage to support the demands of the membership. However, a strike

was not called immediately. Both sides continued to meet in an effort to arrive at a settlement, but without success. Finally, the strike began on April 9, 1946.

In the ensuing strike the miners abrogated the contract provision which specified that men would be provided for necessary maintenance duty during the period of a strike.¹¹ Workers, mainly salaried employees of the company, were obliged then to take up the task of manning the pumps to prevent flooding of the abandoned properties. This action precipitated the outbreaks of violence which occurred in the form of reprisals against individuals who continued to work in the mines on maintenance duty. For two days, mobs proceeded to run rampant, destroying homes and property. However, the union absolved itself from any blame in connection with the violence, and offered to aid the authorities in curbing any further outbursts.¹²

This strike was short-lived. With the union agreeing to accept the company's offer of an eighteen and one-half cent per hour wage increase, with retroactive pay of nine and one-quarter cents, the strike came to an end.

11. See page 52.

12. Newsweek Magazine, Vol.XXVII, 17, April 29, 1946, p.22

CHAPTER VI

SOME RECENT DEVELOPMENTS

The future collective bargaining relationship between the Butte Miners' union and the Anaconda company will be largely conditioned by several recent developments. In September of 1947, Cornelius F. Kelley, Chairman of the Board for Anaconda, announced the plans for a new Butte mining project that promises to revolutionize the company's operations in Montana. This undertaking, known as the "Greater Butte Project", will necessitate an initial cost exceeding twenty millions of dollars.¹ Essentially the purpose of this project is to tap large quantities of low grade ores that have hitherto been inaccessible to conventional mining methods employed in Butte hill. To accomplish this feat, a large shaft, measuring thirty-six feet, six inches in length and nine feet wide, will be dug to a depth of 3,500 feet. This shaft will permit the use of larger, more productive mining equipment, which is necessary in the block-caving type of mining to be practiced. According to this method, large blocks of ore are weakened by undercutting and then allowed to collapse into tunnels. Large gratings, or grizzlies, will be placed along the sides of the tunnels to screen the ore as it falls. Then, the rock will be placed in large ore cars, transported to the stations, and raised to the surface.

It is anticipated that the Greater Butte Project will result in the production of two and one-half billion pounds of copper in addition to ordinary production of high grade ores, as the new development will not supersede, but only supplement, the normal operations. It is further

1. Howard, Joseph Kinsey, "What Happened in Butte", Harpers Magazine, Vol.197, 1179, August, 1948, pp.89-96. For descriptions of this project, see also, Time Magazine, Vol.LI, 21, May 24, 1948, pp.88-89, and Business Week, No.956, December 27, 1947; p.25.

planned that this increased output will be extracted at one-fifth the cost of conventional methods.² Even though the copper content of the lower grade ores is much below that of the better grades presently being mined—1.37 per cent compared to 4.5 per cent for Butte's high grade operations, it is believed that lower costs will enable the Anaconda company to continue the production of low grade ores for at least thirty-five years. This estimate has been made considering the fact that exploration for low grade deposits has not penetrated below the 3,500 foot level.

Effects of the Greater Butte Project

Perhaps one of the most immediate effects of this project will be an increase in employment. Yet, this will not be such a tremendous boost for the union because there has been a number of job openings in the Butte mines since shortly after the start of World War II.

A more lasting benefit from the workers' viewpoint will derive from the fact that this new method of mining will contribute greater stability to employment, a condition much desired but rarely realized in the past. By virtue of the reduced cost of mining, production can be maintained during periods when the market demand for copper is low. Prior to this project Butte mines, due to their high unit cost of operation, have often been the first to be shut down when the market showed signs of softening. Hence, the Greater Butte Project and the mining of low grade copper ores at low cost may prove to be a way out of an old dilemma, by lessening the severity and frequency of shutdowns.

2. Time Magazine, op. cit., p.88

Changes in Company Policy

In a recent article, Joseph Kinsey Howard pointed out the position which the company faced in endeavoring to launch the Greater Butte Project. He said, "The Company is investing vast sums in a mining operation of a type never attempted before, one which promises to enhance its competitive position in world metal markets. It needs harmonious employee relations and a stable payroll in a stable community."³ In view of the riotous history of labor relations in Butte, this was indeed a formidable challenge. But the company has started to formulate a policy which will provide it with the necessary number of steady workers to guarantee its success in the undertaking.

Perhaps the most publicized evidence of this apparent change in the labor policy of the Anaconda company has been the construction of an Employees' Clubhouse. Though Anaconda has taken other actions in furtherance of its new policy, this has been the one which more nearly affects all the workers than any others.

In an effort to attract new employees, and retain old ones, the company started the construction of the Anaconda Copper Mining Company Employees Club in 1946, at a cost of about \$450,000. The company was experiencing difficulty in recruiting mine labor to make up for the exodus of manpower to the Pacific coast during the war years. One source estimated in May of 1948 that, "since 1940, 8,000 had left Butte for better paying jobs."⁴ This critical shortage of miners was not only hindering the company's regular high grade operations, but, if it continued, there was a good chance that it could spell defeat for the Greater Butte Project as well. Hence, it was manifest that the company must take some action which would add appeal to the jobs it offered. The Employees Club provided the answer.

3. Howard, Joseph Kinsey, op. cit., p.90

4. Time Magazine, op. cit., May 24, 1948, p.88

The Club was formally dedicated on March 16, 1947. Membership is open to all employees, male and female, of the Anaconda company and its subsidiaries operating in the Butte area. It entitles the member and wife or husband to make full use of the club facilities. Included in the club's features are several lounges, refreshment and snack bars, assembly halls, pool tables, card facilities, and bowling lanes. For the first year of operation no dues was charged, and the company absorbed the costs of administration, which are estimated to be about \$5,000 per month.⁵ Though the company is responsible for providing the finances for the club's operation, administration rests in the hands of the membership. This is accomplished by means of a Board of Directors consisting of seven members; two directors representing underground operations, and one director each for the crafts, hoisting and compression plants, subsidiaries, and the Anaconda company. The officers of the club are elected by the Board of Directors from among its members. It is significant to note in this instance, that the club's first president was Oscar Hills, who was also president of the Butte Miners' union.

When plans for the Employees Club were first made known, some doubted the wisdom of the company's action. They pointed out that, in view of the uncomplimentary reputation which the company had earned in labor relations, the club would be looked upon as being a device to alienate the loyalties of the miners from the union. They seriously doubted whether the miners would support such a club. As yet these dangers have failed to materialize, and the attendance figures for the club belie this apprehensive attitude; for a total of 20,000 persons are said to avail themselves of the club's facilities each month.⁶

5. Howard, Joseph Kinsey, op. cit., p.94

6. Interview with Lloyd G. Crippen, Assistant Manager and Treasurer of the Anaconda Copper Mining Company Employees Club, December, 1948.

There have been other developments also that appear to have come about as expressions of the change in company policies. Though they are more remote from the workers' welfare than the Employees Club, nevertheless they show promises of making Butte a better place in which to live, and employment with the Anaconda company more desirable than it has been in the past. The company has informed a community association that it intends to donate a new two million dollar hospital without obligation. It has also guaranteed to support the Butte Development Association's project of building five hundred new homes, to the extent of two million dollars. Here again the company has asked no part, for the Association is completely independent from company control, being a non-profit community agency dedicated to stimulating Butte's progress.

Finally, the company has supported a campaign for a civic recreation center in Butte by donating the lots required to house the plant. Furthermore, the "center" will cause an increase in taxes paid by the company by an estimated \$400,000, which will account for nearly half the cost of the center when completed.⁷

How important these developments will loom in the future conduct of the bargaining relationship is, at this time, purely a matter of conjecture. One thing is certain, this alleged change in the labor policy of the Anaconda company offers an encouraging impetus to better relations. In the light of past history, it may be regarded as a vast improvement that may succeed in making both labor and management more conscious and appreciative of the other's position.

7. Howard, Joseph Kinsey, op. cit., p.89

PART II

ECONOMIC FRAMEWORK FOR BARGAINING

CHAPTER VII

ECONOMIC FACTORS THAT AFFECT BARGAINING

The scope of this study does not permit a consideration of all the many factors which operate in the conduct of collective bargaining. The social, ethical, and vitally important personal factors have been ignored in preference to the economic forces which condition the bargaining relationship.

The application of economic analysis to labor problems has been severely limited for several reasons. Perhaps the foremost of which lies in the fact that economics is applicable to only a small segment of such labor problems. Conclusions arrived at from the economic angle may be entirely invalidated by changing personal factors. In short, the existence of so many active variables often prevents the adherents of economic analysis from achieving the exactness which they would like. However, though economics is incapable of predicting with unerring accuracy the course which any collective bargaining relationship will take, it nevertheless points out the limits which encompasses the relationship. For example, we may not be able to state with finality how the matter of wages will behave over a period of time; yet, we may be able to conclude that, within certain assumptions, wages cannot pass beyond a certain level without incurring some disastrous consequences.

With these limitations in mind, we may proceed to examine the economic factors which bear upon the bargaining relationship between the Butte Miners' union and the Anaconda Copper Mining Company. To accomplish this purpose, the basic, general facts will be presented, then, when possible, their bearing upon the subject relationship will be noted.

Some Aspects of Theory

Before launching into the presentation of generalizations concerning our study, it may be well to touch upon the theoretical tools which will be employed.

The degree of competition obtaining in the industry is a vitally important factor. For instance, it may well determine the attitude of the employer toward organization of his firm. In point of illustration, unions are often accepted readily by enterprisers producing in a strongly competitive local market, because of the role such organizations play in equalizing labor costs, and thus supplying market stability. However, were we to consider the antithesis of competition--monopoly, we would be confronted by a somewhat different situation. The monopolist is not guided in his attitude toward union organization by the existence of competitors in his particular business field. To him, stability of labor costs is not the important consideration that it is to the producer in a competitive, local market. Furthermore, the monopolist is in a more favorable position, strategically and financially, if he so desires to discourage unionization of his interests.

Competition also governs the ease with which labor costs are passed on to consumers in the form of higher prices. Such increases, which often come about as the result of wage rate adjustments, changes in the number of hours worked, granting of vacation privileges, retirement programs, and other such items that serve to increase the per unit cost allocated to labor, oftentimes cannot be absorbed by rising productivity, nor by cutting stockholder dividends. Hence, a proper adjustment must be made through the medium of the pricing process. Business organizations in an industry which is strongly competitive, and where unionization is universal, ordinarily have little difficulty in-

shifting increased wage costs on to the consuming public by increasing the price of their product. This is normally so because what is true for one producer, generally is true for all of the producers under such a situation. Costs rise, and price increases by a like amount per unit, thus the employer is relieved of the burden.¹ However, in industries where labor organization is not nearly so extensive, this shifting process becomes more difficult. Increases in labor costs may not be common to all producers, some unionized and others not; in this instance if prices are increased because of wage boosts within union firms, it may result in an exodus of buyers over to non-union producers who have not raised prices. Particularly is this true in situations of oligopoly. Price increases here, except behind the path cut by the price leader, are rarely accomplished unless the causes for such boosts are common to all of the producers alike. Whereas, monopoly enables a sole producer to manipulate price almost at will. Yet, we must also note that although the monopolist can grant such increases by reason of the fact that he can readily shift increases in labor costs, he may, in effect, be paying for them by reducing his total net return, especially should the demand for his product be very elastic. Furthermore, the monopolist may possess the wherewithal to grant concessions to labor, but it also provides him with financial strength to resist such requests should he wish so.

The nature of the product is another factor that may substantially affect the bargaining positions of the parties concerned. If the public demands a continuing supply of the commodity, or if the good is non-storable,

1. It is fully realized that such price increases may not be negotiated with the immunity suggested here, that is the increase in price may be more than offset by a decrease in the quantity of the product which will clear the market if the prevailing demand curve is elastic. However, the question has not been pursued that far; it is intended only to point out that costs can be passed on, ignoring whatever the final result will be.

the negotiating power of the employer is somewhat curtailed. Particularly is this true if the employer is the manufacturer of a substitutable product. For, being that he cannot lay up a large inventory to tide him through, he may be tempted to settle with employee demands at any cost in an effort to retain his share of the market. On the other hand, if the threat of substitution is slight, the bargaining position of the producer is considerably strengthened. He can face a strike assured that his market will not be absorbed by a somewhat similar good. And, if it is a product that the public cannot long do without, nor substitute, the enterpriser is the beneficiary of the non-economic support of public opinion.

The conditions surrounding the production of the product provide a problem, which is especially pertinent in this particular study. Some questions that present themselves here are: Is the productive operation mobile? May it move readily to another location? Is it tied to one locality because it is dependent upon a single source of supply for materials, for labor? Or is it free to move to other sites with a minimum of friction and expense?

The type of labor required also deserves some mention in any investigation of the economic backdrop setting off the bargaining function. In this connection it has often been observed that highly skilled workmen ordinarily have less difficulty in organizing than do the unskilled.² Skilled workers are harder to replace, thus their demands receive more attention because of their greater comparative importance. And largely because of the favorable position that skilled laborers hold, their unions have often been more successful in obtaining closed shop conditions which serve to place the employer in a dependent position as far as obtaining labor is concerned.

2. Yoder, Dale, op. cit., p. 666

The capital requirements of the industry is another factor demanding attention. Should the firm require a steady stream of monetary investment for the purpose of financing expansion and replacement, labor difficulties, if they are severe enough, may deter investors from continuing to meet the company's needs, thereby endangering its existence. If the capital equipment used by the firm is of a specialized nature, the employer is hindered from removing his investment from its present form of employment; whereas, free capital, which is capable of being used in many diverse forms of production, lends weight to any threat of plant migration and improves the employer's bargaining position.

Cost conditions may, or may not be, accorded much thought in the formulation of a labor policy. They are important inasmuch as they often determine the firm's position in the industry. They are important also in the effect they have upon requests for wage increases. For example, in a situation where labor costs account for a comparatively large portion of total costs, wage increases must inevitably depend upon the facility with which such boosts can be passed on in the form of higher prices. Therefore, when labor costs are high in relation to total costs, they constitute a cause for concern and careful handling. Where labor costs represent a less imposing segment of total costs, requests for wage boosts may be treated with less regard.

Our analysis thus far does not present all of the elements of an economic nature that may condition the conduct of the bargaining process. Yet, the more important elements pertaining to theory have been granted some attention. And, it is hoped that these observations will be kept in mind, to be used as benchmarks for the study of the product, the industry, the firm, and the labor market, which follow.

CHAPTER VIII

THE NATURE OF THE PRODUCT

"From the standpoint of tonnage and dollar value copper is the most important nonferrous metal mined in North America."¹ And this importance of quantity and dollar value is only surpassed, perhaps, by the strategic place which copper occupies in any modern industrial economy. For successful development of the electrical industry is primarily dependent upon the existence of a substantial supply of copper to be used in the conduction of electrical energy. Also, experience has shown, during the courses of two great wars, the importance of the red metal in the construction of munitions and machines of war.

Furthermore, copper, because of its many critical uses, is at a premium; and, when it is noted that all of the major industrial nations in the world, with the exception of the United States, are comparative have-nots as far as copper is concerned, this fact is more fully established.

Brief History of Copper Mining in the United States

Copper was apparently mined by white persons in the United States as early as the first half of the seventeenth century, but the most notable attempt at copper production was begun in the Colonies at Simsbury, Connecticut, in 1709.² However, it was not until the discovery and operation of rich ore deposits of the Northern Peninsula in Michigan in the early 1850's that production in this country exceeded a few hundred tons a year.³

With the opening of the Lake Region deposits in Michigan, production started on a period of rapid, steady increase. Output went from 728 tons in

1. United States Bureau of Mines Bulletin, No.405, "Copper Mining in North America", p.1
2. Federal Trade Commission Report on, "The Copper Industry", 1947, p.5
3. Ibid.

1850 to 8,064 tons in 1860, 14,112 tons in 1870, and 30,240 tons in 1880. Then, for reasons that will be mentioned later, the production of copper increased four fold within a decade. In 1890 output had expanded to 129,881 tons, in 1900 to 303,058 tons, in 1910 to 540,080 tons, in 1920 to 604,531 tons, in 1930 to 697,000 tons, and, in 1940 to 909,000 tons. The stimulus of war-time conditions after 1940 swelled production figures to over 1,000,000 tons in each of the years 1942 to 1945, inclusive.⁴

The advent of the electrical industry with the invention of the incandescent lamp in the early eighties was responsible for the tremendous increase in production after 1880. However, this was not the sole reason behind expansion. The Lake Region of Michigan, the first really important copper producing area in this country, would have been severely pressed to satisfy the increase in demand by itself. Therefore, it was aided by large stocks of copper coming from newly discovered deposits in Montana and Arizona, which started to add to the nation's copper supply in the latter 1870's.

Michigan led all other states in copper production from 1845 to 1887. Then during the seventies Montana and Arizona began challenging Michigan's supremacy. Finally, in 1887 Montana surpassed Michigan and held the lead for two decades before relinquishing to Arizona.⁵ Since the decline of the Michigan properties, production of copper has been largely concentrated in the Rocky Mountain West, and today, there are few deposits of any importance east of the Mississippi River.

4. Federal Trade Commission Report on, "The Copper Industry", p.5

5. Douglas, James, "Historical Sketch of Copper Smelting in the United States", Mineral Industry, IV, p.269. See also Richter, F.E., "The Copper Mining Industry in the United States, 1845-1925", Quarterly Journal of Economics, 41, p.236, for an account of the early developments in copper mining.

Uses of Copper

The bulk of copper consumed in the United States is embodied in capital and durable consumers goods. Table II, page 74, presents the percentage of copper used by various industries from 1920 to 1940. This table well illustrates the complementary relationship between the copper and electrical industries. As mentioned previously, the production and use of copper began to move sharply upward in 1880 when the first electric lamps were placed into use and central stations were installed. This development brought about a 300 per cent increase in copper production in the five years following 1880. Since that time the fate of the copper industry has followed quite closely the fortunes of the electrical industry. The table shows that, over this twenty year period, 1920 to 1940, there were only three years when the electrical industry failed to absorb over half of all copper used in the United States. And, in these instances, the departures were not very great. A further observation that may be made regarding the close connection between these two industries concerns the effect of the business cycle on the copper industry. In this respect, the consumption of copper by the electric utilities probably contributes a measure of stability to the copper industry. The explanation of this statement lies in the fact that the demand for copper for expansion and replacement of electrical facilities remains fairly constant even during periods of business contraction.

The automotive industry is, as can be seen from Table II, a steady consumer of copper, taking from 8.7 per cent in 1932, to 16.5 per cent in 1935, of the nation's copper supply. But this outlet does not offer the stability that the electrical industry does. For instance, it will be noted that the percentage allocated to automotive uses declined rather sharply as a result of the depression of the early thirties, as well as the recessions of business activity in 1923 and 1937.

TABLE II

PERCENTAGE USE OF COPPER BY INDUSTRIES, 1920-1940

YEAR	ELECTRIC	AUTOMOTIVE	BUILDING	MARINE	MISCELLANEOUS	EXPORT
1920	44.8	8.9	5.1	5.6	19.9	15.7
1921	53.5	10.5	4.8	5.2	15.4	10.6
1922	53.1	13.7	6.9	.5	16.8	9.0
1923	54.7	14.3	5.1	.5	18.3	7.1
1924	57.5	12.5	5.2	.8	17.0	7.0
1925	56.5	12.8	5.6	.4	17.8	6.9
1926	59.0	11.5	5.6	.3	18.0	5.6
1927	57.6	11.7	6.3	.7	17.1	6.6
1928	56.8	12.9	6.3	.2	17.0	6.8
1929	60.2	11.9	5.2	.1	16.1	6.5
1930	62.7	9.1	5.5	.5	14.8	7.4
1931	61.2	9.6	7.2	.5	14.1	7.4
1932	58.5	8.7	8.2	.5	17.9	6.2
1933	51.8	11.8	9.3	.4	23.0	3.7
1934	49.2	13.6	8.8	.7	22.2	5.5
1935	49.9	16.5	9.5	.2	18.7	5.1
1936	53.1	14.4	10.6	.7	17.0	4.2
1937	55.9	13.0	9.2	.7	15.8	5.2
1938	55.2	9.0	12.4	1.0	15.9	6.4
1939	53.8	10.6	12.3	1.1	15.7	6.5
1940	50.6	9.6	10.4	.8	14.7	13.9

Source: Report of the Federal Trade Commission on the "Copper Industry, 1947, p.61. Statistics on the use of copper in the United States may also be found in the Encyclopedia Britannica, Vol.6, p.407.

1. Copper content in manufactured goods.

Figures for the building industry indicate that that field of activity has been using more copper since the depression of the early thirties.

Increased activity in shipbuilding just before and after 1939 caused the diversion of more copper to that industry, and illustrates the strategic need for copper in furthering national defense. Wartime importance is also clearly shown by referring to the item entitled, "Export", for it indicates the increased amount of copper-bearing goods being shipped abroad in 1940 to the Allies.

A more elaborate breakdown of copper uses would show that, besides electrical manufactures such as generators, motors, electrical locomotives, switchboards, light bulbs, and so forth; other important outlets for copper are: telephone and telegraph equipment, light and power lines, wire cloth, rods and wire, ammunition, automobiles (exclusive of such electrical products as starter, generator, and ignition equipment), buildings, castings such as bearings, bushings, lubricators, valves, and fittings; clocks and watches, coinage, copper-bearing steel, fire fighting apparatus, heating radiators, radio receiving sets, railway equipment, refrigerators, shipbuilding, washing machines, and household water heaters.

Probably the one conclusion that can be drawn from the uses made of copper, that is applicable to our study, concerns the cyclical position which faces this metal. Copper, involved as it is with the production of capital and durable consumers items, is in a cycle-sensitive position. The amplitude of change over the period of the cycle appears greater for capital goods and consumers durables. That is to say, that activity in the production of such goods goes relatively higher than activity in the production of soft consumers goods during periods of business expansion or prosperity. Likewise, during periods of business con-

traction or depression, the level of capital goods and durables sinks lower than the level for consumers items. As concerns the Butte miners then, we find that depressions will, as they have in the past, hit hard. And concomitant with them will come the depressions in union activity and influence.

The Supply of Copper

The supply of copper is derived from two sources—newly mined stocks and reclaimed scrap. Smelter output in this country for the peak year of 1943 reached a mark of 1,093,000 tons, having a value of \$257,934,000, not including premium payments made by the government to high cost producers which amounted to an additional \$28,362,245 in that year.⁶

Table III, on page 77, shows the per cent of the total copper supply which was contributed in the form of scrap over a selected number of years. It will be seen from this table that a significant portion of the total supply is derived from scrap. For example, in 1935 more than one-third of the total supply came from scrap. The table further shows that the importance of this source is increasing; and, there is sufficient evidence to warrant the opinion that scrap will continue to grow in importance. The Federal Trade Commission Report on "The Copper Industry" estimated in 1947 that the use cycle of copper covered a period of about forty years, and stated that about sixty per cent of all scrap could be reclaimed for further use.⁷ On this basis the Report reasoned that,

"It seems possible that as the machinery and equipment in which greatly increased quantities of copper have been embodied in past years are finally junked and their copper content reclaimed, old scrap may come to represent around one-third of the copper consumed in the United States as well as in other countries."⁸

6. "The Copper Industry", op. cit., p.31

7. Ibid., p.39

8. Ibid., p.7

TABLE III

*
SCRAP AS A PER CENT OF THE TOTAL COPPER SUPPLY, FOR SELECTED YEARS

<u>YEAR</u>	<u>PER CENT</u>
1910	8.4
1915	12.4
1920	16.6
1925	20.0
1930	23.6
1935	36.2
1939	21.5
1944	20.4

Source: Report of the Federal Trade Commission
on "The Copper Industry, 1947, p.6

* Scrap refers to old reclaimed copper and copper content of junk brass bronze, etc.; and not to industrial waste such as mill trimmings borings, and so forth.

The Report continued by drawing reference to a Department of Commerce study made for the Combined Copper Committee, which conjectured that by 1970 scrap copper recovery would approximate 1,000,000 tons annually in this country, and would constitute about one-half of the total supply.⁹ And the Report itself concluded that, even assuming the discovery of new copper reserves and a rate of consumption along present levels, the contribution of scrap to supply will exceed that of virgin copper around 1985.¹⁰

The importance of scrap to total supply is of only secondary interest for our purposes. The main interest, and the concern of those connected with the production of virgin copper, lies in the effect which scrap has on the market. Due to the fact that a significant portion of the total supply is derived from this secondary source, copper supply is often variable and somewhat unpredictable. A rising, strengthening market may prompt junk dealers to withhold secondary copper from the market for a time; but eventually sustained high prices tend to bring it on the market in large volume. The net result being that mine producers find that much of the lush market has been taken over by junk dealers. Conversely, during times of industrial depression and consequent low prices, scrap producers come into the market to again capture a portion of the decreased sales. The reason for the invasion of the market during depression periods is due to the fact that the production of secondary or scrap copper is affected less than mine production by the state of business.

Labor to assemble and reclaim scrap

9. "The Copper Industry"; op. cit., p.40

10. Ibid., The following quotation offers some provoking information regarding the future of copper mining. "Alex Skelton, consulting economist for the Bank of Canada, has prepared a forecast based on past records and on known and probable copper reserves which indicates that such reserves probably will be nearly exhausted around 1960 and the world production of virgin copper will gradually drop as the mines are worked out." From International Control in Nonferrous Metals, p.384

copper is relatively plentiful and cheap.¹¹ Furthermore, there is the possibility that the productivity of junk gatherers could be greater than that of miners.

Another peculiarity associated with the supply of copper is the fact that the industry is prone to overproduction, especially as business expansion nears the peak, or after periods of war production. This tendency is further complicated by the fact that present day copper mining, geared to mass production, is difficult and, in the case of underground mines, very expensive to curtail or halt production.¹²

The Demand for Copper

The demand for copper, as mentioned previously when the uses for the metal were brought out, is taken up quite largely by the capital goods industries. However, a matter of essential importance when demand is being considered may be given some attention at this point—the matter of substitution.

Though copper is one of the indispensable metals in a modern industrial economy, it is, nevertheless, subject to a certain measure of substitution. For example, copper can be replaced by aluminum in the vital electrical industry if the price is right. However, substitution of copper is limited in the electrical industry to conductors for transmission lines.¹³ Aluminum can be a satisfactory substitute for copper conductors, especially in the high, voltage, large capacity transmission lines where the greater bulk of the aluminum has a decided advantage over copper in reducing corona leakage losses. Though the instances wherein aluminum is capable of replacing copper

11. "The Copper Industry", p.6

12. Ibid., p.45

13. Ibid., p.61

are closely limited, it must be remembered that the electrical industry often absorbs more than half of the copper produced. Furthermore, it has been estimated that use of copper for conductors in transmission lines, where it can be replaced by aluminum, often absorbs as much as 13.6 per cent of the copper supply during periods of expansion in the electrical industry.¹⁴ The causal factor that has operated in the past to reduce the amount of substitution by aluminum, has been the comparatively high price for that metal in comparison with the price obtaining for copper.¹⁵ Therefore, it can be expected that more substitution will take place when aluminum prices are low in relation to copper prices.

Alloy steel and plastics can also be used in place of copper if the price ratios are satisfactory; although the threat of substitution here is not as threatening as it is in the case of aluminum.

On the other hand, copper itself can, providing the price is low enough to warrant the change, be substituted for steel and iron. Probably the most notable instances of replacement in this respect have occurred in plumbing and building work.

From the foregoing evidence, then, it is conceivable that the demand for copper is relatively elastic; a considerably larger quantity clearing the market at lower levels of price than at higher levels. When copper prices are high, a portion of its market will be taken over by aluminum; and when copper prices are low, it can be expected that more of the red metal will be demanded to replace steel and iron.

14. "The Copper Industry", op. cit., p.61

15. Ibid. States that "The reduction in price of aluminum from twenty cents per pound in 1913 to the current price of fifteen cents greatly improves the competitive position of aluminum with respect to copper at twelve cents or more per pound delivered. Increases in the price of copper will further improve the position of aluminum for transmission line and other electrical conductors". p.61

Significance to Bargaining

Before discussing the implications arising from the nature of the product—copper, let us first consider some of the effects which have not been previously mentioned in this section.

Copper, being of a storeable nature, gives an advantage to the employer in bargaining. Large inventories of raw copper can be stored in anticipation of a work stoppage, and can be drawn upon during a strike to retain the producers' position in the market.

Whereas, the conditions surrounding the mining of raw copper add strength to the union's bargaining position. With the prevailing scarcity of valuable copper reserves, it is ridiculous to even consider movement to other sites because of labor difficulties. Operations can only be organized where there exists a workable deposit of copper-bearing ores.

A further advantage to the union stems from the fact that it is almost impossible to relocate mining operations. During periods of work stoppage there is a serious danger, especially in the case of wet, underground mines, that the properties will suffer extensive damage or even total destruction if left untended for long periods of time. This is pretty much the situation in Butte mines. And, in the past, the local union has made full use of this advantage. However, at the present time, this advantage has largely been lost in the give and take around the bargaining table. A clause in the contract in force contains the union's agreement that it will provide maintenance to protect company property during strike periods.¹⁶

What, now, are some other observations that can be made concerning the nature of the product that will tend to condition the collective bargaining relationship? First, the parties must face the fact that copper is very

16. See Appendix B, 1948 Agreement Between the Butte Miners' Union and the Anaconda Copper Mining Company, Section 5, Paragraph 2, p.4

sensitive to the vagaries of the business cycle. Of course that may be said of many industries, but at any rate a more successful relationship may be formed if both sides realize the fact, and govern their actions accordingly.

Second, the supply situation introduces a number of difficulties—competition from scrap dealers and overproduction. However, there appears to be little that any firm can do to alleviate these conditions. Yet, it must be kept in mind that scrap dealers come in to dampen a boom period for the producers of raw copper, as well as to capture a portion of depressed markets. Overproduction has long been a bogey to copper producers and seems to present an irremedial problem. Its effect on labor is unmistakable. Yet, little can be done in the way of stabilizing production. The union, therefore, is faced with periods where large numbers of men are unemployed, membership declines, and the power and influence of the union declines with it.

The demand characteristics of copper also provide a rather pessimistic outlook. Assuming that productivity does not increase, any attempts to pass on wage increases in the form of higher prices are likely to provoke manufacturers to curtail their use of copper in favor of aluminum, alloy steel, and plastics.¹⁷

17. The assumption that productivity has not, and will not, increase is a somewhat unreal one; especially in consideration of the fact that productivity has been steadily increasing in the majority of industries. And, it will be shown later that copper mining has been no exception.

CHAPTER IX

THE NATURE OF THE INDUSTRY

Further analysis of the economic factors conditioning the collective bargaining relationship requires an investigation into the industry—from the viewpoint of control, pricing, cost conditions, and earnings. This section is a discussion of these points.

Control

For all purposes the copper industry may be divided into four stages; mining, smelting, refining, and fabricating. This breakdown carries the metal over all stages of production, from the mining of raw copper to its manufacture into copper and copper-bearing goods. Investigation into this industry shows that it is controlled by a small number of firms, most of which operate, by themselves or through subsidiaries, over the entire four stages of copper production. They are, therefore, described as being "integrated", a term which identifies a business that owns or controls productive facilities operating over two or more stages of production. In this connection it may be interesting to note that the Anaconda Copper Mining Company is said to be more fully integrated, and possessed of more widely scattered operations than any other organization in the nonferrous metal industry in the United States.¹

The mining of copper, the primary stage, is controlled by three very large firms which have been consistently responsible for from sixty to eighty per cent of the copper produced by mines in the United States. These firms, often referred to as "The Big Three", in the order of their importance in domestic production are: The Kennecott Copper Corporation,

1. Richter, F.E., op. cit., p.693

Phelps-Dodge Corporation, and the Anaconda Copper Mining Company. In the peak year of 1943, the Big Three produced 82.63 per cent of all domestic copper mined in this country. Of this amount, Kennecott was responsible for 42.64 per cent of the total; Phelps-Dodge produced 21.85 per cent; and Anaconda's contribution amounted to 18.14 per cent.² Of the amount produced by Anaconda in 1943, 11.93 per cent came from the Butte district in Montana, an area of four square miles producing an estimated 30,000,000 pounds of copper per month.³

Smelting, the second stage of copper production, is concerned with extracting the metal from the ores by means of heat and flux. This stage is also dominated by a small group of firms---namely the Big Three and the American Smelting and Refining Company, the world's largest custom smelter and owner of 30 per cent of the smelting capacity in the United States. The total smelting capacity in the United States at the close of 1944 would accommodate 10,800,000 tons of ores and concentrates. Of this amount, the four companies mentioned above controlled 9,500,000 tons. American Smelting and Refining is, of course, the most important single firm in this stage. Its business consists of smelting ores from its own mines as well as processing ores for Kennecott and other producers. Next in importance in the smelting field is the Anaconda company and its subsidiary, the International Smelting and Refining Company. These two firms are occupied in treating ores mainly for their own account. Kennecott, one of the Big Three in mining, also engages in the smelting of copper for itself and others. The last of the group is Phelps-Dodge Corporation and a subsidiary, Phelps-Dodge Refining Corporation, which smelts for the parent company and others.

2. "The Copper Industry", op. cit., pp.125ff

3. Ibid. Also Moody's Manual of Investments (Industrial Securities), Porter, John Sherman, Ed., 1948, p.2905

Refining, another phase of the copper industry, consists of removing impurities from blister copper, the product of smelting. As this stage is practically an extension of smelting, the control of facilities is also mainly held by the four major smelting firms.

Fabrication, which entails the transformation of refined copper into copper and copper-bearing goods, is the final stage to be considered. An examination finds that the four firms which control the bulk of smelting and refining also control a major share of the fabricating facilities. American Smelting and Refining Company through its subsidiary, the General Cable Corporation, engages in the manufacture of copper products. The Kennecott Copper Corporation controls Chase Brass and Copper, Incorporated, and the Kennecott Wire and Cable Company, formerly the American Electrical Works. Anaconda Copper Mining Company produces copper products through the American Brass Company and the Anaconda Wire and Cable Company, two subsidiaries; and Phelps-Dodge controls the National Electrical Products Corporation and the Habirshaw Electric Cable Company.⁴

Aside from their domestic holdings, Anaconda, Kennecott, and Phelps-Dodge have substantial interests in foreign copper mining properties. Presently, United States corporations hold title to about 50 per cent of world copper reserves. The dominant position of this country in regards to copper is largely due to the extension into other countries by the Big Three. Table IV, on the following page, shows the percentage of world copper reserves held by the Big Three, and also the countries where such reserves are located.

4. "The Copper Industry", op. cit., pp.7ff

TABLE IV
CORPORATE OWNERSHIP OF WORLD COPPER RESOURCES, 1944

CORPORATION	COUNTRY	METAL CONTENT (1,000 short tons)	PER CENT OF WORLD RESERVES
Anaconda	United States	4,560	4.12
	Chile	20,730	18.71
	Mexico	<u>300</u>	<u>.27</u>
	TOTAL	25,590	23.10
Kennecott	United States	10,200	9.21
	Chile	<u>2,900</u>	<u>2.62</u>
	TOTAL	13,100	11.83
Phelps-Dodge	United States	7,000	6.32
	GRAND TOTAL	<u>44,690</u>	<u>41.25</u>

Source: Report of the Federal Trade Commission on "The Copper Industry", 1947,
p.37

It should be readily apparent that the copper industry in the United States is, in all its phases, a closely controlled field. This dominance by a few firms has come about as the result of a slow, steady process. Although there are a number of smaller producers in the field, they have been content to follow the leadership and policies advocated by the larger firms, with the Miami Copper Company being the only independent to show signs of individuality. The explanation for the acquiescence by the smaller firms is largely this: They are not integrated, with operations on every stage, as are the larger corporations. Hence, they are dependent upon the major concerns either as a buyer or a seller, or both. For example, many independent smelters do not have their own mining facilities; therefore, they are dependent upon one of the Big Three to supply them with ores. Thus they may have to sell the unrefined copper to one of the major firms also.

The market situation then, is an oligopoly--with a few firms selling to a large number of buyers. This opens up an area of wide implications, only some of which can be considered in this study. More will be said later regarding the effect of this imperfectly competitive market situation on the bargaining position. It will suffice at this point, to repeat once more that the copper industry is tightly held by three vast mining firms and one other whose particular specialty is smelting and refining.

Pricing

In an industry which is dominated by so few firms, it is not surprising to find a great many instances of administered prices. Price fixing arrangements in the copper industry range all the way from trade associations conspiring to fix prices, to cartel agreements made under government approval and covering the entire world market.

By reason of its very favorable position in the smelting, refining, and

fabricating branches of the copper industry, the American Smelting and Refining Company holds the status of price leader, even though it is a lesser producer of ores. Other producers have not challenged the position of American and customarily contract to sell at prices matching those announced by that firm.⁵

Price control first emerged in the copper industry in the United States as early as 1845. Production at that time was dominated by Michigan's Calumet and Hecla Mining Company, which was then responsible for from 75 per cent to 85 per cent of the country's total.⁶ Low costs, the result of high copper content in the ores mined, made price administration extremely profitable.⁷ The price of copper was held at over twenty cents per pound for a considerable number of years by a Lake pool which marketed the production from that area.⁸ During the latter part of the 1870's and the early 1880's, when the Butte mines in Montana loomed into copper prominence, the Lake producers were forced to alter their restrictive policies. They initiated an aggressive selling policy by cutting prices at home and dumping stocks of the metal abroad in an effort to discourage the new Montana producers. Domestic prices were slashed to as low as ten cents a pound during this period. The Montana producers, however, were not frightened out, and the Lake area eventually dropped their campaign.

The next two attempts at price control were in the form of cartel agreements formed under the provisions of the Webb-Pomerene Act of 1918. This legislation provided that organizations engaged in export trade could lawfully

5. Temporary National Economic Committee, Monograph No.21, "Competition and Monopoly in American Industry", p.129.

6. "The Copper Industry", op. cit., p.184

7. Richter, F.E. op. cit., p.256. In the early days of the industry yields ranged from 20 per cent to 50 per cent; by 1923, however, the estimated recovery had declined to 1.58 per cent or 31.6 pounds of copper per ton of ore mined

8. "The Copper Industry", p.184

engage in agreements with other firms relative to the setting of prices, restriction of output, and assignment of quotas, so long as such agreements did not result in the restraint of trade within the United States or in the restraint of export trade of any domestic competitor of such associations.⁹

The copper producers of the United States were quick to take advantage of this act, and the Copper Export Association, organized in 1919, was the result. Included in its membership were firms which together controlled nine-tenths of the American output and two-thirds of the world supply.¹⁰ In 1921 the group embarked on its first sizeable venture. The stocks of copper accumulated during the first World War were still so large that rapid liquidation threatened seriously to depress the price. Accordingly, the Association organized a pool to prevent distress selling and to dispose slowly of this excess supply. To accomplish this task, the group purchased stocks of copper with funds acquired through the sale of short term debentures.¹¹ The Association had, by August of 1923, succeeded in the gradual liquidation of its holdings and the market had been protected from this abnormal supply. The job was, without question, efficiently performed. Nevertheless, there were other results as a consequence of this maneuver. When the loan to purchase excess stocks was negotiated, it apparently was understood that American producers would curtail production in 1921. However, the curtailment amounted to a virtual shutdown that lasted from the

9. United States Statutes at Large, 65th Congress, Vol.40, Part I, Chapter 50, pp.516-518

10. T.N.E.C., op. cit., p.222

11. Ibid., With \$40,000,000 in borrowed funds the Association purchased 200,000 tons of copper. At one time it held as much as 69 per cent of the total stock of refined copper in North and South America.

spring of 1921 to the beginning of 1922. The Federal Trade Commission, in assessing the economic effects of this cartel, had this to say in 1947.

"Operation of this pool is often cited as a successful venture. This it was so far as ultimate disposal of the pool stock was concerned. The price paid for this successful operation, however, included curtailment of production by all but two minor members of the association that cut off 400,000 tons of production and occasioned financial losses to the curtailing companies as well as loss of wages to miners."¹²

The Copper Export Association was virtually defunct by 1924, after successfully arresting the price decline that had started in 1919 due to the oversupply of copper on world markets. The collapse and eventual abandonment of the Association came about as a result of dissension among its members and competition provided by newly established foreign producers. Even though the cartel was abandoned after 1924, it was not formally dissolved until 1933.

A second Webb-Pomerene group, the Copper Exporters, Incorporated, succeeded the Copper Export Association in 1926. The primary purpose of this new group was to limit speculation in copper in foreign markets, which, it was avowed, brought about unstable prices and hardship to producers and consumers. According to the Federal Trade Commission, however, this aim was never realized. Market price statistics indicate that the price fluctuations during the cartel's program of price enhancement in 1928-29 were greater than they were during the uncontrolled years, 1924-25.¹³

Be that as it may, the Copper Exporters, Incorporated, was in business to control prices and that is precisely what it did. This group, comprising nearly all of the important producers and dealers in the world, was truly international in scope. In the matter of inclusion, Copper Exporters was a

12. "The Copper Industry", op. cit., p.13

13. Ibid.

marked improvement over its predecessor. By 1927 its members controlled 93.8 per cent of the American output, and 84.8 per cent of the world output.¹⁴

During the early part of the 1930's it lost some control due to the withdrawal of some members because of depression conditions. From 1926 to 1930, this organization centralized sales, allocated quotas, and fixed the price of copper throughout the world.

Structurally, Copper Exporters, Incorporated, differed from the earlier Copper Export Association in several important respects. First, whereas the first association acted as a selling agent for copper furnished by members in accordance with quotas assigned them, the new group merely fixed prices and quotas, leaving the selling to individual adherents. Second, the members of the first association had all been American firms. Copper Exporters, Incorporated, however, was composed of American firms, who enjoyed full membership with voting rights, and "foreign associates", who adhered to and cooperated in all cartel acts in accordance with contracts which were almost identical with those of full members. This innovation was responsible for defeating the major weakness of the first association by making it possible for more members to enter the cartel, thus increasing the percentage of total supply subject to control. It is estimated that the uncontrolled fringe was reduced to less than 15 per cent of total supply in this manner.¹⁵

The activities of the new association, the Copper Exporters, Incorporated, began to bear fruit in the several years preceding 1929. Copper Exporters succeeded in raising the price of copper on the New York market from 12.4 cents per pound in June of 1927, to the remarkable price of 21.3 cents per pound in March of 1929.¹⁶ This made a gain of 71.7 per cent within

14. T.N.E.C., No.21, op. cit., p.223

15. "The Copper Industry", op. cit., p.14

16. Ibid.

a period of twenty-one months.

The profitability of a price exceeding twenty cents per pound is suggested by the fact that 93 per cent of the American output of copper during this period was produced at a cost of less than thirteen cents per pound; and 72 per cent of it, at a cost of less than ten cents a pound.¹⁷ The Temporary National Economic Committee stated that, "The cartel (Copper Exporters, Incorporated) is said to have levied a tribute on consumers amounting to \$100,000,000 in a single year."¹⁸

Profits were realized during this period of phenomenal, administered prices not only from the sale of copper, but also from the sale of securities by member companies, which proved to be equally lucrative. From March, 1928, to March, 1929, the price of copper securities quoted on the New York Stock Exchange rose at the rate of 20 per cent each month. An increase of a cent per pound in the price of copper meant a corresponding appreciation of \$1.25 per share in the market value of copper stocks.

Despite the onslaught of the great depression, the Copper Exporters persisted in holding up the price of copper. From May, 1929, to March, 1930, the price in the New York market was maintained at 17.8 cents per pound, a figure higher than at any time between 1921 and 1928. Finally, when control was abandoned by the cartel, the price slumped below ten cents a pound in 1930, and below five cents in 1932.¹⁹ It soon became apparent to the member firms that the supply of copper could not be moved from the market by high, administered prices. Therefore, price fixing was abandoned; and later, in 1933, Copper Exporters, Incorporated, was dissolved.

17. T.N.E.C., No.21, op. cit., p.223

18. Ibid.

19. Ibid.

During the early years of the depression, several attempts were made to control output and price, but with only negligible success. These attempts of the early thirties were sponsored by the Copper Institute, a domestic trade association, which had often been the medium through which the copper producers carried on cartel arrangements.

Copper producers, along with other depression struck American business enterprisers, next attempted to devise a collusive organization under the provisions of the National Industrial Recovery Act.²⁰ After nearly a year in preparation the copper code was adopted on April 21, 1934. With the aid of a four-cent per pound excise import tax imposed in 1932, the code set out to trim United States output to three quarters of capacity, to assign quotas for each producer, and to work off excess stocks at a price pegged by the code at 8.7 cents a pound for domestic copper f.o.b., New York. Prices for copper intended for export were set some two cents lower than domestic prices.

Despite the apparent success of the code in boosting the price of copper, the producers did not take kindly to the copper code. After the demise of the National Industrial Recovery Act in May of 1935, copper prices moved upward as business improved, and the urgent need for price administration passed over.

With the start of hostilities in Europe in 1939, the copper industry again came under government influence and control. All private cartel agreements were set aside and the government accepted the responsibility of distributing the available supply of copper at prices set by the government. To further the production of copper during the emergency period, the government made premium payments to high cost producers, who were unable to produce

20. United States Statutes at Large, Vol. XLVIII, Part I, 73rd Congress, Chapter 90, pp.195-211. Law approved June 16, 1933.

at a profit under the price set by the government. This method of meeting the huge demand for the metal for war purposes was a definite improvement over the World War I situation whereby the price was pegged at a figure high enough to make production by even the highest cost producers feasible.²¹ The government distributed copper between 1939 and 1946, the cost averaging between thirteen and fourteen cents per pound, as compared to twenty-three and twenty-six cents during World War I. With the cessation of the war in 1945, need for such government control declined, and accordingly, the program was ended in 1946.

Another cartel of note came into existence in 1935. Although American firms did not participate directly in this venture, it is significant in that they engaged indirectly in aiding the association.

During the encouraging period prior to the advent of the depression, new copper sources had been opened up in Canada, Chile, the Belgian Congo, and Rhodesia. This increase in supply greatly overexpanded the world output for the lean years ahead. When business conditions brightened up in 1934, the producers decided to organize in an attempt to prevent their own enlarged capacity from being used in a competitive struggle that might have held prices down to the depression level. Thereupon, the producers organized the International Copper Cartel, controlling about 50 per cent of foreign production. Soon after the debut of this organization in 1935, prices began to rise on the London market.

Even though the American producers were not members of this cartel, foreign subsidiaries of the Anaconda Copper Mining Company and the Kennecott Copper Corporation became direct participants in the activities of the cartel. Both firms, it appears, gave some sort of assurance that they would not dis-

21. "The Copper Industry", op. cit., p.19. It is estimated that the premium payment plan instituted during World War II saved the government about \$750,000,000 when compared to the purchase policy of the first World War.

rupt the plans of the cartel; for neither Anaconda nor Kennecott exported any duty-free copper from June of 1935 to July of 1938. The Temporary National Economic Committee stated that, "it was understood, according to newspaper accounts at the time, that the American producers who participated would not export more than 9,000 tons of domestic copper in any month."²² Mr. E.T. Tannard, president of Kennecott, denied this allegation however, and said that his firm failed to export during the period in question because they were fearful that large exports from the United States might cause large foreign tariff walls to be erected.²³ The bulk of the American metal exported during this period came from Phelps-Dodge and some custom smelters in this country.

The International Copper Cartel continued to restrict production until January, 1937, when a rapidly increasing demand decimated the existing stocks to such an extent that further danger of a price decline disappeared.

During the period of protectionism in the American copper industry, beginning with the Copper Export Association in 1919, two noteworthy trends were developing. First, the percentage of American output concentrated in the hands of the Big Three increased from 26 per cent in 1920, to 77.6 per cent in 1937.²⁴ Second, the United States was concurrently losing its hold on the world market. American production declined from 58.7 per cent of the world total in 1920, to 23.5 per cent in 1935, and had risen to only 33.3 per cent by 1937. Due to the fact that a portion of this new foreign production was coming from American owned mines abroad, the position of the United States in the world copper picture was not as bad as it seemed on first glance.²⁵

22. T.N.E.C., No.21, op. cit., p.224

23. Ibid.

24. T.N.E.C., No.21, op. cit., p.224

25. Ibid. "Production by American-owned mines abroad grew from 15.2 per cent of the total in 1920 to 22.0 per cent in 1937, but this gain compensated only partially for the decline of the industry at home." p.224

Responsibility for these two developments may, or may not, be attributed to the various instances of price administration by the interested producers, but it seems possible that such control did aid in the capture of more power by the Big Three.

Cost Conditions

Any objective analysis of comparable costs in the copper industry is hindered by several serious limitations. The actual computation of costs is not uniform for all the producers in the industry; and secondly, the conditions vary so at different mines that strict comparability is lost.²⁶ In an effort to detract from these limitations, perhaps we can follow the lead offered by the United States Bureau of Mines. That agency suggests that, if strict comparability is unattainable, some idea of production costs can be had by analyzing some of the more important factors affecting cost; then, make a generalization on the basis of how well an individual firm stands in regard to these cost influencing factors.²⁷

Perhaps the factors which affect cost most are: the mining method employed, the scale of operations, the prevailing underground conditions, labor, and management. Other items of lesser importance, nevertheless worthy of some attention, are: the prices of supplies and power, modernity of operations, climate, topography, taxes, and government regulations.

In the matter of mining methods used, the actual choice is dependent upon the geological structure of the area. The principal copper mining methods, in the order of increasing average costs per ton, are open-cut mining, undercut block caving, open stoping, shrinkage stoping, cut-and-fill stoping, and square setting. For example, the bulk of the Butte, Montana operations

26. United States Bureau of Mines, Bulletin No.405, "Copper Mining in North America", p.251

27. United States Bureau of Mines, Bulletin No. 405, op. cit., pp.251-259

of the Anaconda Copper Mining Company fall under the high cost method of square setting.²⁸ This method is resorted to because of the particular geologic conditions existing in that area. The veins of ore are found in a formation known as granite wall rock, which is fractured and decomposed. Therefore, continuance of operations demands that the workings be reinforced by heavy timbers to prevent caveins. As the upper levels and surface of the area must be maintained, the low cost method of open-cut mining is out of the question.

As in other lines of production, there are certain advantages attending large scale production in mining. Fixed charges, distributed over the tonnage mined, become less per unit as the amount of ore produced increases. Large production may make the use of powerful and efficient, but expensive equipment both practicable and profitable. Whereas, such machinery would be out of the question for small scale operations. In this respect the Butte operations are in a position to operate at a lower cost, for, as has been pointed out earlier, this area has recently been responsible for almost 12 per cent of American output, indicating large scale production. What is more, Anaconda has also made use of much capital in increasing the scope of production.

The prevailing natural underground conditions largely determine costs at different mines that make use of the same methods. Small and scattered ore bodies necessitate a considerable amount of development work for each ton of ore extracted. This same situation often results in having to transfer the ore several times in transporting it to the surface. Further, wet mines often require constant pumping in order to continue operations successfully.

28. United States Bureau of Mines, op. cit., p.237. Production in Butte mines is said to be 85 per cent square setting and 15 per cent cut-and-fill stoping. This estimate was made, however, before the initiation of the Greater Butte Project (See pp.62-63).

Conversely, mines located in arid regions have to pipe in water oftentimes from a distance. In mines with high rock temperatures large volumes of air must be circulated through the workings. Moreover, labor efficiency in such mines is generally lower than it is in others where such temperatures are not existent. The prevailing underground conditions place the Butte mines as high cost operations. Though the ore bodies are not, presently, closely concentrated, neither are they so widely scattered as to radically increase cost in this respect. However, they are wet mines, requiring constant pumping; and they are hot, requiring ventilation.

Labor is a critical factor in copper mining, mainly because wages paid to labor account for over half the cost per ton of mining copper ore.²⁹ As more will be said in a later chapter regarding labor, it will serve at this point merely to stress the importance of this factor.

Management bears the final responsibility for the firm's cost position, though, as we have seen, the major cost items are dictated mainly by the prevailing natural conditions. However, such tasks as general policy determination, labor relations, accident prevention, choices of mining method, and treatment method are left to management. The efficiency with which management performs these duties may well have a significant effect on the firm's cost condition. Yet, it must be confessed that the importance of management in assessing cost rather successfully eludes quantitative measurement.

At this time, mention is made of some of the minor cost factors. First, the cost of supplies often causes wide divergence among various producers as to total cost. An outstanding example that can be cited is the difference in the cost of lumber between different mining areas. Such costs are roughly

29. United States Bureau of Mines, Bulletin 405, op. cit., p.253

twice as high in southwestern states as they are in the northwest, an advantage for the Butte mines. Second, power costs appear to be nearly the same regardless of the area or method employed in the generation of electrical energy. Third, modernity of operations provides a benefit to the newer producers in that they make use of recent methods and machinery. Yet, the last-named factor presents difficulties in application because it must be considered that the various producers are continually expanding and replacing, thus making a strict comparison between producers almost an impossibility. Nor can much use be made of the final factors, taxation and government regulation, for even though they be operative, evidence is hard to obtain.

Anaconda's cost of production, as reflected by the premium payments made to high cost producers during 1943, are about 1.5 cents per pound above that for Kennecott and Phelps-Dodge.³⁰ The difficulties surrounding a comparison of costs mentioned earlier, detract somewhat from the importance that can be attached to this fact. Perhaps, then, a more reliable method of comparing respective positions of the various producers would be to note their earning power. This is done in the following section.

Earnings

"From its earliest days, the copper industry has experienced periods of large earnings interspersed with shorter periods of low earnings or loss, occasioned sometimes by depressions, and sometimes by competitive struggles within the industry."³¹ Table V, page 100, shows the comparative rates of return for the Big Three from 1930 to 1945. During this sixteen year period, these firms returned some profit on their total investment for most years, and in certain years very substantial gains were made. For example, Kennecott,

30. "The Copper Industry", op. cit., p.111

31. Ibid., p.9

TABLE V

COMPARATIVE RATES OF RETURN, BEFORE AND AFTER INCOME TAXES, ON TOTAL INVESTMENT
OF THE THREE MAJOR COPPER COMPANIES IN THE UNITED STATES, 1930-1945

YEAR	KENNECOTT		PHELPS-DODGE		ANACONDA	
	Before tax	After tax	Before tax	After tax	Before tax	After tax
1930	-----	5.31	0.40	0.40*	-----	3.63
1931	-----	1.43*	.60*	.60*	-----	.27
1932	-----	2.50*	1.98	1.98*	-----	1.91*
1933	-----	.83	.05	.05	-----	.23*
1934	-----	1.88	2.08	1.82	1.45	1.18
1935	-----	4.25	4.28	3.89	3.11	2.77
1936	-----	8.25	7.94	6.88	4.04	3.54
1937	17.60	15.22	8.59	7.48	7.49	6.09
1938	7.85	6.84	5.82	5.31	3.04	2.33
1939	12.60	10.58	8.26	7.19	5.58	4.06
1940	18.35	13.64	9.34	7.40	8.76	6.67
1941	21.99	14.33	14.10	8.57	13.29	8.57
1942	21.63	12.95	17.49	8.95	12.77	7.10
1943	20.15	11.98	16.59	8.38	11.05	6.52
1944	16.89	10.14	16.58	7.64	10.22	5.91
1945	9.64	7.04	9.78	6.34	6.26	3.59

Source: Report of the Federal Trade Commission on "The Copper Industry", 1947,
p.129

*Denotes loss

the largest of the Big Three in domestic production, turned a profit in every year with the exception of 1932, when it sustained a 2.5 per cent loss on its investment. Earnings in the other years for this firm ranged from 0.83 per cent in 1933 to 15.22 per cent in 1937. The range for Phelps-Dodge went from 0.05 per cent in 1933 to 8.95 per cent in 1942, with losses in 1931 and 1932 of 0.6 and 1.98 percent, respectively. Profits for Anaconda ranged from 0.12 per cent in 1931 to 8.57 per cent in 1941. This same firm showed losses of 1.91 per cent in 1932 and 0.23 per cent in 1933. It will also be noted from the table that Kennecott has consistently made higher returns than the other two firms, whereas Anaconda has generally lagged behind the others. However, this picture may be misleading, for Anaconda has built up its surplus more rapidly than the other two, which probably indicates a more liberal dividend policy on the part of Kennecott and Phelps-Dodge.³² Then, too, Anaconda has often been saddled by a large, fixed debt, mainly incurred for the purpose of expansion. For example, in the middle thirties Anaconda had nearly \$100,000,000 of long term obligations outstanding, a fact, which may have reduced its ability to pay large dividends.

In summarizing the earning picture, the Federal Trade Commission made the following statement:

"...these larger integrated companies (the Big Three) have been able to earn profits and strengthen their financial positions through accumulation of surpluses when raw copper sold at from twelve to fifteen cents per pound. The weighted average return, as reported by the producers to the Bureau of Mines was 13.313 cents per pound for the 95 years, 1850 to 1944, inclusive."³³

32. "The Copper Industry", op. cit., p.129

33. Ibid., p.11

Significance of the Industry to Bargaining

The pressing question at this point is, "How will the bargaining parties be affected by the nature of the industry?" To begin with, let us see how the employer's competitive situation will affect it for carrying on collective negotiation. The Anaconda Copper Mining Company is one of three very large firms which dominate the industry in every stage.³⁴ Thus, the conclusion was that the copper market was oligopolistic. This situation would ordinarily hamper the individual firm's ability to pass on wage increases in the form of higher prices, for such increases would result in a loss of a portion of the market to competing firms.³⁵ Therefore, in this particular instance the danger that customers would desert to other firms would be enhanced by the fact that relatively little protection could be expected from trade marks and brand names. Yet, it must be understood that this difficulty would not be encountered in every instance where price is increased. For example, should wage concessions result in price increases by all firms in the industry or just the price leader, there would be no loss of customers to other producers in the same field.

In speculating as to what the consequences would be of an increase in price due to increased labor costs, we have thus far assumed that a situation of oligopoly prevailed in the copper industry. However, this has been the prevalent situation only periodically. Numerous instances of collusion and price agreement among the firms concerned throw considerable doubt on the validity of this assumption of oligopoly. Evidence has been presented to suggest that monopoly, at least for the periods when prices were being administered, would be the proper assumption. This fact would substantially

34. See pp.83-87

35. It is intended that in every proposition relevant to the effect of wage increases on price, productivity has not increased.

alter the conclusions made previously. For example, prices could be increased by agreement among the various producers without fear of losing sales to competitors.

The cost conditions in the industry must also be taken into consideration when price changes are contemplated as a result of wage negotiations. The fact that labor costs represent about half of total costs increases the importance of cost. Being such a large percentage of total costs, labor costs may cause sizeable increments to be added to price as a result of wage increases. For example, with labor costs contributing about half of total costs, a wage increase of twenty per cent would cause a ten per cent boost in price, in the event the full amount of the increase were shifted.

The cost for each individual firm likewise merits consideration. Anaconda is faced with the task of keeping its cost picture as much in line with those of Kennecott and Phelps-Dodge as possible. Since Anaconda operates under high cost conditions, it can be expected that it will endeavor to keep cost, including that portion attributable to labor, as low as possible.

As regards earnings, it has been noted that all of the firms in the industry have done reasonably well. Although Anaconda has consistently lagged behind both Kennecott and Phelps-Dodge, the comparison in earning rates may not do justice to Anaconda's earning power. For, as mentioned earlier, Anaconda has succeeded in building up its surplus faster than the other firms. Further evidence of this company's earning power is suggested by the fact that Anaconda completely retired by 1942 the \$100,000,000 in long term debt which it had acquired during the twenties and early thirties. It appears that the Big Three have found the copper industry a profitable field; and what is more, Anaconda's earnings, though not as substantial as those for Kennecott and Phelps-Dodge, probably compare quite favorably with them.

CHAPTER X

THE EMPLOYER'S BARGAINING POSITION

The Anaconda Copper Mining Company

The Anaconda Copper Mining Company was incorporated in the state of Montana on June 18, 1895 as successor to the Anaconda Copper Company. Then, shortly after the Rockefeller interests entered into Montana copper mining with the giant Amalgamated Copper Company on April 27, 1899, Anaconda became the chief operating subsidiary of Amalgamated. Besides the Anaconda Copper Mining Company, Amalgamated controlled the Boston and Montana Consolidated Copper and Silver Mining Company, the Parrot Company, the Trenton Mining and Development Company, the Butte and Boston Consolidated Mining Company, the Washoe Copper Company, and the Colorado Mining and Smelting Company, representing a total capitalization of \$1,555,000,000.¹

In 1906 Amalgamated increased its Butte holdings by purchasing the mining properties of Copper King, F. Augustus Heinze, for a sum of \$10,500,000. The major share of Amalgamated's acquisitions was taken over by Anaconda. So that by 1910, the latter firm was not only the principal operating subsidiary to Amalgamated, but it was also the owner of the great bulk of the domestic mines and mining facilities of the Amalgamated group. It was also in 1910 that Amalgamated negotiated its last substantial acquisition in Montana by purchasing the principal holdings of William Andrews Clark.² Thus, the Amalgamated group became the largest mining organization in the Butte area.

In 1915 the incorporating state of New Jersey took action which forced the elimination of the Amalgamated Company from its position of chief holding

1. Copper Camp, op. cit., p.290

2. Ibid., p.292. The mines which changed ownership in this transaction were the Stewart and Original mines, and the amount involved was reported to be \$1,000,000.

company for the group. The legislature of New Jersey repealed the right of Amalgamated to increase its investments except in stocks of companies that were already subsidiary to it. The effect would have been to prohibit any further acquisitions by Amalgamated. Consequently, in March, 1915, Amalgamated transferred the investments which it held, excepting capital stock in Anaconda, to the Anaconda Copper Mining Company.³ Upon completion of this transaction, Amalgamated was dissolved, leaving Anaconda in the position of being both chief operating company and chief holding company as well.

Since its installation as a holding company, Anaconda has continued to expand in Montana, in other states in this country, and in various foreign nations as well. From 1915 to 1945, Anaconda increased its mining operations through at least thirty-one acquisitions of previously independent firms. It has also engaged in a partnership with one William Braden and his associates to engage in the exploration and development of copper resources in South America.⁴ Anaconda has also expanded its fabricating capacity through the acquisition of at least seven enterprises in that field.⁵ Generally such absorptions have been accomplished by direct purchase or by purchase of stock control.

During this period of expansion Anaconda has increased the book value of its capital from \$147,614,365 in 1915 to \$575,743,623 in 1945, being an addition of \$428,129,258, or 290.03 per cent. Acquisitions were responsible for most of this increment—about \$285,000,000; and the remainder was built up by retaining profits and issuing securities.⁶

3. "The Copper Industry", op. cit., p.308

4. Ibid.

5. Ibid., p.309

6. Ibid., p.309

Currently, the Anaconda Copper Mining Company is a vast operating and holding company with over a half billion dollars in assets scattered throughout fifteen states and several foreign countries. Ownership of this corporation is vested in 123,827 stockholders who hold the 8,674,332 outstanding shares.⁷

Primarily its business consists of the mining, milling, and smelting of nonferrous metal ores; the refining and sale of the metals obtained from these ores; the manufacture and distribution of semi-finished and finished copper and brass products, superphosphate fertilizer, and lumber.

The principal metals obtained from processing the ores mined are copper, lead, and zinc, but there are also recovered silver, gold, arsenic, cadmium, manganese, chromium, vanadium, and molybdenite.

Furthermore, the business of Anaconda is largely international in scope. For example, in 1940 only 33 per cent of its mine production was in the United States and the remaining 67 per cent was abroad. A sizeable portion of its sales and earnings therefore, is derived from foreign sources.⁸

In Table V, page 107, are shown the principal subsidiaries of the Anaconda company in 1944, with the degree of control and nature of the business of each. Its most important mining properties in the United States are: the Butte area of Silver Bow County, Montana, representing 4,000 acres of mineral lands; the Mountain City region of Nevada, with 470 acres; and the North Lily Mining Company properties composed of 6,625 acres in Utah. Anaconda's chief mine holdings in foreign countries are: 19,558 acres at Chiquicamata, Province of Antafagasta, Chile, where operations having an annual capacity of 450,000,000

7. Moody's Manual of Investments, 1948, op. cit., pp.2904ff

8. Ibid., p.2905. "Of gross sales and earnings for the year 1934 (latest available) show that approximately twenty one per cent were derived from sales of copper outside the United States and Canada."

TABLE VI

PRINCIPAL SUBSIDIARIES OF ANACONDA COPPER MINING COMPANY AT THE END OF 1944,
WITH DEGREE OF CONTROL AND CHARACTER OF BUSINESS OF EACH

NAME OF SUBSIDIARY	PER CENT CONTROL	CHARACTER OF BUSINESS
International Smelting and Refining Company.....	100.00.....	Smelting and Refining
Mountain City Copper Company.....	61.69.....	Copper mining in Nev.
North Lily Mining Company.....	56.97.....	Lead and zinc mining in Utah
Andes Copper Mining Company.....	97.77.....	Copper mining and pro- cessing in Chile
Portrerillos Railway Company.....	100.00.....	Railway in Chile
Chile Copper Company.....	99.14.....	Holding company
Chile Exploration Company.....	100.00.....	Copper mining and pro- cessing in Chile
Chile Steamship Company.....	100.00.....	Steamships
Greene Cananea Copper Company.....	98.36.....	Holding company
The Cananea Consolidated Copper Co...	99.97.....	Copper mining and pro- cessing in Mexico
Andes Exploration Company of Maine...	100.00.....	Inactive
Santiago Mining Company.....	78.50.....	Inactive
Basic Magnesium, Incorporated.....	52.50.....	Magnesium mine and mills in Nevada
The American Brass Company.....	100.00.....	Copper products
Anaconda-American Brass, Ltd.....	100.00.....	Copper products in Canada
Kenosha Brass Company.....	100.00.....	Brass mill
Anaconda Wire and Cable Company.....	68.66.....	Copper products
Anaconda Sales Company.....	100.00.....	Metal sales
Butte, Anaconda, and Pacific, Ry.....	100.00.....	Railway in Montana
Tooele Valley Railway Company.....	99.88.....	Railway in Utah
Montana Hardware Company.....	100.00.....	Hardware sales
Interstate Lumber Company.....	100.00.....	Lumber yards in Mont.
Mines Investment Corporation.....	100.00.....	Holding company

Source: Report of the Federal Trade Commission "The Copper Industry", 1947,
p.325

pounds of copper are conducted by the Chile Exploration Company, a subsidiary; 1,954 acres of mineral lands at Potrerillos, Province of Atacoma, Chile, with an annual output of 230,000,000 pounds of copper; and 9,200 acres at Cananea, State of Sonora, Mexico, where operations with a capacity of 100,000,000 pounds of copper annually are administered by another subsidiary, the Cananea Consolidated Copper Company.

In addition to the principal mining installations mentioned above, the Anaconda company controls various smelting, refining, and fabricating plants in this country and abroad; as well as such secondary enterprises as railroads, shipping lines, hospitals, schools, and residential buildings.

Advantages of the Employer's Position

The present section attempts to give definite connection and meaning to the material presented in the past two chapters. It attempts to gather up the loose ends and relate them to the subject under investigation--the economic bargaining positions of the Butte Miners' union and the Anaconda Copper Mining Company. Perhaps it would be too presumptuous to hope that any complete, cut-and-dried conclusion will be reached. Perhaps it will suffice if we merely set down factors to be considered as points of strength and weakness of both parties; so that a clearer understanding of the bargaining relationship will result. The reason for this attitude of pessimism is quite clear. The factors of strength and weakness cannot be assigned varying amounts of influence. We can not state, once and for all, how strongly they will affect future bargaining. Furthermore, to resurrect a previous position, we cannot assume with full confidence that the economic factors will operate to the exclusion of the personal, the social, or the technical factors which also are involved in collective bargaining. Therefore, it is hoped that the reader will take cognizance of the limitations to the conclusions that follow.

If one were to select a single factor that best represented the Anaconda Company's bargaining strength, it would probably be economic power represented by the more than half a billion dollars in assets. As applied to labor relations, this tremendous power enables the employer to fight it out, if need be, with the workers. Furthermore, to inject a non-material factor, economic power is often construed by many to mean political power as well. As an example of this combination, the Anaconda company owns outright or holds ownership in the majority of Montana's daily newspapers, which enables it to influence public opinion. Nor is this influence limited geographically, for the national wire services carry the news emanating from the company-owned press. Historically, this advantage has often been utilized to the fullest in support of company claims during times of labor strife.

In addition to economic power, it has been shown that the Anaconda company enjoys a very favorable position in the industry, as it is one of the three largest firms.

The nature of copper provides another advantage for the employer. As it is a product which can be stored, the employing firms can, by building up inventories, protect themselves from severe losses during work stoppages. Furthermore, a steady supply is demanded by the public, particularly during war time. Hence, it may be expected that the government will not long allow strikes to interfere with production in this industry, particularly during periods of emergency.

The employer's bargaining position is further enhanced by the fact that it is the largest employer in the Butte area. Also, other Montana communities derive much of their income from the company. For example, the smelter in Anaconda, the refinery and wire mill in Great Falls, the lumber mill at Bonner, and the zinc oxide plant in East Helena, provide much of the employment

for these communities. As a shutdown in the Butte mines inevitably affects these other communities, it is possible that public opinion will favor the employer's position so as to bring about a speedy settlement.

The above items do not by any means represent all of the advantages exercised by the Anaconda company. Besides these factors which are peculiar to the company, it also enjoys the advantages normally attached with its being the employer. We may mention in passing, the ability to employ capable, trained labor relations personnel, and the ability to make the final decisions relating to bargaining proposals. Whereas the company stands to lose much through shutdowns because of lost production and idle machinery, the individual employee stands to lose his income---the very means of subsistence.

Disadvantages of the Employer's Position

We may now turn to a discussion of some of the factors that tend to offset the aforementioned advantages to the company. In this respect we are concerned with factors that limit the freedom of the employer's representatives at the bargaining table---factors that operate to soften arbitrariness and urge a quick settlement of labor difficulties.

It has been previously shown that the operations of the employer are largely confined to the area where mineral deposits exist. Threats of migration must be made with the knowledge that tremendous losses will be suffered by abandoning assets still in the earth. What is more, the capital required for conducting mining operations is relatively fixed, unsuited to other uses in other places.

Attention has also been directed to the fact that the Butte mines of the Anaconda company are wet operations, necessitating constant pumping. Should the pumps be left unattended during work stoppages serious damage to the properties may result.

The importance of the Butte mines to the Anaconda company is another factor which forms an incentive to achieve stable labor relations. Considering that the Butte area is responsible for about 65.8 per cent of Anaconda's domestic production, a steady output from this region is desirable from several viewpoints. First, Anaconda's total production would be sharply cut should the Butte mines be tied up. Second, Anaconda's facilities for refining and fabricating copper and copper products surpass the company's domestic mining capacity. Should a major portion of its raw copper be curtailed, Anaconda must look for new sources or be forced to shut down much of its refining and fabricating facilities. If the latter course is taken, the employer would find that not only was it suffering the loss of production and the idleness of capital in its mines, but similar losses would be felt in other stages of production, causing a more expensive stoppage than may be evident at first glance. Likewise, new sources of supply for its refining and fabricating plants may not be obtainable. With the exception of a period of easement during the past war, the four cent per pound tariff on copper imports has prevented Anaconda from using the large output of its Chilean and Mexican mines to satisfy domestic needs, by increasing the cost of such stocks to a prohibitive point. The only remaining alternative would be to obtain raw copper from other domestic producers--a task which may, or may not, be possible.

A final factor which tends to limit the employer's freedom in bargaining concerns its need for a continuing stream of capital from the investing public. In this respect, a company plagued with sporadic labor difficulties may find that new security issues are not taken up with enthusiasm by purchasers because they do not have faith in the firm's ability to maintain steady production and return a profit.

It has previously been established that the Anaconda company has required a steady stream of new capital to finance its program of expansion from 1915 to the present time. There are indications also that this demand for new capital will continue. Besides the more than \$20,000,000 needed for the initial costs of the Greater Butte Project, Anaconda faces large investments in its Chilean properties if they are to continue operations.⁸

Briefly, then, the employer's situation is this: First, it controls a tremendous amount of assets, giving it both economic and political power. Second, it can store the product in anticipation of a labor dispute. Third, it has a chance to enlist public opinion to sympathize with its position. Finally, it is one of the three dominant firms in the industry. Yet, there are a number of factors which prompt the employer to avoid stoppages; factors which make it appear that submission to demands would be more profitable than to risk a crippling strike. Such stoppages may paralyze other Anaconda installations in later stages of production. Damage to mines may result. And finally, capital necessary for replacement and expansion may be lessened should work stoppages turn the investing public to other firms.

8. "The Copper Industry", op. cit., p.181. The changing nature of the ores makes it appear that the Anaconda company may have to abandon open-cut mining methods in favor of underground techniques in its great Chilean mines.

CHAPTER XI

THE UNION'S BARGAINING POSITION

This section of the study presents a general picture of the union's position in bargaining. The same procedure used in the previous chapter is followed here, that is a summary of the strength and weakness of the position. However, we may point out that the weakness of one party is generally an item of strength for the other. In order to avoid excess repetition, we have not included as points of strength and weakness for the union items which were discussed in the previous chapter.

Advantages of the Union's Position

Perhaps one of the outstanding arguments which the union can raise in support of negotiating requests is that of productivity. Examination of productivity in copper mining throughout the United States would find that there has been a consistent increase in output per man hour. Table VII, page 114, illustrates how productivity has increased in both output of ore and output of recoverable copper from 1912 to 1944. This table further shows that productivity of recoverable copper per man hour has grown from 9.86 pounds in 1912, to 31.95 pounds per man hour in 1944, with the maximum in average output being reached in 1936 when productivity per man hour was 35.22 pounds. Over this thirty-three year period the output of recoverable copper per man hour has increased roughly 3.2 times.

Perhaps a more accurate barometer of the productivity of men and machines is offered by ore production, for, as has been pointed out earlier, there has been a steady decrease in the richness or yield of ores mined.¹ In this instance the table illustrates that there has been an even larger

1. See p.88

TABLE VII

PRODUCTIVITY IN COPPER MINING IN THE UNITED STATES, 1912-1944

YEAR	MAN HOURS WORKED (in thousands)	COPPER PRODUCED		ORE PRODUCED	
		Total	Per man hr.	Total	Per man hr.
1912	126,650.0	1,249,094.9	9.86	35,656.4	0.28
1913	138,954.1	1,235,569.7	9.89	36,336.7	.26
1914	102,760.5	1,148,431.4	11.18	35,175.5	.34
1915	113,691.2	1,488,071.5	13.09	43,404.2	.38
1916	151,457.1	2,005,875.3	13.24	57,863.4	.38
1917	152,684.5	1,895,434.3	12.41	58,482.7	.38
1918	152,833.4	1,910,022.8	12.50	62,289.1	.41
1919	94,851.9	1,212,334.0	12.78	36,121.6	.38
1920	89,457.0	1,224,550.2	13.69	36,765.4	.41
1921	35,690.4	466,190.9	13.06	13,396.4	.38
1922	60,039.9	964,583.9	16.07	26,893.2	.45
1923	82,451.7	1,477,739.7	17.92	45,519.3	.55
1924	81,821.2	1,606,165.0	19.63	49,178.3	.60
1925	83,366.4	1,678,117.7	20.13	53,103.0	.64
1926	84,095.8	1,725,275.9	20.52	57,181.9	.68
1927	77,002.5	1,649,959.4	21.43	56,725.5	.74
1928	79,205.2	1,809,796.9	22.85	62,097.1	.78
1929	95,869.7	1,895,110.4	20.81	68,421.9	.71
1930	66,001.9	1,410,147.4	21.37	47,381.5	.72
1931	41,019.3	1,057,750.0	25.79	34,051.0	.83
1932	18,608.4	476,222.0	25.59	12,320.2	.66
1933	13,471.5	381,286.0	28.30	8,387.6	.62
1934	14,726.6	474,810.0	32.24	11,723.6	.80
1935	22,293.3	760,982.0	32.14	19,112.1	.80
1936	34,400.3	1,229,032.0	35.22	38,514.2	1.10
1937	-----	1,683,996.0	28.37	61,513.1	.97
1938	-----	1,115,526.0	22.53	37,794.9	.89
1939	51,855.4	1,456,640.0	28.09	55,239.1	1.07
1940	60,064.7	1,756,172.0	29.24	69,278.5	1.15
1941	68,187.6	1,916,298.0	28.10	78,452.5	1.15
1942	75,447.8	2,160,122.0	28.63	92,285.6	1.22
1943	74,782.2	2,181,636.0	29.17	98,119.7	1.31
1944	60,875.4	1,945,098.0	31.95	91,063.6	1.50

Source: Report of the Federal Trade Commission on "The Copper Industry, 1947, p.115

1. The total copper produced is for 1,000 pounds; the output per man hour indicates the number of pounds per man hour.

2. The total ore produced is for 1,000 tons; the output per man hour is for the number of tons per man hour.

Source: The Federal Trade Commission Report on "The Copper Industry", 1947, p.115.

increase over the same period of time. Productivity measured in tons of ore mined per man hour has increased from 0.28 tons in 1912 to 1.50 tons in 1944, for an increase of about 5.4 times what it had been in the first year.²

Indications are that the Butte mines of the Anaconda company have also experienced an increase in productivity. For example, an official of the company stated that productivity of ore per man shift had increased from 5.6 tons in 1936 to 10.2 tons in 1947, representing an increase of almost one hundred per cent over this period.³

Technological changes have been the main causes of rising labor productivity.⁴ Among these changes we may single out improved mining methods, such as open-cut and block caving techniques, and the more intensive use of capital equipment in mining operations. For example, the horsepower rating of power equipment per worker in the copper industry of the United States has risen from 12.0 horsepower per wage earner in 1919 to 31.6 horsepower in 1939.⁵

This increase in productivity provides a means of meeting requests for wage boosts. How long, and how fast, such increases in productivity will continue to occur must remain in doubt. Yet, for the past and the present this factor has been, and is, a factor of strength for the union.

The supply of mine labor at the present time presents an advantage for the union. In the past there has generally been a sufficient number of men available to satisfy the company's needs in Butte. However, since shortly after the outbreak of World War II, a serious shortage of miners has hampered the company's operations. As long as this shortage continues the union will enjoy an advantage.

2. "The Copper Industry", op. cit., p.115

3. From an address by L.F. Bishop, Production Foreman, given before the Mining section of the National Safety Congress, 1948.

4. "Labor Productivity and Employment in Copper Mining", Monthly Labor Review, Vol.51, pp.50ff

5. Mineral Industries, Vol.I, 1939, p.383

As a further example of union strength in bargaining we might consider the ability of the firm to pay wage increases. However, this concept has many limitations in actual practice. For example, how substantial is this so-called ability to pay? Is it continuing, how long will it last? Without venturing a definite conclusion regarding ability to pay on the part of the Anaconda company, we will merely offer, at this point, some things to consider in appraising the employer's ability to meet requests for increases in wages. It will be recalled that the Federal Trade Commission concluded that a price of copper from twelve to fifteen cents per pound would return producers a sufficient amount to turn profits and build surplus reserves; prices for copper above seventeen cents ordinarily signify the earning of large profits.⁶ Perhaps this will serve as a crude method to judge the fortunes of the employer, and thus, its ability to grant wage increases. Further, the dividend record of the Anaconda company, which is shown in Table VIII, page 117, adds some proof that this firm has had earning power in the past. Since its incorporation in 1895, the Anaconda company has paid dividends to stockholders in all but eleven years. It will be noted from the table also that five of the years when dividends were passed up occurred during the first five years of the Anaconda company's existence.

Disadvantages of the Union's Position

The union encounters certain conditions which limit its success at the bargaining table also. To begin with, it is composed largely of semi-skilled and unskilled workmen. In commenting on the nature of labor employed in copper mining, the Monthly Labor Review pointed out that, "Normally most of

6. See p.101

TABLE VIII

DIVIDEND RECORD OF THE ANACONDA COPPER MINING COMPANY, 1895-1948

YEAR	DIVIDEND	YEAR	DIVIDEND
1895	Nil	1921	Nil
1896	Nil	1922	Nil
1897	Nil	1923	\$2.25
1898	Nil	1924	.75
1899	Nil	1925	3.00
1900	\$3.25	1926	3.00
1901	3.25	1927	3.00
1902	1.00	1928	3.50
1903	1.00	1929	6.75
1904	1.00	1930	5.00
1905	2.87	1931	1.37
1906	4.87	1932	Nil
1907	6.50	1933	Nil
1908	2.00	1934	Nil
1909	2.00	1935	Nil
1910	2.00	1936	1.25
1911	2.00	1937	1.75
1912	2.25	1938	.50
1913	3.00	1939	1.25
1914**	2.50	1940	2.00
1915	1.00, 1.00	1941	2.50
1916	7.00	1942	2.50
1917	8.50	1943	2.50
1918	8.00	1944	2.50
1919	4.50	1945	2.50
1920	4.00	1946	2.50
		1947	3.00
		1948	.75 to March, 31

Source: Moody's Manual of Investments, (Industrial Securities), Porter, John Sherman, Ed., 1948, p.2906

** In 1915 the Anaconda company made a capital change in the par value of its shares from twenty-five dollars per share to fifty dollars per share. Thus the company issued two dividends of one dollar each; one prior to this capital change, and one after.

the mine labor employed in North America is skilled."⁷ However, skill is a description of proficiency that has many different degrees. For the purpose at hand, the amount of skill required to perform the job is a matter of importance because it affects the weight which will be given employee demands and the employer's ability to replace men. Whereas, many of the drill runners, timber men, and other workmen engaged in mining exhibit a great amount of skill, their tasks do not require such long training periods, for example, as do the brick-laying, machinist, or carpentry trades. Then, too, the term "miner" as defined for collective bargaining purposes covers a multitude of job possibilities, many of which are unskilled in nature.⁸ Thus, the union represents a group of workers possessing varying amounts of skill; most of whom should not, for market analysis purposes, be ranked above semi-skilled labor.

A further disadvantage of the Butte Miners' union is traceable to the fact that it has been unable to organize its jurisdiction along industrial lines. True, it counts among its members many workers performing general labor jobs, remotely related to the actual task of mining. But it has never been able to recruit the skilled tradesmen who wield considerable bargaining power because of the scarce nature of their skills. In 1915, when the Western Federation of Miners affiliated with the American Federation of Labor, President Sam Gompers gave the WFM locals the right to organize everybody in the metal mining industry with but a few exceptions.⁹ Some small locals succeeded in exercising this right, and thereby brought many craftsmen into miners' locals which then became industrial organizations. However, this feat

7. Vol.47, October, 1938, p.866

8. See Appendix B, 1948 Agreement between the Butte Miners' Union and the Anaconda Copper Mining Company, Section 10, pp.138-139.

9. Howard, Kinsey, "Butte Remembers Big Bill Haywood", The Nation, Vol.141, 3669, October, 1935, p.514

was never accomplished in Butte. During the 1917 period of labor activity, covered in Chapter III, we saw how the Metal Mine Workers' union was weakened because the crafts refused to give support to the striking miners. Again in 1934, the miners experienced difficulties because of the fact that they could exercise no control over the crafts. In that instance, the craft unions did much to bring the miners' strike to an end by negotiating a separate agreement. So that, periodically, this structural defect has cropped up to hamper the activities of the Butte Miners' union. It is interesting to note in this connection that attempts to bring the crafts under the jurisdiction of the miners' group have always met with failure. For example, in 1935, after realizing the weakness of its position without full industrial organization, the union attempted to invoke the right to organize most workers connected with mining. This was the same permission that Gompers had first tendered twenty years earlier. Accordingly, the union began to recruit craftsmen employed on Butte hill. Shortly after the initiation of this campaign to achieve industrial organization, the American Federation of Labor Executive Board, reversing Gompers' directive, ordered the miners to cease their raids on craft locals. This ended the miners' bid to forge a truly industrial organization in Butte. Besides the cease and desist order emanating from the hierarchy of the AFL, there were several other reasons why this attempt failed. First, the craft unions and their leaders were, by 1935, too firmly entrenched to be uprooted very easily. Second, the craftsmen themselves hesitated to abandon fraternal benefits which they held in the craft unions. Third, they did not favor joining an industrial union where they would constitute a decided minority. Finally, the craftsmen looked upon the miners as a rather undisciplined group which could not afford them the protection they already had in their own unions. Thus, it is doubtful if the crafts

will ever be absorbed directly by the miners' union. Perhaps the only workable remedy to this weakness consists of achieving the utmost cooperation with the craft locals.

The decline in numbers employed in copper mining is another factor which detracts from the union's strength. Whereas, productivity has been quite steadily increasing, there has been a steady drop in the numbers employed in copper mining. The factors responsible for the increment in productivity, technological developments and increased use of capital, have likewise been the cause of diminishing numbers. Table IX, page 121, shows the changes which have taken place in the amount of labor required for copper mining in the United States from 1912 to 1945. Employment, which attained a maximum of 61.3 thousands in 1917, had dwindled to only 31.4 thousands in the peak production year of 1943, a decrease of 48.78 per cent during that period. This trend has also manifested itself in Butte. In 1917, a reported 20,000 workers were employed in the mines on Butte hill. In January, 1941, only 5,000 miners were employed, yet this was a record high for recent years. During World War II, employment fell off to as low as 2,300. It is presently estimated that 5,000 miners are required for normal operations. In the event this decline continues, the union must look forward to a loss of numbers and a loss of financial strength as well.

A further disadvantage facing the union is that it is engaging in what might be termed a dependent form of bargaining relationship. By this is meant that the general pattern of its negotiations will be set by other firms and locals. That is to say, the Butte Miners' union is bargaining with an employer whose position in the industry is secondary to other firms as concerns cost and output, therefore, it is conceivable that the company will

TABLE IX

EMPLOYMENT IN COPPER MINING IN THE UNITED STATES, 1912-1945

YEAR	MEN EMPLOYED (in thousands)
1912.....	51.8
1913.....	56.1
1914.....	44.7
1915.....	47.2
1916.....	61.2
1917.....	61.3
1918.....	59.4
1919.....	39.3
1920.....	35.3
1921.....	18.3
1922.....	25.7
1923.....	32.5
1924.....	32.5
1925.....	33.3
1926.....	32.7
1927.....	30.7
1928.....	30.6
1929.....	37.1
1930.....	27.7
1931.....	19.7
1932.....	9.6
1933.....	7.0
1934.....	8.1
1935.....	10.2
1936.....	14.1
1937.....	—
1938.....	—
1939.....	23.8
1940.....	27.7
1941.....	31.0
1942.....	32.1
1943.....	31.4
1944.....	25.9
1945.....	20.5

Source: Report of the Federal Trade Commission on The Copper Industry, 1947, p.115

strongly resist any bargaining requests that have been introduced for the first time. It will look down upon innovation. However, it may be more acceptable to issues that are already in force with other bargainers. In short, the relationship between the Butte miners and the Anaconda company is not suited to be a generating type, one that sets the pattern for the whole industry. Rather, this particular relationship gauges its agenda and arguments to fit the standard set by other parties.

In conclusion, disadvantages which are universal among all unions may be noted. For instance, the representatives of labor generally do not have the services of expensive talent. They must, in most cases, entrust the proper presentation of the union's requests to individuals from the membership. Resort to strikes places the individual union member in a precarious financial position. The striker faces the immediate loss of income, and the realization that he may have to work many months, even years, before whatever wage increase he may receive will add up to a sum sufficient to reimburse him for income lost during the strike.

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APPENDICES

APPENDIX A1934 CONTRACT BETWEEN THE BUTTE MINERS' UNION, LOCAL NO.1, OF THE
INTERNATIONAL UNION OF MINE, MILL, AND SMELTER WORKERS AND THE
ANACONDA COPPER MINING COMPANY

Articles of Agreement entered into between Anaconda Copper Mining Company, a corporation of the state of Montana (Hereinafter called the Company) and Butte Miners' Union, No.1 of the International Union of Mine, Mill, and Smelter Workers (Hereinafter called the Union), covering rates of wages, hours of labor, and other conditions of all miners employed in and about the mines of the Company in and about Butte, Silver Bow County, Montana.

Whereas, the Company has recognized the jurisdiction of said Union over the miners as herein defined; and,

Whereas, the parties to this agreement desire to promote the spirit of harmony and co-operation between the Company and the employes subject to this agreement, members of said Union, the following agreement is entered into;

1. This agreement becomes effective on the 20th day of September, 1934, and continues for the period of one year, when it automatically renews itself and continues in full force and effect from year to year thereafter, unless notice is given by either party to the agreement not less than 90 days prior to the 20th day of September in any year that changes are desired in any or all of the provisions of this agreement.
2. The word "miner", as used herein, shall mean all underground workmen engaged in breaking ground, shoveling, timbering, tramping, repair work, and all other such underground work as may be connected therewith; also station tenders, topmen, surface laborers, including those working at the precipitating plants, change house men, sawyers and sawyers helpers, and clock winding watchmen, but does not include any other watchmen.
3. It is the intention hereof, and it is hereby agreed, that the union shall have full recognition and may take into its organization all miners employed by the company in any of the mines of the company in the Butte district.
4. The Company agrees to retain in its employ, upon the conditions provided herein, only members of said Union in good standing, and that it will, within one week after the end of each calendar month, furnish to the union a complete list by mines, of all miners as herein defined, employed by it at its mines, during the preceding calendar month.
The Union may, as soon thereafter as it shall determine, notify the Company of any such employed who were not in good standing at the close of said month. The Company agrees to promptly notify each of such employes so designated, then in its employ, of such delinquency, and if such employe or employes do not, within 10 days after the service of such notice by the Union, place themselves in good standing, the Union will notify the Company of such fact, and such employes as do not comply with such requirements shall not be permitted to further continue in the employ of the Company during the time of such delinquency.

5. It is further understood and agreed that the Company does not undertake, and shall not be asked to settle or decide any question of jurisdiction as between the union and any other unions whose members are employed by the Company.

6. During the life of this agreement the Union agrees that there shall be no collective cessation of work by the members of the Union on account of any controversy which may arise with the Company respecting the provisions of this agreement or any other controversy that may arise between the parties to this agreement, until and unless all of the means of settling any such controversy with the employes under the provisions of this agreement, or otherwise, shall have failed. The Company agrees that it will not lock out the employes covered by this agreement on account of any controversy with the employes respecting the provisions of this agreement, or any other controversy that may arise between the parties to this agreement, until and unless, all other means of settling such controversy under the provisions of this agreement, or otherwise, shall have failed. Provided, however, that nothing in this agreement shall be interpreted as interfering with the Company's right to extend, limit, or curtail its operations, or to shut down completely when, in its sole discretion, it may deem it advisable so to do. Whenever feasible, reasonable notice of any shut down shall be given to the Union.

It is further agreed that should any conditions lead to a stoppage of operations, the Union will, at the request of the Company, keep such members of the Union as the Company may require, engaged on such work on the properties of the Company in connection with the operation of pumps and other machinery, or on such other work as may be necessary to protect the properties from damage or destruction; it being understood that no such employes shall be required to work during the period of any strike if and when the Company attempts to produce.

7. It is mutually agreed that the following scale of wages and hours of labor shall apply to all workmen covered by this agreement;

The minimum wage for underground miners for an eight hour day shall be \$4.25; provided however, that where differentials in amounts of pay for miners, surface workers, and other members of the Union, covered by this agreement, because of classification, were, prior to the strike, higher or lower, than said minimum, the differentials shall not be changed in amount. The said minimums are based upon a price for electrolytic copper of less than 9 cents per pound. When the price of electrolytic copper is, or exceeds 9 cents per pound, and continues for a period of thirty successive days at or exceeding an average of 9 cents per pound, then said minimum shall be increased fifty cents per day; when the price of electrolytic copper exceeds eleven and one-half cents per pound and continues for a period of thirty successive days at, or exceeding an average of eleven and one-half cents per pound, there shall be a further increase in said wage of twenty-five cents per day; and when the price of electrolytic copper exceeds thirteen cents per pound and continues for a period of thirty days at, or exceeding an average of thirteen cents per pound, there shall be a further increase in said wages of twenty-five cents per day, and similar increases of twenty-five cents per day shall be made for each one and one-half cents of rise in the average price of electrolytic copper for any period of thirty successive days above thirteen cents per pound subject to the conditions hereinafter provided.

There shall be no increase in the said wage until, and unless the price for electrolytic copper reaches a base price at which an increase in the then current wage is to be made under the foregoing schedule, and until, and unless the average price of electrolytic copper for a period of thirty successive days thereafter equals or exceeds the base price, and in such event, such changes shall remain in effect for a continuous period of not less than thirty successive days. In case the price of electrolytic copper declines below the base price upon which the then current wages are based and the average price of electrolytic copper for any period of thirty successive days thereafter is less than such base price, the wage to be paid after said thirty day period shall be the minimum wage, as the schedule above sets forth plus such addition, if any, to such minimum wage, as the schedule above sets forth provides shall be made with respect to such average price. Further successive increases or decreases in wages shall be made subject to the foregoing conditions, dependent upon the average price of copper from time to time; provided, however that when a change in wage is made, no further change therein, shall be made for a period of at least thirty successive days.

The price for electrolytic copper on any day shall be that quoted in the Engineering and Mining Journal for deliveries F.O.B. Connecticut Valley points, and the average price per pound of electrolytic copper for a period of thirty successive days shall be the average of the price for said sixty days set forth in said Journal for said delivery.

Provided, however, that it is understood that the increase of fifty cents per day for all classifications covered herein shall be maintained for a period of six months from the date of this agreement, regardless of whether or not the price of copper falls below nine cents per pound during such six month period.

8. Overtime shall be paid for at the rate of time and one-half, and when the employees are called out for work between the regular shifts they shall receive time and one-half for such services, and the minimum pay for service in such instances shall not be less than four hours of straight time.

The following named holidays shall be paid for at the rate of double time: Memorial Day, July Fourth, Labor Day, and Christmas.

9. Grievances.

(a) Any grievance or misunderstanding concerning any rule, practice, or working condition, including the contract system, or any other grievance, which cannot be settled on the job between any employe and his employer must be first taken up with the management by said employe or his representative or representatives of his choosing, and in case a settlement cannot be made, the subject matter which caused the grievance must be taken up with a committee representing the Union and a committee of the Company.

In case of disagreement as to any facts existing on the ground, the Union committee or its representatives may, with a representative of the Company, make any necessary examinations at the working place involved.

(b) Any such grievance or misunderstanding which shall not have been settled as hereinabove provided shall be referred to a local industrial relations committee to be organized at Butte as a result of this agreement, consisting of five members representing the Butte Miners' Union, No.1, and five members representing the Company. The union members of the committee shall be selected by the Union from its members in such a manner as shall be determined by the Union, and the representatives of the Company from its officers or employes,

as shall be determined by it. This local industrial relations committee shall endeavor to effect an adjustment of the questions presented to it by either the Union or the Company. The vote of seven members of such local industrial relations committee shall be required to decide any questions submitted. Should the Committee fail to reach an adjustment of the question or questions presented to it within a period of fifteen days after the presentation thereof, or such further time as the committee shall mutually agree upon, the question or questions upon which no agreement has been reached shall be immediately submitted to an executive industrial relations committee as follows.

(c) The executive industrial relations committee shall be established, which shall consist of three members representing the employer. The representatives of the employes shall be selected one from Butte, one from Anaconda, and one from Great Falls. Butte Miners' Union, No.1 and, or Butte Hoisting Engineers' Union, No.83, shall select the Butte member, as these unions shall determine; Anaconda Mill and Smeltermen's Union, No.117 of Anaconda, shall select the Anaconda member, and the Great Falls Mill and Smeltermen's Union, No.16 shall select the Great Falls member of said committee, such members to be selected from the membership of the unions in such manner as the unions entitled to make such selections shall determine.

The representatives of the employer shall consist of one member from Butte, one from Anaconda, and one from Great Falls, to be selected from among its officers or employes. The vote of four members of such executive industrial relations committee shall be required to decide any question submitted to it. Said committee shall reach a decision on the question or questions submitted within thirty days after the presentation thereof, or within such further time as the committee shall mutually agree upon. The decision of this executive industrial relations committee shall be final and binding upon the parties hereto. Said executive industrial relations committee shall meet at Butte or such other place or places as it may determine.

(d) It is understood and agreed that any question or grievance arising between the Company and the Union which cannot be settled under the provisions of this agreement, and is submitted by the Union to a vote of its members, only those members of the Union involved in and directly affected by the issue in question have the right to vote thereon.

In witness whereof this contract and agreement has been duly executed by the parties hereto.

The above agreement was signed on September 19, 1934 by the following parties:

For the Anaconda Copper Mining Company
J.R. Hobbins, Vice-President in Charge
of Western Operations.

For the Butte Miners' Union, Local No.1,
Robert C. Brown, President

APPENDIX B

1948 AGREEMENT BETWEEN THE BUTTE MINERS' UNION, LOCAL NO.1, OF THE
INTERNATIONAL UNION OF MINE, MILL, AND SMELTER WORKERS AND THE
ANACONDA COPPER MINING COMPANY

SUPPLEMENTARY AGREEMENT

This supplementary agreement, made and entered into this 7th day of July, 1948, between and by ANACONDA COPPER MINING COMPANY, a Montana corporation, hereinafter called the "Company", and the BUTTE MINERS' UNION, NO.1 of the INTERNATIONAL UNION OF MINE, MILL, AND SMELTER WORKERS, hereinafter called the "Union", WITNESSETH:

WHEREAS the parties hereto on the 12th day of June, 1947, entered into a contract covering rates of wages, hours of labor and other conditions of all men subject to the jurisdiction of the Union employed in and about the plants of the Company in the vicinity of Butte, Montana; and

WHEREAS the term of said agreement was for a period of two years from and after the 1st day of April, 1947, and to and including the 31st day of March, 1949, which agreement is til in full force and effect; and

WHEREAS said agreement contains a proviso that the clause entitled "Wages and Differentials" should remain in effect to and including March 31st, 1948, and continue in effect unless the same opened by proper notice for further negotiations with respect to adjustments of the subject matter of said clause; and

WHEREAS the Union reopened said clause for further negotiations and the parties hereto have conducted the said negotiations with a view to making such adjustment:

NOW, THEREFORE, in consideration of the premises, it is understood and agreed as follows:

(1) Effective July 1st, 1948 wages shall be increased by the sum of * Twelve Cents (12) per hour over the wage rates in effect on March 31st, 1948.

(2) The Company agrees to pay for work performed or for work not performed on New Years Day at the same rate and upon the same conditions as provided with respect to other holidays enumerated in paragraph numbered 6 of the present agreement.

(3) It is further understood and agreed between the parties that upon the expiration of the present contract on March 31st, 1949, the parties will renew said expiring contract and all its terms and conditions for a term ending on June 30th, 1950; provided, however, that the clause of said contract as renewed entitled "Wages and Differentials" may be reopened for negotiations on July 1st, 1949, on the question of cents per hour of wages only, on condition that the party desiring to negotiate for changes in the cents per hour of wages notifies

* This increase made the basic wage rate \$11.11 for eight hours of straight time work.

the other party not less than sixty days prior to July 1st, 1949, of its intentions to reopen this clause of the contract for such negotiations; and provided, further, that in connection with the renewal of the present agreement after April 1st, 1949, the parties agree that the clause in paragraph numbered 3 of the agreement, which requires the Company to retain in its employ only members in good standing of the Union; shall be continued in effect until the expiration of the extended agreement only on condition that it shall be legal to do so. The parties agree that unless the law has theretofore been changed to render such clause legal or unless there is a final and definitive court ruling declaring such clause legal, the parties will meet on or before April 1st, 1949 for the purpose of discussing and negotiating what union security clause, if any, shall be substituted therefor.

IN WITNESS WHEREOF, the parties hereto have duly executed this agreement, the day and year first above written.

ANACONDA COPPER MINING COMPANY

By H.J. Rahilly,

Its Manager of Mines.

BUTTE MINERS' UNION NO.1,

By Oscar Hills,

Its President

By John McLeod,

Chairman

1947 AGREEMENT

ARTICLES OF AGREEMENT, entered into between Anaconda Copper Mining Company, a corporation of the State of Montana, hereinafter called the "Company", and Butte Miners' Union No.1, of the International Union of Mine, Mill, and Smelter Workers, hereinafter called the "Union", covering rates of wages, hours of labor, and other conditions of all miners employed in and about the mines of the Company in and about Butte, Silver Bow County, Montana.

WHEREAS, the Company has recognized the jurisdiction of Butte Miners' Union No.1 over the miners as herein defined; and

WHEREAS, the parties to this agreement desire to promote the spirit of harmony and cooperation between the Company and the employees subject to this agreement, members of said Union, the following agreement is entered into:

1.

TERM OF AGREEMENT:

This agreement becomes effective on the first day of April, 1947, and continues to and including March 31st, 1949, when it automatically renews itself and continues in full force and effect from year to year thereafter unless notice is given by the Union or the Company not less than forty-five days prior to the date of expiration in any year after 1948 that changes are desired in any or all of the provisions of this agreement. Such notice served by either party on the other shall set forth the clauses in the contract for which changes are desired and additional clauses to be added. All clauses not specifically so reopened shall automatically be renewed. Provided, that the clause entitled

"Wages and Differentials" shall remain in effect to and including March 31st, 1948, and thereafter during the life of this contract unless notice is given by the Union or by the Company not less than forty-five days prior to April 1, 1948, that changes are desired in such clause after March 31st, 1948; and provided further, that the schedule of qualifying time set forth under the clause entitled "Vacations" shall be recomputed after the vacation year ending March 31st, 1948, upon the same basis as it has been computed in the schedule set forth in this contract and so as to make such schedule applicable to the ensuing year.

2.

UNION RECOGNITION:

It is the intention hereof and it is hereby agreed that the Union shall have full recognition and may take into its organization all miners employed by the Company in any of its mines in the Butte district.

3.

EMPLOYMENT OF UNION MEMBERS, COLLECTION OF DUES:

The Company agrees to retain in its employ upon the conditions herein provided as miners at Butte, only members in good standing of the Union, and agrees that it will within seven days after the close of the first pay period of each month after April 1, 1947, and within seven days after the close of the first pay period after the end of each calendar month thereafter, furnish to the Union a complete list in duplicate of its employees coming within the jurisdiction of the Union employed by the Company during the preceding calendar month. Within the limits herein specified, the Union shall notify the Company of any change in the amount of dues, initiation and reinstatement fees, or assessments, if any, and will from time to time notify the Company of any change therein. The Company further agrees to deduct from wages due each employe and to remit to the Union along with each said list monthly dues in an amount fixed by the Union, not to exceed One and 25/100 Dollars for each employee on said list. The Union will then submit to the Company within five days a list of all employees not members of the Union taken from said list, and the Company further agrees to deduct from said employees' pay initiation and reinstatement fees in an amount fixed by the Union, not exceeding Five Dollars bi-weekly. The Company will also deduct International assessments in an amount fixed by the Union, not exceeding One Dollar per year from each employees' pay. The total of all said deductions shall be transmitted to the Secretary-Treasurer of the Union. Nothing herein contained shall require deductions from employees' pay in violation of the "Anti Kick-Back Law" or any other federal or state law.

4.

QUESTIONS OF JURISDICTION:

It is understood and agreed that the Company does not undertake and shall not be asked to settle or decide any question of jurisdiction as between the Union and any other union whose members are employed by the Company.

5.

WALKOUTS, LOCKOUTS, PROTECTION OF PROPERTY:

During the life of this agreement the Union agrees that there shall be no collective cessation of work by the members of the Union on account of any controversy with the Company respecting the provisions of this agreement, or any other controversy that may arise between the parties to this agreement, until and unless all of the means of settling any such controversy under the provisions of this agreement, or otherwise, shall have failed. The Company agrees that it will not lockout the employees covered by this agreement on account of any

controversy with the employees covered by this agreement respecting the provisions of this agreement, or any other controversy that may arise between the parties to this agreement, until and unless all other means of settling such controversy under the provisions of this agreement, or otherwise, shall have failed; provided, however, that nothing in this agreement shall be interpreted as interfering in any way with the Company's right to extend, limit, or curtail its operations, or to shut down completely when in its sole discretion it may deem it advisable so to do. Whenever feasible, reasonable notice of any shut-down shall be given to the Union.

It is further agreed that should any condition arising either during the period of this agreement, or at or after the expiration thereof, lead to a stoppage of production, the Union will, at the request of the Company, keep such members of the Union (in continued good standing with the Union) as the Company may require engaged on such work on the properties of the Company in connection with the operation of pumps and other machinery, or on such other work as may be necessary to protect the properties from damage or destruction; it being understood that no such employees shall be required to work during the period of any strike, if and when the Company attempts to produce. As to such members so employed, the terms of this agreement shall be considered extended during the period of such employment, but it is understood and agreed that if, as a result of the settlement of any such controversy leading to a stoppage of production, there shall be any increase in the wage scales, the members of the Union who have been employed during such cessation shall receive for such period of employment wages at the rate finally agreed upon.

When members of the Union qualified and capable for such work are available, the Company will, at the request of the Union, change such employees each fifteen days, one-third thereof every five days.

It is further agreed that during the entire period of any stoppage of production salaried or supervisory employees of the Company shall have free access to any and all parts of the properties without hindrance or interference by members of the Union, or persons representing or under the control of the Union; provided, however, that such salaried or supervisory employees will not perform work customarily performed by Union members on maintenance duty provided such maintenance is being performed by such Union members.

It is further agreed that members of other Unions having contracts of maintenance shall likewise have free access to the properties for the purpose of maintenance required under their contracts, and shall be issued passes by the Union which shall entitle them to such access.

6.

HOLIDAYS:

Hereafter, daily paid employees covered by this contract shall be paid for the following holidays not worked: Memorial Day, Fourth of July, Labor Day, Christmas Day, and June 13th, "Miners' Union Day", subject to the following terms and conditions:

- (1) When any such holiday falls on Sunday, the next day, Monday, shall be considered the holiday, and

- (2) Employees shall be qualified to receive pay for holidays not worked if they have completed twenty-six weeks of continuous employment with the Company. "Continuous employment" as used in this paragraph shall mean being on the payroll at the beginning of such period, or within fourteen days immediately prior thereto, and working for a minimum of one hundred seventeen shifts for men on a six day week and ninety-seven shifts for men on a five day week in the twenty-six weeks preceding the week preceding the workweek in which the holiday occurs, except that days spent on legitimate union business (as described in the vacation clause, Sec.19, par.(b)) and days lost because of injury arising out of employment (up to thirty days) and days lost because of jury duty (up to thirty days) shall be considered as days worked for purposes of this section.
- (3) The employee would otherwise have been scheduled to work on such day had it not been observed as a holiday, and
- (4) The employee must have worked his last scheduled work shift prior to, and his next scheduled work shift after, such holiday.
- (5) An employee eligible under these provisions shall receive eight hours' pay at the regular straight-time hourly rate, exclusive of shift differentials, overtime, contract earnings, bonuses, holiday or other premiums, of the shift worked by him immediately prior to such holiday, providing that when such holiday falls on the first day of the workweek such straight-time rate for the shift worked by him immediately after such holiday shall be used in determining such holiday pay.
- (6) An employee who has been assigned or scheduled by the Management to work on any such holiday and then fails to report and perform such work shall not receive any pay for such holiday.
- (7) All work performed on such holidays shall be compensated for at double time, which shall be the maximum amount payable for work performed on such day, it being understood and agreed that an employee so compensated for has no additional claim because of this provision providing for pay for unworked holidays or by reason of any applicable federal or state law.
- (8) No provision herein regarding pay for unworked holidays shall be construed as requiring such holiday to be included in computing the number of hours worked during the workweek for the purpose of determining the amount required to be paid for the sixth or seventh day of such workweek under the provisions of state or federal law or this contract.
- (9) When the mines or plants are operated in production on Sunday in lieu of any of the aforementioned holidays, employees shall be paid straight time for such Sunday work, except as to work performed in excess of forty hours in such workweek or in excess of eight hours on such Sunday, which shall be paid for as hereinafter provided.
- (10) Employees qualified under this section who have been laid off in a reduction of force within seven calendar days prior to the holiday shall receive pay for such holiday.

7.

EIGHT-HOUR DAY AND OVERTIME:

- A. Eight hours shall constitute a day's work and all work performed in excess of eight hours in any one day shall be paid for at the rate of time and one-half, and where an employee is kept underground due to causes over which the employee has no control, such time shall be considered hours worked. Forty hours shall constitute a week's work and

- all work performed in excess of forty hours shall be paid for at the rate of time and one-half. Overtime paid for hours worked in excess of eight hours in any one day in the workweek shall be applicable to payment of any overtime due for hours worked in excess of forty hours in such workweek. This provision shall not apply to holiday pay.
- B. Employees who start the work of a shift at the working place and quit or are laid off shall be paid for the time worked plus travel time and surface time as now applied.
 - C. Overtime shall be paid at the rate of time and one-half and when employees are called out for work between the regular shifts they shall receive time and one-half for such services, and the minimum pay for services in such instances shall not be less than four hours of straight time.
 - D. Men not in continuous operation and who are considered straight day's pay men, such as carpenter helpers, when called out to work on Sunday and work as helpers to craftsmen receiving time and one-half, will be paid time and one-half for such Sunday work, except when such Sunday is worked in lieu of a holiday as provided for in paragraph 9 of Section 6.
 - E. Any employee reporting for work on his regularly scheduled shift shall be permitted to work at any job available for such shift. In case the employee is not given an opportunity to work, he shall be paid for four hours' work at his straight-time base rate of pay, except that in case of cessation of operations at the mine or plant, or any portion thereof, due to causes beyond the control of the Company, the Company shall not be required to pay wages to any employee reporting for work at such time.
 - F. Loss of work or pay on holidays cannot be made up except as required for conducting the operations of the Company.

8.

PAYMENT OF WAGES ON QUITTING:

In the event that an employee quits before the regular pay day, such employee shall not receive his wages until three days after the date of such quit, except in cases of emergency.

9.

REEMPLOYMENT OF MILITARY:

As to the reemployment of employees of the Company entering the land or naval forces of the United States, the Company will comply with federal and state laws relating thereto.

10.

"MINER" DEFINED:

The word "miner" as used herein shall mean all underground workmen engaged in breaking ground, shoveling, timbering, tramping, repair work and all such other underground work as may be connected therewith, also station tenders, topmen, surface laborers, including those working at the precipitating plants, change house men, sawyers and sawyers' helpers and clock-winding watchmen, but does not include any other watchmen, and does not include shift bosses doing maintenance work and repair work in non-operating mines. The Union shall continue to have jurisdiction over laborers which the Company employs in construction or repair work in and about the mines, plants, and properties of the Company, including buildings, parks, playgrounds and recreational centers of the Company at or near Butte; subject, however, to the right of the Company to have any such work performed by a contractor, and further subject to jurisdiction as heretofore exercised over certain employees by Build-

ing Service Employees, Local No. 160.

The rate of pay for laborers under the Jurisdiction of the Miners' Union as above set forth performing work downtown shall be the Hill scale, and such work shall be governed by the hours and working conditions applicable to laborers on the Hill.

11.

TEMPORARY TRANSFERS

When employees are temporarily transferred from a job to one in which the wage rate is lower, and have not been notified the day before of such transfer, they will be paid the higher rate for such time as they work on the lower rate job, not exceeding one shift.

12

BULLETIN BOARDS:

The Company agrees that a section of the bulletin board at each mine and plant shall be set aside for the use of the Union for routing Union notices. Any material which the Union desires posted on the bulletin board shall be handed to the proper employees of the Company for approval and posting.

13.

HOSPITAL AND MEDICAL CONTRIBUTIONS:

The Company will contribute to a family doctor and hospital contract or contracts or insurance for necessary medical and hospital treatment which the Union may select, subject to the approval of the Company, covering the families of its employees an amount equal to the amount paid by the employees not exceeding One Dollar per family per month. At the request of the employees the Company will deduct the employee's contribution from his earnings and make disposition thereof in accordance with such contract or contracts or insurance as may be entered into between such employees or their representatives and such doctors, hospitals, or insurance company. Where such employee is temporarily off the Company's payroll because of sickness or injury, on satisfactory proof having been made to the Company that he has contributed to any such contracts, the Company will continue its contribution, as above set forth, for a period not to exceed six months.

14.

PAY FOR INJURED:

Men who are injured shall receive a full day's pay for the day on which they are injured. In the case of contract miners, they shall be paid for the time worked at the contract rate and the remainder of the shift at straight day's time.

15.

GRIEVANCES:

Any grievance or misunderstanding concerning any rule, practice or working condition, including the contract system or any other grievance which cannot be settled on the job between any employee and his employer, must be first taken up with the management by said employee or his representative or representatives of his own choosing; provided, however, that no grievance shall be taken up for investigation or adjustment where the employee or employees involved discontinue work before the procedure for adjusting grievances set forth herein has been complied with. This clause shall not apply to employees who have been discharged.

As representative or representatives of the employee for the purposes aforesaid, the Company will recognize the Mine Grievance Committee in the Butte mines. The Mine Grievance Committee shall consist of one man on each operat-

ing level of the following mines: Mountain con, Belmont, Leonard, and Tramway. The number of men on the Grievance Committees at the other Company mines shall be mutually agreed upon between the Company and the Union. All members of such Grievance Committees shall be members of Butte Miners' Union No. 1, who shall be selected for each mine from members of said Union there employed, in such manner as the employees at each mine shall elect. In selecting members of the Grievance Committee consideration should be given to their occupations so as to interfere with production as little as possible. The Committee may not be enlarged at any mine without mutual consent of the parties hereto, a committee member shall continue to serve as such only so long as he continues to be an employee at said mine. The duties of the Mine Grievance Committee shall be confined to the adjustment of disputes between the mine management and the miner or miners when the miner or miners and the management have failed to agree. The Mine Grievance Committee shall have no other authority, nor shall it in any way interfere with the operations of the mine, and for the violation of this clause any or all members of the committee shall be removed from the Committee by the Union at the request of the Company, and shall be ineligible to serve as a committeeman or committeemen during the remaining term of this agreement. The Mine Grievance Committee in the discharge of its duties shall under no circumstances go around the mine to the various working places for any cause except as aforesaid. The committee shall have the right to take up a grievance only before or after regular working hours, and the Company will have its representative on hand at such times.

In case of disagreement as to any facts existing on the ground, not more than two members of the committee and the employee or employees involved may accompany the foreman or his representative to the working place to make any necessary examination. Such examination may be made at the start of the next working shift or as soon thereafter as practicable.

In case a settlement cannot be made, the subject matter which caused the grievance must be taken up with a committee representing the Union and a committee of the Company, this local Grievance Committee may likewise take up with the Company any grievance of the Union.

Any such grievance or misunderstanding which shall not have been settled as hereinabove provided shall be referred to an Executive Industrial Relations Committee. The Executive Industrial Relations Committee shall consist of three members representing the employee or employees and three members representing the Company. The representatives of the employee or employees shall be selected, one from Butte, one from Anaconda, and one from Great Falls, Butte Miners' Union No. 1 or Butte Stationary Engineers' Union No. 83 shall select the Butte member, Anaconda Mill and Smeltermen's Union No. 117. shall select the Anaconda member, and Great Falls, Mill and Smeltermen's Union No. 16 shall select the Great Falls member of said committee, such members to be selected from the members of the Unions in such manner as the Unions entitled to make such selections shall determine. The representatives of the Company shall consist of one member from Butte, one from Anaconda, and one from Great Falls, to be selected by the Company from among its officers or employees. The vote of four members of such Executive Industrial Relations Committee shall be required to decide any question or questions submitted to it. Said Committee shall reach a decision on the question or questions submitted to them forthwith, or within such further time as the Committee shall mutually agree upon. The decision of this Executive Industrial Relations Committee shall be final and binding upon the parties hereto. Said Executive Industrial Relations

Committee shall meet at the place where the grievance originates, unless otherwise determined by the Committee.

In the event the Executive Industrial Relations Committee fails to reach an agreement on the question or questions submitted to it within the time allowed, the parties hereto shall mutually agree upon an arbitrator to be selected within seven days thereafter, or such further time as the parties may agree upon. The decision of the arbitrator shall be final.

During the pendency of such grievance either party to this agreement may avail itself of the services of the conciliation or mediation channels provided by the United States Government.

It is understood and agreed that when any question or grievance arising between the Company and the Union which cannot be settled under the provisions of this agreement is submitted by the Union to a vote of its members, only those members of the Union involved in and directly affected by the issue in question and employed by the Company at the time the vote is taken, or within six months prior thereto, and in good standing with the Union, shall have the right to vote thereon.

16.

SUBJECTS AND EXPENSES OR ARBITRATION

No question of a change in the wage scale or differentials shall be the subject of arbitration. The fees and expenses of such arbitrator shall be borne equally by the Union and the Company.

17.

WAGES AND DIFFERENTIALS:

(See Article 1, of Supplementary Agreement, page 133, this Appendix.)

18.

WORKWEEK AND PAY DAY:

The workweek shall start with the beginning of the day shift on Sunday, and pay day shall be the Saturday next succeeding the close of the workweek.

19.

VACATIONS

In order to provide an incentive for steady employment by the parties hereto, each and every employee covered by this agreement who shall continue in the employ of the Company after April 1, 1947 or after the first anniversary date of his last employment, shall be granted vacations as follows:

(a) Vacation periods shall be assigned with due regard to continuity and economy of mine and plant operation. To this end employees entitled to a vacation period shall receive the same in accordance with schedules to be prepared by the Company, having regard to the expressed desires of the men, period of employment, and spreading vacation periods so as not to interfere with mine and plant operations. Vacations shall begin on the first day of the employee's workweek, except in cases of emergency. It shall be the policy of the Company that if an employee entitled to a vacation during the contract year is laid off on account of curtailment of operations or production, the vacation shall be taken during the period of such curtailment. Such vacations shall be taken during the period from April 1, 1947 to April 1, 1948, except in cases which have not been decided or cannot be accommodated before April 1, 1948.

(b) Days spent by Union members on leave of absence attending conferences for contracts or contract renewals with the Company as members of the General Negotiating Committee, or while attending meetings of the Executive Industrial Relations Committee under this agreement, or while attending as accredited delegates the annual convention of the International Union of Mine, Mill and Smel-

ter workers (limited, however, to ten days), shall be counted as part of the required number of days worked which are a requisite to entitle the employee to a vacation.

(c) Any employee of the Company who takes a full time job with his local Union or the International Union of Mine, Mill and Smelter Workers for a period of not to exceed four years, and who returns to the employ of the Company within thirty days after his job with the Union ceases, and remains in its employ for one year, shall be eligible for a vacation on the record of his employment prior to his taking of the Union or International job, but the time that such employee spends on a Union or International job shall not constitute time worked for the Company.

(d) In case of injury arising out of the employment, not to exceed sixty days additional time during disability, and in case of active service on a jury in the Federal or State District Courts, not to exceed thirty days additional time shall be counted as part of the required number of days worked which are requisite to entitle such employee to a vacation.

(e) The length of an employee's service shall be determined by the number of days' work he performed for this Company in its operations at Butte, Anaconda, and Great Falls.

(f) Each and every employee covered by this agreement having less than five years of continuous service and who, during the year ending March 31, 1947, was on a five day workweek schedule and shall have worked not less than 193 shifts for the Company, or was on a six day workweek schedule and shall have worked not less than 231 shifts for the Company during such year, shall be entitled to seven days' vacation with six days' pay, providing the employee is working on a regularly scheduled six day week, or seven days' vacation with five days' pay, providing the employee is working on a regularly scheduled five day week or less.

(g) Each and every employee covered by this agreement having five or more successive years of continuous service and who, in the five years immediately preceding April 1, 1947, shall have worked the number of shifts in each of the years set forth in the schedule herein, depending upon whether he was on a five shift week or a six shift week during such year, shall be entitled to fourteen days' vacation with twelve days' pay, providing the employee is working on a regularly scheduled six day week, and fourteen days vacation with ten days' pay, providing the employee is working on a regularly scheduled five day week or less

SCHEDULE

Qualifying Year	4-1-41	4-1-42	4-1-43	4-1-44	4-1-45	4-1-46
	3-31-42	3-31-43	3-31-44	3-31-45	3-31-46	3-31-47
	Shifts	Shifts	Shifts	Shifts	Shifts	Shifts
Six day week	161	178	182	186	231	231
Five day week	161	178	182	186	231	193

(h) Each employee who, during the life of this agreement, reaches the first or the fifth anniversary, as the case may be, of his last employment and, in the year or years immediately preceding such anniversary, has worked not less than the number of shifts herein required to be worked to qualify for a seven day or a fourteen day vacation, respectively, shall be qualified for a vacation in accordance with the same provisions as herein set forth for a contract year vacation.

(i) Vacation qualifying periods shall not be permitted to overlap, and no employee shall change from an anniversary to a contract year or from a con-

tract to an anniversary year during the period of this agreement. Any employee having five or more years of continuous service with the Company but who, due to causes over which he has no control, fails in any one of the five years preceding the beginning of the current contract or anniversary year to work the number of shifts above specified for that year, shall be allowed to credit the four years or less of continuous service on his next contract or anniversary year, and shall not be required to begin his five-year period over again by reason of his failure to qualify in any such preceding year.

(j) The anniversary date of an employee shall not be affected by incidental discharges or quits where the employee returns to work for the Company promptly. The word "promptly" as used herein shall be understood to mean within the period of seven days after such a quit or discharge.

(k) No employee shall be entitled to more than one vacation period during the contract years, April 1, 1947, to March 31, 1948, and April 1, 1948, to March 31, 1949.

(l) Upon renewals of the vacation clause of this contract the period of qualification for a vacation shall be from April 1st to the 31st of the following March.

(m) Vacation pay shall be computed at straight-time hourly earnings, including shift premium pay and contract earnings, averaged over a period of twelve weeks immediately preceding the computation of such vacation pay.

20.

REIMBURSEMENT OF GRIEVANCE COMMITTEE CHAIRMAN:

The Grievance Committee Chairman shall be reimbursed for time spent for attending the regularly scheduled meetings of the Contract Committee provided he is requested to attend the meeting by the Company; also for attendance at meetings called by or acquiesced in by the Company pertaining to matters which cannot be reasonably delayed until the time of the next regular scheduled meeting.

21.

RIGHT OF BUSINESS AGENT TO VISIT WORKING PLACES:

The Business Agent of the Union shall have the right to visit the working places in the Company's mines at any reasonable hour requested by him and agreed to by the Company.

22.

POSTING OF CONTRACT FORMULA:

The Company shall post the contract formula including prices for miscellaneous items and providing that any complaints arising from the operation of the system with respect to (a) errors in measurements or computations, (b) improper classification of type of ground, (c) improper labor charges, (d) inadequacy in ordinarily provided services, or (e) holdover of bonus or contract pay due to job being incomplete, may be made subjects for grievances through the established grievance machinery.

23.

NOTICE OF REASON FOR DISCHARGE:

The Company shall give prompt written notice to discharged employees without demand therefor, setting forth the reasons for such discharge.

24.

BLASTING REGULATIONS

Blasting during working hours in raises and stopes shall be confined to the following situations: When a life or lives are in danger, a bad slab, a hung chute, a missed hole or holes, when holing a raise or stope when the ground at the sill is considered unsafe. The Company and the Union shall cooperate fully in the practical enforcement of all blasting requirements to the end that no unnecessary blasting shall be done during the shift. It is understood that a blocked grizzly shall be considered a hung chute.

IN WITNESS WHEREOF, the parties hereto have
duly executed this agreement, the 12th
day of June, 1947.

ANACONDA COPPER MINING COMPANY

By H.J. Rahilly,
Its General Superintendent of Mines

BUTTE MINERS' UNION NO.1,

By Oscar Hills,
Its President
By John McLeod,
Chairman, Committee