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THE ECONOMIC EFFECTS OF THE AFL-CIO MERGER



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THE ECONOMIC EFFECTS OF THE

AFL-CIO MERGER

By

Ray Floyd Hudson

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of the Requirements for the Degree of

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A C K N O W L E D G E M E N T

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CONTENTS

CHAPTER	PAGE
I. INTRODUCTION.....	1
A. Statement of the problem	
1. Cordwainers	
2. Typographical union	
3. Effects of the "Conspiracy Doctrine" and the "Restrain of Trade Doctrine" on union organization.	
II. RISE OF NATIONAL UNIONS.....	3
A. DEDICATION	
1. Rise	
2. Decline	
3. Growth and philosophy	
4. Leaders and philosophy	
5. The AFL-CIO merger	
6. Factors leading to the merger	
7. The merger convention	
8. Now the AFL-CIO function	R.F.H.
III. THE EFFECTS OF THE MERGER.....	42
A. The labor monopoly charge	
B. The AFL-CIO effects of political action and legislation	
C. Implications for management	
IV. SUMMARY.....	54
BIBLIOGRAPHY.....	69

CONTENTS

CHAPTER	PAGE
I. INTRODUCTION.....	1
A. Statement of the problem	
1. Cordwainers	
2. Typographical union	
3. Effects of the "Conspiracy Doctrine" and the "Restrain of Trade Doctrine" on union organization	
II. RISE OF NATIONAL UNIONS.....	8
A. Knights of Labor	
1. Rise	
2. Decline	
B. The American Federation of Labor	
1. Growth and philosophy	
2. Factions within the AFL	
3. The split	
C. The Congress of Industrial Organization	
1. Leaders and philosophy	
2. Growth of the CIO	
III. THE AFL-CIO MERGER.....	25
A. Factors leading to the merger	
B. The merger convention	
C. How the AFL-CIO function	
IV. THE EFFECTS OF THE MERGER.....	42
A. The labor monopoly charge	
B. The AFL-CIO effects of political action and legislation	
C. Implications for management	
V. SUMMARY.....	64
BIBLIOGRAPHY.....	69

CHAPTER I

INTRODUCTION

To the student of economics, the aspects of labor should be very important. Labor plays a very important role in our economy and should be studied with great care and in detail. In studying labor we will encounter the "labor problem" which is so prevalent in our present day.

You can hardly pick up the newspaper or read magazines without encountering some aspects of the "labor problem." If one continues to follow the labor news he will discover not one, but many labor problems. A bus union may strike, tying up transportation to a major degree; unemployment may plague one city while another suffers from a labor shortage; an employee may believe that profit sharing may solve the labor problem; an explosion traps 10 coal miners; a statistician reports that wages are rising, and all of these could be extended before they would cover all the types of labor problems.

In common with other areas of the social sciences, labor problems face the difficulty that they cannot be analysed under laboratory conditions. In consequence it is difficult to trace or prove cause-and-effect relation-

ships, and most generalizations within the field reflect the opinions of careful observers rather than scientific laws. This does not mean that inductive studies are lacking. Many excellent ones have been made that utilize controlled sampling and statistical techniques of evaluation, but they deal largely with the details upon which informed opinions must be based, rather than with broad conclusions of general interest.

At this point, the writer wishes to say that in pursuing his problem he will use informed opinions rather than broad conclusions of the general interest. These opinions will be the opinions of the experts.

Statement Of The Problem

The problem of this paper lies within the effects of large controlled, coordinated and influential labor groups upon our economy. These large labor groups referred to may be called "unions". This paper is restricted to one large labor group which is said to be one of the largest in the world. The labor group referred to is the AFL-CIO. The AFL and the CIO merged in 1955 and have caused much controversy as to what effects will result.

The problem of this paper is to determine what are the actual economic effects of the AFL-CIO merger. An

attempt will be made to list various predicted effects of the merger and analyze each to determine its actual validity. These will be compared to the actual effects of the merger up to the present, and a brief look into the future will be discussed.

It is felt that before one can really understand and grasp the contents of this investigative paper, a brief look into the historical background of unions is needed. To facilitate this, a brief look at early unions will be taken.

Early Unionism

The history of trade-unionism in the United States is frequently dated from 1792, when a local union was formed by the journeymen cordwainers (shoemakers) of Philadelphia. There were others such as the carpenters, printers, bakers, and tailors which formed organizations of their crafts.

These early unions were composed of skilled or strategically located workers. In fact throughout history, this group has always been the first to organize.

"Those who by reason of skill or strategic location can exert pressure or inflict a loss by withdrawing their services, have the ability to secure employer recognition long before their less favorably located workers."

1

G. F. Bloom and H. R. Northrap, Economics of Labor and Industrial Relations (Philadelphia: The Blakiston Co., 1950), p. 22.

These early unions did not engage in collective bargaining as we are familiar with it today. The unions would post its prices and announce the wages and working conditions for which its members would work. If the employer refused to meet the union's wishes, a strike would ensue, and necessitate a compromise being worked out. The custom of joint employer-employee conferences developed slowly.

After the development of city federations of local unions came the national unions. "The first national union which has had a continuous existence up to the present time is the International Typographical Union, founded in 1850." After the national unions we had a federation of national unions. The first federation of national unions which had a continuous existence up to the present time is the American Federation of Labor, founded in 1886.

There have been other forms of organizations tried during the history of unionism. There have been attempts to combine people from different trades and industries into a single local union, and to combine "mixed locals" into all-inclusive national organization. An example of

2

Lloyd G. Reynolds, Labor Economics and Labor Relations (New Jersey: Prentice-Hall, Inc., 1956), p. 92.

this type of action was demonstrated by the Knights of Labor which will be discussed later. There have been attempts to merge federations also. This was finally done in December of 1955 when the AFL and CIO merged.

In discussing early unions we will find obstacles that influenced the decline of union growth at various times. There were doctrines originated to check union power and fight it. No other doctrines have gained more popularity and demonstrated attempts to check or destroy unions than the "Conspiracy Doctrine" and the "Restraint of Trade Doctrine". These two doctrines had a definite adverse effect on unions during their existence.

The Conspiracy Doctrine

The basic theory of the "Conspiracy Doctrine" is that a lawful act when done by an individual may be unlawful when it is the result of a concerted agreement. For example, it has been held that it was legal for an individual worker to ask for an increase in wages. When individuals combine, however, for the purpose of demanding a wage increase, courts during the early history of trade unions often ruled that the combination of workers was in itself a violation of the law. In general, according to common law, courts tend to hold that a com-

combination of individuals is legal if the purpose is the benefit of the members of the group. But if the purpose is the injury of the employer, the organization was illegal. Where the organization undertakes to accomplish a purpose that is legal by employing all illegal means, any act of the organization itself is declared illegal and individual members become liable for the actions of the group. In a given case the question to be settled is whether the act of a labor organization is for the purpose of gaining a benefit for the workers or of injuring the employer. And since a union may feel that it can gain its point only by inflicting financial loss on an employer, the court must decide whether the loss to the employer or the benefit to be gained by the workers is of the greater importance.

The Restraint of Trade Doctrine

According to the "Restraint of Trade Doctrine", any contract that restrains trade is against public policy and is unenforceable. Moreover, when persons combine to effect an agreement that will restrain trade, the combination may be regarded as a criminal conspiracy. At common law a combination for the purpose of peacefully persuading an employer to grant an increase in wages was usually allowed to be legal. But

if the purpose was to coerce him, by using "unreasonable" means, such as a strike, picketing, or a boycott, the combination was held to be a conspiracy in restraint of trade. What was the reasonable in any case, of course, depended upon the judgement of the court.

These two common-law principles or doctrines played a major role in judicial decisions effecting labor. In a number of cases brought against trade-unions during the nineteenth century, any sort of union activity was held to be a criminal conspiracy punishable by fine or imprisonment. The legality of trade-unionism remained in considerable doubt until the case of Commonwealth verses Hunt, decided in 1842. In this case it was ruled that union activities were not unlawful per se, their legality depended rather on the objectives which they were designed to attain. From this time onward, the doctrine that any union is a criminal conspiracy fell increasingly out of favor. The thinking of judges was no doubt influenced by the fact that unions continued to grow despite judicial disapproval.

and in ten other cities during the next two years.

Lord S. Reynolds, *Labor Legislation and Labor Relations* (New Jersey: Prentice-Hall, Inc., 1907), p. 64.

CHAPTER II

THE RISE OF NATIONAL UNIONS

The beginnings of local unionism around the year 1800 have been discussed. These locals soon found that they were relatively weak when compared to a strong employer. Consisting of workers in only one trade, with limited funds and no outside support, they often crumbled when forced to strike against a large employer or employer association. The need for some kind of defensive alliance with other unions was felt almost from the beginning.

There are two ways that such an alliance can be formed. The local may join with local unions of other trades in the same area to form city-wide or state-wide organization; or it may join with other local unions in the same trade or industry to form national trade-unions. The first efforts were in the former direction. "City-wide federations, called at the time "trade assemblies" sprang up in Philadelphia, New York, and Baltimore in 1833, and in ten other cities during the next two years."

¹
Lloyd G. Reynolds, Labor Economics and Labor Relations (New Jersey: Prentice-Hall, Inc., 1956), p. 64.

The main function of these groups was to give mutual aid in strikes. Their funds were obtained by taxing each local so many cents per member per month, and the tax was sometimes increased to meet emergency situations. A local wishing to go on strike usually had to secure approval from either the majority or by two thirds of the members of the locals. They had to do this to be able to draw strike benefits from the common fund. The trade assemblies also functioned as boycott organizations, lobbyists, propaganda bureaus, publishers of labor newspapers; and in some cities sponsored an independent labor party. The usefulness of city federations is proved by the fact that they have persisted, with some change of function, to the present day.

It may be asked why was it necessary for the local unions to go beyond this and establish national unions of their respective trades and industries? One reason is said to have been the nationalization of the market for many goods. It has also been said that union organization tend to parellel the organization of industry. In an industry in which employers compete on a national basis, the isolated local soon finds itself competing with local unions in other plants of the industry. In this sort of competition, wages tend to level down to

the lowest rates prevailing anywhere in the country. National unions date for all practical purposes from the Civil War. Two so-called national unions of shoemakers and printers were formed in 1835-36, but they were confined to the Atlantic coast and were wiped out almost immediately by depression. Three permanent organizations appeared during the fifties; the printers (1850), molders (1859), and machinists and blacksmiths (1859). The first period of intensive national organization, however, was from 1863 to 1873. During these years some twenty-six new national unions were formed, many of which have survived to the present day. "The present unions of locomotive engineers, locomotive firemen, carpenters, cigar makers, bricklayers, and painters date from this period."²

The national unions showed much more resistance to depression than the earlier local unions. The depression of 1873-80 caused a great decline in union membership, but at least eleven national unions are known to have survived these years and eight new national unions were formed during the depression.

The national unions not only survived, but gradually took over more and more functions from the local and the

city federations. They began to build up war chests to aid in financing strikes. To prevent dissipation of these funds, it was necessary to forbid local unions to call strikes without the approval of the national union. The national officers thus became involved in all important disputes between local unions and employers, with a view of preventing strikes except where absolutely necessary. From this it was natural for national officers to begin participating in the negotiating of new contracts with employers. This action was desirable also in order to keep some reasonable relation among the schedules and other contract terms secured by the various locals.

It was natural also for the national officers with an intimate knowledge of the trade or industry to take over the work of organizing new locals. The great majority of full-time union organizers now draw their pay from the treasuries of the national unions. The benefit functions of the unions also became centralized in the national office. Union rules for sickness benefits, death benefits, strike benefits, and other types of payments were established throughout the union, and funds were paid to the national treasurer and were disbursed by him.

The expanding functions of the national unions tended to transfer the loyalty of local unions from the city federation to the national union of their trade. Most workers naturally have a sense of closer kinship with other members in their own trade or industry. This feeling was reinforced by the benefits received from the national organizations. Dues paid to the national unions and cash benefits received from it soon amounted to many times the amounts paid to the city federations.

The cornerstones of the trade-union today are the great national unions. The largest unions, all with membership in excess of one hundred thousand, had a total membership in 1952 of about twelve million, or about three-quarters of all organized workers. These unions are of greater significance than the federations based upon them.

Federation of these national unions dates from the 1880's. Several attempts at federation of national unions were made in earlier years. There was the National Labor Union, which flourished during the post-Civil War depression of 1866-1870. Its conventions were composed mainly of delegates from local unions, city federations, and labor political clubs. In such a heterogeneous group, discussions centered on political action. The movement

attained some local successes, but collapsed in 1872 after a national convention nominated Judge Davis for the presidency. Judge Davis declined too late for a new nomination to be made, and this led to the death of the already weak organization.

There have been three important federations devoting themselves to trade-union objectives. These three important federations are the Knights of Labor, the American Federation of Labor, and the Congress of Industrial Organizations.

The Knights of Labor

Organized in 1869 as a secret society by Uriah Stephens, a Philadelphia garment cutter, the Knights of Labor grew slowly at first. Considerable uneasiness was caused when the appearance in public places of strange symbols, including five stars standing for the union's name, would bring hundreds of workmen together. Although intended to protect the men against employer persecution, the mystery exposed the organization to misrepresentation and did more harm than good, so that in 1878 the element of secrecy was dropped. Thereafter membership grew rapidly, reaching 100,000 in 1885. Finally the union forced that shrewd financier, Jay Gould, to treat with it in order to avert strikes on the Washash

and the Missouri Pacific railroads. "The effect of the victory was electrifying: "membership skyrocketed to 730,000 by the following year, making the Knights the most imposing labor union in the country had ever known."³

The ideals of the Knights were very high.

"They looked forward to the end of the wage system, but they were not socialists; rather they hoped to establish a new social order by means of co-operation and political action for the benefit of the workers. They wished to secure for the workers the full enjoyment of the wealth they create, sufficient leisure in which to develop their intellectual, moral, and social faculties, all the benefits, recreation, and pleasure of association. To obtain these they demanded, among other things, the establishment of bureaus of labor statistics, reservation of public lands for actual settlers, the repeal of unequal laws, a weekly payday, mechanic's lien laws, abolition of the contract system of labor on public works, substitution of arbitration for strikes, prohibition of the employment of children under fourteen years of age, the eight-hour day, etc.; but the cardinal principles remained always union, education, and producers' co-operation."⁴

The Knights sought to realize the ideal of one big union and aimed to bring into organization all productive labor using the strenght of the skilled, and mobi-

3

S. Perlman, A History of Trade Unionism in the United States (New York: MacMillan Co., 1952), p. 273.

4

E. L. Bogart and D. L. Kemmever, Economic History of the American People (New York: Longman, Green and Co., 1953), p. 517.

lizing the unskilled so that their competition would not hurt the skilled. Most of the authority rested at the top of the organization. The lowest unit was the local assembly, usually made up of about a dozen workers of one trade. Next came the District Assembly in which numerous trades were represented and which had complete authority over its locals. Above it was the General Assembly, the highest tribunal, and when it was not in session its power rested in the hands of the General Executive Board headed by a Grand Master Workman. By 1886 the Knights were losing their importance in the labor world. The reasons for this rapid decline after 1886 may be summed up under four heads.

(1) Despite their early abhorrence of strikes they engaged in a number of large ones for which they were unprepared. This of course hurt them in the workers' eyes. The ease with which they called one sympathetic strike after another with little regard to the strategic importance of the groups selected did more harm than good.

(2) The Knights uncompromising attitude and sometime violent methods lost them public support. The sabotage connected with the Southwestern railroad strike in 1886

made an impression on the public mind second only to that of the destructive railroad strike of 1887, and this was merely the most outstanding of many Knight strikes at that time. On top came the bomb throwing episode in Haymarket Square, Chicago, during a renewed eight-hour movement. Although it was not known who had done this, eight anarchists were arrested for inciting the outrage, and when one proved to be a Knight and his local assembly would not expel him, many people condemned the whole order.

(3) Many failures occurred in the co-operative enterprises of the Order. Some 200 co-operative ventures were undertaken, chiefly in cooperage, shoemaking, and mining, the best known being the coal mine at Cannelburg, Indiana. The average investment was \$10,000 and the losses were heavy.

(4) Most important was the breakdown of the feeling of solidarity among the different types of members. The mixed assemblies possessed little in common, and the vague ideals of brotherhood were not powerful enough to bind the workers from diverse industries into a unified body for action. In fact, between the skilled and unskilled there developed at times a positive animosity

because the skilled workers realized that they were strategically more important in winning a strike than the replaceable unskilled workers and consequently resented sharing the gains if the strike was a success or were bitter if the strike failed. Add to this the success of the compact craft unions outside the Order in winning their strikes, and it becomes apparent why after 1886 the skilled workers in both industrial and craft unions drifted more and more into the new American Federation of Labor.

The American Federation of Labor

While the Knights of Labor was achieving its great boom, a group of trade union leaders met in 1881 and formed what was first called the Federation of Organized Trades and Labor Unions and then, after 1886, the American Federation of Labor. About twenty-five trades were represented at this time, including carpenters and joiners, cigar makers, furniture makers, iron molders, miners and mine laborers, and typesetters. The Federation grew rapidly. Much of the Federation's success must be attributed to the leadership of Samuel Gompers, an English-born immigrant of Dutch-Jewish descent and a cigar maker by trade, who was president from 1886 to his death in

1924, with the exception of one year. Adolph Strasser of the Cigar Makers' Union was also an important figure in the AF of L.

The chief purposes of the Federation were to unite the various unions for mutual assistance, to obtain legislation favorable to the interests of the working classes, to use every possible means to remedy abuses from which workers suffered, and to improve their working conditions. In carrying out this program the Federation maintained that the strike, the boycott, and the unfair list were justifiable and necessary methods in achieving its ends.

The philosophy of the AFL leaders was a pragmatic one, grounded in the principles of American capitalism. They were out to improve the conditions of those whom they represented and they represented the skilled workers who, because of their strategic location, had the bargaining power sufficient to command employer recognition. It consistently attempted to raise the standards of living by shorter working hours, higher wages, and better working conditions. Gompers prided himself on being a realist, disapproved of political entanglements, avoided the sympathetic strike, and was generally conservative.

He believed that the betterment of labor's conditions by short stages, as opportunities arose, would be more lasting.

The organization of the Federation differed markedly from that of the Knights. The lowest unit was the local union, whose members were all of one trade, say cigar making; then all the cigar-making locals were organized into one national union, and finally the American Federation of Labor united all nationals. The system was modeled after our own government, with each national union playing the part of a state. It is true that there were central and state organizations, but they were of secondary importance and often temporary. The Federation was thus merely a loose grouping of practically self-governing national or local unions, which were largely independent of one another. The members of one local affiliated union might strike and those of another might continue to work in the same plant. Only matters of general interest came before the Federation's officers. Authority was highly decentralized and the Federation was held together largely by the recognition of each union's independence plus the assurance that the Federation would admit no rival union of the same trade.

At first the unions making up the American Federation of Labor contained the skilled members of a particular craft or trade, and largely neglected the unskilled. But as the machine methods destroyed the value of special skill or the need of training for a particular craft, and as industrial combinations brought together under one management various branches of an industry, the power and importance of the older type of self-sufficient or separate trade union was threatened. Some of the unions within the AFL, while not yet approving the idea of one big union sought to organize all workers in their industries; such were the coal miners, the brewery workers, and others.

Samuel Gompers held on to his post until he died. "He was replaced by William Green a native of a mining community in Ohio." ⁵ Green held the office of the president until and after the group of industrial minded workers split from the AFL and formed the CIO.

Congress Of Industrial Organization

The C.I.O. came into being when the majority of the A.F. of L. delegates at the annual convention in Atlantic

⁵ G. F. Bloom and H. R. Northrup, Economics of Labor and Industrial Relations (Philadelphia: The Blakiston Co., 1950), p. 40.

City in 1935 voted against the organization of workers along industrial lines in massproduction industries. A large minority revolted and founded the C.I.O on November 10, 1935, with eight of the unions and one million members. "The argument for industrial unionism was led by Lewis of the Mine Workers, supported by Hilman of the Clothing Workers, Dubinsky of the Ladies' Garment Workers, and Howard of the Typographical Union." John L. Lewis, head of the United Mine Workers, the largest constituent union, became president. Most of the other unions were from the textile trade. The C.I.O. had the same kind of federal framework as the A.F. of L., the chief structural difference was the organization of local unions by industry instead of by craft. Partisans of industrial and craft methods of organization hurled arguments at American labor and the public for many months. The A.F. of L. leaders said that the C.I.O. leaders were guilty of dual unionism, a high form of labor treason because it means divided forces where there should be a unified front before the employer. The C.I.O. leaders replied that the reactionary element in the A. F. of L. was itself guilty for prohibiting industrial unionism

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Lloyd G. Reynolds, Labor Economics and Labor Relations (New Jersey: Prentice-Hall, Inc., 1956), p. 86.

and would rather wreck organized labor than lose control. Craft organization was archaic in a factory economy, they insisted, and was the reason why only one-tenth of the working population was enrolled in unions after two generations of the A.F. of L. Within another two years the C.I.O. had partially organized the automobile, steel, oil, and rubber industries and boasted 32 national unions and 3,700,000 members.

The methods and conduct of the unions in this new giant organization sometimes showed more spirit and ingenuity than respect for the law. Rejoicing in their new-found strength, the unskilled workers and semi-skilled workers were anxious to make up for lost time. The head office had difficulty controlling the national union leaders and these in turn were sometimes unable to restrain the enthusiasm of their membership. Public opinion, although sympathetic toward the workers, was repeatedly shocked by the new union's excesses. A brief look into the General Motors strike of 1937 will serve as an illustration.

The Detroit sit-down strike. Most of the workers in the automobile industry were barely semi-skilled, since four out of every five jobs could be learned

within two weeks. But life on the assembly line was dull and very wearing. Some were unable to stand the pace and complained that it was constantly being speeded up. Numerous labor spies made organization hazardous, and company policy based on the strategy of "divide and rule" encouraged dissention among the unions that did exist. After the "New Deal" began, the United Automobile Workers, which was at first an A.F. of L. industrial union, grew in power, then deserted. The C.I.O., put on a vigorous organizing campaign under the leadership of Homer Martin, and in December, 1936, endeavored to negotiate with company officials for recognition and certain concessions. When the officials refused to negotiate, a strike began at a Fisher Body plant and spread. The workers just sit down in the factories and refused to move; their attitude being that they were protecting their jobs. The corporation stressed that the men were trespassing, often destroying property, and preventing the operation of valuable equipment whose enforced idleness was very costly. A court ordered the men to vacate, but was not enforced largely owing to Governor Murphy of Michigan, who feared there would be bloodshed. Instead he tried to secure a settlement and at last succeeded.

The strike was won; the union achieved recognition, a survey of speed-up abuses was agreed to, time and one-half for overtime was to prevail, and there was to be no discrimination against unionists.

The sit-down strike was novel and highly effective at a time when the union needed victories to give the membership self-confidence. It was declared illegal in the Fansteel case of 1938, but the C.I.O. strikes continued to exist.

Not all members of unions belong to either the A.F. of L. or the C.I.O. Since 1914 approximately one unionist in five to one in ten has not. Most famous of the independent unions are the Big Four Railway Brotherhoods; the engineers, firemen, conductors, and trainmen. Other railway workers have independent unions, as do also a few groups in manufacturing and a considerable number of workers in the government service, particularly in the post-office department. Finally, between 1942, when John L. Lewis led his United Mine Workers out of the C.I.O., and 1946 when he led them back to the A.F. of L., that great union of 400,000 members was an independent organization.

Lloyd C. Reynolds, *Labor Economics and Labor Relations* (New Jersey: Prentice-Hall, Inc., 1956), p. 92.

CHAPTER III

THE AFL-CIO MERGER

Factors Leading to The Merger

One of the most important events in American history took place in New York City's vast 71st Regiment Armory on the morning of Monday, December 5, 1955. It was then that the United American Federation of Labor and Congress of Industrial Organizations was brought into being.

On several occasions, negotiating committees of high AFL and CIO officials were appointed with the objective of working out terms for a merger of the two unions. All of these negotiation attempts had resulted in failure until 1955. "One major obstacle was the extensive overlapping of jurisdictions between AFL and CIO unions." There was the realization that unification required considerable merging of various national unions and sizeable transfers of membership from one union to another. Labor leaders of the various unions were uneasy as to just how they and their organizations would come out

¹ Lloyd G. Reynolds, Labor Economics and Labor Relations (New Jersey: Prentice-Hall, Inc., 1956), p. 92.

in such a reorganization.

One of the most important steps toward union unity between the AFL and CIO came in 1952, when President Philip Murray of the CIO and William Green of the AFL died within a few months of each other. George Meany and Walter Ruether were elected presidents of the AFL and CIO respectively and quickly began discussions looking toward a possible merger of the two groups. They were not successful at first but they did formulate a "no-raiding agreement" in 1953.

The merger has aroused a great deal of curiosity as to why it occurred when it did, after the committees on unity which had been meeting off and on over many years had previously been unsuccessful in agreeing even on the first steps toward uniting. It also aroused fears in the minds of some, particularly in the ranks of management, that the new giant organization would emerge as a labor monopoly, and would perhaps prove to be the nucleus for the labor party.

There was actually no single reason leading to the merger but rather a complex of reasons which, taken together, made such a move not only feasible in 1955, where previously it had proved impossible, but in im-

portant respects, imperative. First, let us look at some of the obstacles which made unity impossible at first but which by 1955 had been removed.

In its initial formation, the Congress of Industrial Organizations (originally the Committee for Industrial Organization) had split off from the parent AFL on the issue of how the unorganized workers should be brought into the labor movement. This issue was important in view of the support which the New Deal government had given to unionization in the National Relations Act, after the Senator from New York who fathered it. This act gave enforceable rights to workers to form unions, unmolested by employer opposition.

The protection afforded by the act provided the unions with an unparalleled opportunity to expand their memberships. At the time the act was passed the total number of unionized workers was no more than 4 million, including those in independent unions. The organizing potential was great. In the vast mass-production industries, where unionism barely had a toe hold, the question arose, how should the AFL set about bringing workers into unions?

The AFL was controlled, at the top, by the president

of the powerful craft unions in the building and metal trades. These officials insisted that workers possessing skills and training which had been traditionally represented by their unions should be enrolled in their unions, regardless of the industry in which they were working. This was known as the craft doctrine.

There was a significant opposition to this policy within the AFL. Other powerful leaders of national unions, although outnumbered by the craft leaders, advocated the formation of unions on an industry basis, without regard to craft. The thinking behind this approach was that modern technology had made craft jurisdictions obsolete. It was the belief of these industry-oriented labor leaders that a craft approach would mean that the labor movement would forever remain a small body of the aristocracy of skilled workers, having no interest in and holding out no promise to the larger segment of American workmen who failed to meet or fit within the traditional craft definitions.

Finally, finding no support in AFL policy, the small group of union leaders who held to the industrial-union philosophy, with John L. Lewis of the United Mine Workers as their spokesman, set up a committee to promote

industrial organization. Their action was held a violation of the AFL federation policy and they were finally dismissed from the AFL when they refused to stop this sort of action. Thus the CIO was born.

After this both federations set about organizing efforts. In the production industry it became evident that the industrial philosophy was more appropriate than the craft philosophy. The United Auto Workers, the United Rubber Workers, the United Steel Workers, and United Electrical Workers grew large in a short period of time.

The AFL finding themselves in contests with the new CIO over the enrolling of new members, was driven to make room for the workers without skills, in whom they had previously little interest. Craft became a nucleus for organizing, but ceased to serve as the only basis for organization. Thus there began to grow within the AFL an industry-mindedness different from that of the CIO only in degree.

The effect of this development was to eliminate the craft-verses-industry issue as a basis for division. This issue still remains alive, though not as vigorous as it once was, within the merged federation;

but it ceased to be an issue distinguishing one federation from the other. At the time of the merger, the AFL brought more industrial unions to the new organization than did the CIO. Thus one deterrent to the merger had been eliminated by 1955.

A second barrier which fell by the wayside by 1955 was the stereotypes which each of the two labor groups had built up of the other over the years. To the AFL, the CIO unions were for a long time regarded as Communist infiltrated. To the CIO, the AFL unions were regarded as racketridden. These charges were in some measure true.

"The new CIO was in need of organizers and the Communists offered to supply them. Against the warning advice of David Dubinsky, Lewis accepted their assistance and thousands of CIO jobs were filled via the Communist Party."²

The CIO in 1949 and 1950 set about to clean its house of Communists by expelling eleven unions which were found to be Communist-dominated.

"When the International Longshoreman's association refused to clean out its racketeering practices following the widespread publicity given them by New York officials, the ILA was expelled from the AFL."³

2

G.F. Bloom and H.R. Northrup, Economics of Labor and Industrial Relations (Philadelphia: The Blakiston Co., 1950), p. 49.

3

Alfred Kuhn, Labor Institutions and Economics (New York: Rinehart and Co., Inc., 1956), p. 77.

Thus each federation took decisive actions which helped to dispel the stereotypes which each had built of the other.

There was a need for more than the removal of the previous deterrents to unify to bring about the merger. There was a need for some positive incentives.

In 1952, when William Green president of the AFL, died and George Meany took over the job, there was some stirring among other union officials who help personal aspirations. About this same time Philip Murray died and Walter Ruether took over the CIO.

"Within the AFL Meany faced a problem posed by Dave Beck, president of the Teamsters, who gave evidence of intending to set off on a gigantic organizing campaign that would seem almost certain to bring him into conflict with other unions within the federation. The Teamsters, largest organization in the AFL, was also one of the most strategic. Its cooperation was frequently sought by other unionists. Its willingness to respect picket lines was at times essential to the effectiveness of strikes called by other unions. With members in more than fifty major industry groups, its ambitions posed a threat to the security and independence of other unions. Beck as president had been consorting with David McDonald, president of the Steel-Workers, and Lewis, president of the Miners; and rumors had sprung up that they were plotting a third federation. If the Teamsters were to pull out of the AFL and start an opposition labor group, there would be trouble for the AFL and its new president.

If they stayed, there could still be trouble.

Reuther in the CIO faced at least equal difficulty. The same McDonald who had been holding conversations with Beck and Lewis had intimated from time to time that he and his Steelworkers might disaffiliate from the CIO. His personal rivalry with Reuther was well known. It could be expected that he would have enjoyed Reuther's discomfiture at being left head of a CIO that at one stroke had lost almost one-fourth of its membership. Moreover, there was some possibility that McDonald might have taken other CIO unions along with him. Reuther, himself justifiably ambitious, would have been left in charge of a shadow of the former CIO, his prestige perhaps irretrievably damaged.

With each federation president thus faced with internal problems, it seems natural that the thoughts of each should turn more on merger. With a pooling of the strength of both groups, the merged organization could better withstand whatever divisive action might be taken by the Teamsters or the Steelworkers. In unity there lay strength. Moreover, the personalities of the two federations presidents favored the effort. Each was idealistic in his aims, dedicated to the labor movement and labor's welfare, whatever other ambitions each might harbor for himself; each recognized that the future held grave problems for the survival and expansion of unionism, which could be more effectively met by joint action rather than by separate and sometimes conflicting stands. Unity made sense."⁴

There was the contention that if the top leaders were removed from the scene and if negotiations for the merger could be left to the rank and file, unity would

4

N. W. Chamberlain, Labor (New York: McGraw-Hill Book Co., 1958), pp. 57-58.

come quickly. The reasoning behind this was that a strong sympathy for a single movement which would sweep aside the forces obstructing the merger. But the reverse proved to be true. Although in many communities and cities cooperation between the two groups had been going on for years.

"There appears to have been relatively little rank-and-file sentiment behind the merger, and although in some communities cooperation between the two groups had been going on for years, in most cities and states the problem of effecting a unity in the field posed problems which many local leaders found distasteful. The real pressure for merger came from the top."⁵

These were the major factors leading to the merger which took place at the merger convention.

The Merger Convention

On Monday, December 5, 1955, at 9:30 o'clock the first constitutional convention of the AFL-CIO was called to order jointly by President George Meany of the American Federation of Labor and Walter Reuther of the Congress of Industrial Organizations. This convention took place in New York City's vast 71st Regiment Armory.

Walter Reuther acted as temporary chairman and declared the convention in order for business. The

5

Ibid., p. 58.

National Anthems of the United States and Canada were sung and all remained standing while the invocation was delivered.

The delegates and guests took their seats and temporary Chairman Reuther introduced four outstanding New Yorkers. Each of the New Yorkers warmly welcomed the convention.

Mayor Robert F. Wagner, son of the late Senator Wagner, addressed the convention also. He extended his best wishes for the success of the union for the betterment of America and the world.

After Mayor Wagner completed his speech, Temporary Chairman Reuther asked all members of the Joint Unity Committee to rise. He hailed them as the people who had worked hard in bringing the AFL-CIO where it was today and had really been the architects of this beginning of a united labor movement. Then with appropriate remarks, Mr. Reuther yielded the gavel to Harry C. Gates, a veteran of American trade unionism. Mr. Gates gave a short speech and then introduced Walter Reuther for his formal address to the convention.

Mr. Reuther's address was one mostly dedicated to the unity of the two organizations. He stated clearly

just how his organization would contribute faithfully to this new organization. This points can be seen in his speech when he said:

"All of us are truly blessed in having the great human experience of sharing in the shaping of the decisions of this historic convention. In truth we stand on the threshold of the beginning of what I know will be the most glorious chapter in the history of the American labor movement.

I say to George Meany and our many friends who make up the leadership of the former American Federation of Labor unions, and I say this in behalf of myself and my colleagues and for the millions of workers back home whom we have the privilege of representing. I say, George, to you and your colleagues we extend the hand of fellowship, and I say, together, united in the solidarity of human brotherhood, we shall go forward to build a labor movement and a better America for all people in this great and wonderful country of ours.

I say to George Meany: George, this is a great new beginning. You will lead the American labor movement to higher and higher levels of achievement. You will enable the labor movements to make a greater and greater contribution to the world of America and the free world. And I pledge to you, George, with all of my heart, that those of us who share in the leadership of the CIO shall stand with you, and together with your colleagues from the AFL we shall fight together, we shall march together, and we shall win together that better tomorrow for the American people."⁶

William F. Schnitzler of the Joint Labor Unity

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"The Merger Convention", American Federalist, Vol. 63 No. 1, January, 1956, pp. 5,6,8.

Committee, acting as the convention's Credentials committee gave the report as to how many delegates were eligible to be seated in the first constitutional convention and recommended that they be seated forthwith. The report of the Credentials Committee was adopted unanimously.

Temporary Chairman Reuther then recognized James B. Carey, president of the International Union of Electrical, Radio and Machine Worker. Mr. Carey then read the report of the Joint Unity Committee setting forth proposed rules and order of business for the convention. They were approved by the delegates.

David McDonald, president of the United Steel Workers of America, in an address to the convention on behalf of the Joint Unity Committee, expressed his feeling of the pride in being able to make this report dealing with steps which had culminated in the achievement of the AFL-CIO merger.

For the Joint AFL-CIO Unity Committee, Mr. McDonald then submitted the following resolution:

"Be It Resolved, That this initial constitutional convention of the American Federation of Labor and Congress of Industrial Organizations confirms and ratifies the action of the separate conventions of the American Federation of Labor and Congress of Industrial Organizations in ratifying, approving and

adopting the resolution on the achievement for the merger of the American Federation of Labor and Congress of Industrial Organizations, the implementation agreement and the constitution of the American Federation of Labor and Congress of Industrial Organizations."⁷

This resolution was submitted to the delegates in a standing vote. The resolution was then adopted by the unanimous action of the convention.

Mr. Reuther then yielded the chair to President Bates of the Bricklayers, who announced that nominations of officers were now in order. Mr. Reuther was given the first opportunity in the nomination of the president of the new organization. The election of officers were in the following manner.

George Meany was elected president. William F. Schtizler was nominated secretary-treasurer. There were twenty-seven vice-presidents elected.

Mr. Meany's acceptance speech was one similar to that of Mr. Reuther in that it stressed unity and what the two organizations could do as a unit. He also advocated unity and exerted efforts to rid the new organization of past conflicts. This point is shown in his acceptance speech when he said:

⁷

Ibid., p. 8.

"As we go forward together in this movement, let us stop thinking in terms of prior labels. Let us make up our minds that from this moment on there is just one label on all the organizations and all of the membership of this great organization, and that this label is AFL-CIO and nothing else. Let us apply this philosophy in terms of good faith, determination to live together, to work together and to think together for one united organization."

All events up to this point were events of the first day of the convention. The second, was composed of mostly speeches by prominent figures. They included Mrs. Franklin D. Roosevelt, Thurgood Marshall, Governor Harriman of New York, and Marion Folsom, Secretary of the Department of Health, Welfare and Education.

The third, fourth and fifth day consisted of mostly discussing business of a formal nature. Finally at 5:20 o'clock the afternoon of Thursday, December 8, 1955, the first constitutional convention of the American Federation of Labor and Congress of Industrial Organizations, having completed its momentous work, slipped into history.

How The AFL-CIO Functions

The AFL-CIO is a federation of national and international unions. Each national union is fully autono-

mous. Each carries on collective bargaining with employers; maintains its own headquarters; elect its own officers; maintains the staff needed for administration and services; sets its own dues; provides the services its members need and want.

The AFL-CIO holds biennial conventions which establish a general policy on economic, legislative and political matters. The convention also elects the officers of the AFL-CIO. The convention is the supreme governing body of the organization.

The first president of the AFL-CIO is George Meany, who was elected unanimously at the merger convention which established the AFL-CIO. Elected at the same time was the organization's first secretary-treasurer, William F. Schnitzler.

The AFL-CIO has 27 vice presidents. The president, the secretary-treasurer and the 27 vice presidents constitute the Executive Council, which is the official governing body of the organization between conventions.

The AFL-CIO has two other official bodies-the Executive Committee and the General Board. The executive Committee is composed of the president, the secretary-treasurer and 6 vice presidents, elected by

the Executive Council.

This group meets more often than the Executive Council and serves as an advisory group to the executive officers.

The General Board is composed of the Executive Council plus one officer of each affiliated union and one officer of each of the six constitutional departments. The General Board meets annually to act upon matters referred to it by the Executive Council.

The AFL-CIO, through its headquarters staff, provides services to the affiliated unions, in the fields of research, education, legal aid, public relations and other matters. It serves as the general representative of all the affiliated unions in appearances before Congress and in dealing with the various departments of the government.

Through its field staff, the AFL-CIO aids affiliates and organizes workers into unions of their own choosing, giving recognition to the principle that both the craft and industrial are appropriate, equal and necessary as methods of union organization.

The AFL-CIO has established, and is vigorously enforcing, a six-point program of ethical standards, designed to rid the labor movements of racketeers.

These Codes of Ethical Practices, based on the unwritten law of the trade union movement, insist that union office funds are a public trust to be used only for the benefit of workers. Unions violating this code of honor face actions on the part of the federation. Unions are expected to observe these codes, which are the basic policy of the AFL-CIO.

The AFL-CIO has the following constitutionally established committees: Legislation, Civil Rights, Political Education, Ethical Practices, International Affairs, Education, Social Security, Economic Policy, Community Services, Housing, Research, Public Relations, Safety and Occupational Health, Veteran Affairs.

The AFL-CIO publishes a weekly newspaper, the AFL-CIO News; a monthly magazine, The AFL-CIO American Federalist; two monthly economic reports, Labor's Economic Review and Collective Bargaining Report. Some of the departments of the AFL-CIO issue specialized publications.

CHAPTER IV

THE EFFECTS OF THE MERGER

It is obvious that the impact of the merger is unlikely to be felt immediately by most Americans. But it is equally obvious that the mere existence of an organization with 15 million members, if it measures up to the hopes which have accompanied its creation, will have certain definite long-range effects. The confidence with which the AFL-CIO met, the sense of over-increasing maturity, and the very serious responsibilities that its size and influence are certain to have a definite effect upon it.

The illogical fear (of the critics of the merger) is that the merger will make the unions impregnable, with the give-and-take of bargaining completely eliminated. The critics object not only to the merger of federations, but also to companywide bargaining and nationwide unions. They have often tried to build a case for application of the anti-trust laws, which were passed to regulate the empires of corporate monopoly, to labor unions. But labor is not a "giant trust". It remains, after the merger as before, a voluntary

association of autonomous unions.

On the other hand, it cannot be said that nothing will change. Obviously there are advantages for unions in the merger of their federation, or the new federation would never have come into existence.

In seeking to appraise the labor movement of the future, the problem is to look into various predictions as to what the merger will actually bring about and determine the validity of these predictions.

The "Labor Monopoly" Charge

Every since the news of the merger of the American Federation of Labor and the Congress of Industrial Organizations was first announced it has been greeted with almost universal acclaim and optimism.

Leaders from all segments of our national life have joined leaders of labor, speaking for 15 million working men and women, in heralding the newly achieved labor unity as a hopeful forward step, one which will advance the welfare of not only wage and salary earners, but the entire nation.

Yet before the merger had been consummated, fear-ridden voices were being raised against it, alleging that American trade unions, which had long been re-

garded as "labor monopolies", have now achieved a "Monopolistic power" which threatens to destroy the economic fabric of the nation.

Of course, those of us who are familiar with the history of trade unionism and the nature of the collective bargaining process are little shaken by these frenzied and fearful forewarnings. We know that for more than a century our labor unions have not only helped to raise American living standards and the effective operation of the free enterprise system, but have consistently defended and advanced all our country's cherished beliefs and institutions as well. For us, the constructive record of the American trade union movement is answer enough to the labor monopoly charge.

There are, nonetheless, millions of our fellow citizens who are not union members or who are not personally familiar with collective bargaining and its economic justification and who are being fed an unvaried diet of anti-labor propaganda. To effectively evaluate the labor monopoly charge, I believe that a brief examination of both structure and collective bargaining practices of American unions and their impact upon the economy is in order.

Those who declaim against the "dangerous monopoly power of unions" rely on emotion more than logic. Yet, by critically shifting their inflammatory charges, it is possible to identify three variations of the monopoly charge.

1. There are those who still argue that the basic concept of collective bargaining is, in itself, essentially monopolistic and that all unions should therefore be outlawed as a menace to competitive free enterprise.
2. There are those who concede that unions are all right as long as they bargain locally only and with but one employer at a time. However, if a contract is negotiated with several employers jointly (multi-employer bargaining) or even on a company wide basis, this somehow becomes monopolistic.
3. There are those who argue that the AFL-CIO will now wield economic power of such proportion as to make it a nationwide monopoly.

Let us examine each of these propositions:

1. The Ancient "Conspiracy" Doctrine

Every since the Industrial Revolution, the charge has been advanced that any association of working people to raise wages and improve working conditions is a re-

straint of trade and should be outlawed as a conspiracy.

Some people still cling to the notion that the price of labor like everything else must be set in the market place through unrestrained competition between buyers and sellers. Since it is illegal for businessmen to combine to fix prices, the same rule must apply to workers who combine to raise their wages, they insist. And so the courts once held, up to slightly more than a century ago.

Gradually, beginning with the famous decision of Justice Shaw of Massachusetts back in 1842,* the courts concluded that the organization of working people into a union should not be viewed as a conspiracy.

Finally, in 1914, as a result of the efforts of Samuel Gompers and the unions of that period, this judicial recognition that unions are not restraints of trade or monopolies was reinforced by the Congress of the United States itself. In the famous Clayton Act, Congress specially excluded unions from anti-trust proceedings unless they engaged in collusion with employers in the restraint of trade.

*Commonwealth vs. John Hunt et al., IV Metcalf (45 Massachusetts) (1842).

and Why did the courts, and finally Congress, come to this conclusion?

Because it had become clear to all fair-minded people that America could not tolerate the economic doctrine that the lowest possible wage established by supply and demand in a so-called "free" labor market was good for workers and good for the country.

If a humane and prosperous economy were to be achieved, clearly the outmoded concept that the sale of a worker's service is no different from the sale of a load of bricks, that both are mere commodities to be bartered in the market place under the same economic rules, had to be rejected.

The reasons are fairly obvious:

- (a) Generally a corporation can afford to hold off selling its products if the price is unsatisfactory. The worker, on the other hand, has no such advantage. When he turns down the employer's job offer because the price (that is, the wage) is too low, what he loses while looking for a better offer is lost forever. Besides, he can't hold out long; his family must eat every day.
- (b) Moreover, while the going "market price" of most products is generally well-known to business buyers

and sellers, the price of labor (the prevailing wage rate) is often unknown to the worker looking for a job. Without a union to help him he has little chance of knowing if an offer is below the "market price".

(c) In addition, corporations can and do ship their products to wherever they bring the highest price. The worker, on the other hand, cannot easily move with his family from one city to another even if he has reason to hope that his service will bring a higher price elsewhere.

(d) Finally, in our industrial system there are gradually more and more wage and salary earners who must seek to sell their services, but few employers available as buyers. Except in abnormal circumstances the supply usually exceeds the demand. Without collective bargaining, through labor unions, working people would have little choice but to accept whatever price is offered for their services.

Because of these tremendous advantages of the employer over the worker in the absence of unions and collective bargaining, isn't it the sheerest nonsense to talk about the benefits of "pure competition" in a so-called "free" labor market?

At every work place the foreman would merely auction off jobs and the lowest bidder would set the prevailing "market price". The depressed wages which would result would not only injure working people; they would cause insufferable damage to the national economy, as well.

Collective Bargaining Ends The Employers' Arbitrary Power

It was the injustice of this degrading economic doctrine that moved Congress to declare in the Clayton Act: "The labor of a human being is not a commodity or article of commerce" and further, that labor organizations and their members shall not "be held or construed to be illegal combinations or conspiracies of restraint of trade under the anti-trust laws".

Twenty-one years later, in 1935 Congress took another great forward step when it recognized:

"the inequality of bargaining power between employees who do not possess full freedom of association or actual liberty of contract, and employers who are organized in the corporate or other forms of ownership association."

This inequality, Congress added:

"tends to aggravate recurrent business depressions, by depressing wage rates and the purchasing power of wage earners in industry and by preventing the stabilization of competitive wage rates and working conditions within and between industries."¹

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Dale Yoder, Labor Economics and Labor Problems (New York: Mc Graw-Hill Book Co., Inc., 1939), p.-631.

This was the original language of the great National Labor Relations Act and it remains intact in the law today, even after the Taft-Hartley Amendments of 1947.

Then, to redress this inequality in the American economic structure, Congress enacted in 1935, specific measures to encourage and to protect the worker's right to organize into unions and to enforce the employer's obligation to bargain collectively with their employees in good faith.

This was the original purpose and the promise of the Act, until modified and weakened by the Taft Hartley Act. As long as employers could practically dictate wages and working conditions, we heard no outcry about "Monopoly" over the labor market. Were not employers then enjoying a virtual monopoly of their own, much to their advantage?

It is precisely because "pure" competition in that kind of "free" labor market gives the employer an unfair advantage that workers are led to join unions. Only through genuine collective bargaining is it possible to bring democracy and economic justice into the processes through which the price of labor services is determined in our modern free enterprise system.

Does Multi-Employer and Company-Wide
Bargaining "Restrain Trade"?

While most Americans today agree that collective bargaining is essential to successful relations between workers and employers in our modern society, some argue that union bargaining must be restricted to one locality and one employer at a time. Broader forms of bargaining, they maintain, constitute a "labor monopoly."

However a quick look at the bargaining practices of American unions and their economic justification will expose the fallacy of this conclusion.

There are 15 million men and women who make up the AFL-CIO being over 60,000 local unions located in the countless communities across the nation in which they live and work. Members of a local either work together at a single work place or are engaged in a special craft or trade in a particular locality.

Nearly all local unions are affiliated with a national union which corresponds as a rule to the industry or trade with which the members are associated. At the time of the merger 141 national unions came under the banner of AFL-CIO.

Over the years the nature of collective bargaining relationships between local unions and employers has

taken on many forms in response to the special economic problems and traditional practices of the various trades and industries.

Today, well over 100,000 separate management-labor agreements are negotiated by AFL-CIO unions and employers throughout the United States. Most of these are locally negotiated by local unions with their separate employers.

When a corporation operates in more than one locality, however, a single contract is sometimes negotiated which covers all, or most, of the locals organized at the various plants of the same corporation. This companywide bargaining in which the top corporation and national union officials play a part is the accepted practice of many of our largest nation-wide enterprises.

On the other hand, many locals now bargain jointly with associations of employers which represent several competing companies within a city, a larger geographic area, or occasionally within an entire industry. These multi-employer agreements cover about one-third of the members of the AFL-CIO.

Multi-employer bargaining is beneficial to both the unions and employers who practice it. Those who would outlaw it either fail to understand or ignore its fre-

quent economic necessity and its constructive contribution to the general welfare.

Because the structure and operations of business enterprises are constantly changing, unions must expand the scope of their bargaining activity if they are to effectively and efficiently serve their purpose. On the one hand the emergence of huge multiplant corporations that produce and sell over the entire nation has required the development of companywide collective bargaining. On the other, special problems arising among competing employers, and their impact upon wage earners, have given rise in many cases to the necessity for multi-employer bargaining.

Multi-employer bargaining reflects the inevitable desire and necessity to secure fair and equalized wage rates among competitors in the labor market, a necessity that neither the fairminded employer nor his workers can ignore.

The charge that company-wide bargaining also lead to a labor monopoly is likewise unsupported by fact. Experience has demonstrated conclusively that substandard wages in any of the operations of a multi-plant company undermine fair wages and working conditions at other

work places. In the absence of uniform wage rates, production tends to flow towards the lower paying plants if other factors are equal.

For this reason unions naturally seek to organize and obtain a uniform wage structure for all the employees of the large multi-plant corporations, as well as for the employees of competing companies.

As a matter of historic fact, all of the diverse types of collective bargaining, whether local and with a single enterprise, multi-employer, or company-wide have emerged in response to the changing requirements of our modern industrial society. On the whole they are serving labor, management and the entire nation realistically and remarkably well.

It just is not true that the trade unions have secured a monopolistic stranglehold over the American economy. Everyone recognizes that monopolies hurt the nation; they encourage (1) the destruction of competition, (2) the restriction of output, and (3) extortionate prices.

We have seen how collective bargaining operates to destroy the employers' monopoly over the labor market rather create one. We have seen that far from re-

straining trade, it encourages a higher type of competition based on better production methods, improved products and superior salesmanship instead of on worker speed-up and substandard wages and salaries.

Furthermore, collective bargaining does not lead to restricted output. On the contrary, the greatest production growth in the history of the nation and its greatest union growth both have been achieved simultaneously. American labor knows that only greater production can bring higher living standards and it knows too that fairly paid men and women, secure in their jobs, under union conditions of employment, work productively as well.

The AFL-CIO A Great Force For Good

Let us finally consider the newest charge that the AFL-CIO will now wield so great a economic power that it will constitute a virtual monopoly. This conclusion is completely false and without foundation.

First, it must be understood that the AFL-CIO is not a collective bargaining agency at all but a federation of autonomous national unions. It issues no wage demands. It has neither voice nor vote at any bargaining table. It can order no strikes. These matters are

within the scope of the national unions alone and the locals affiliated with them. It was so when the AFL and CIO were separate federations and so it has remained after the merger.

The AFL-CIO Effects On Political Action And Legislation

During the actual process of the merger, public attention was drawn strongly toward its implications for political power. Some persons thought the merger presaged a labor party, with unions running the government. Others though it meant that unions would effectively take over the Democratic party, other that it would merely bring stronger lobbying, and still others that there would be no noticeable result at all.

Before one can start to criticize or predict the bad effects of the AFL-CIO on politics he must realize that, there appeared to be a consensus among invited speakers and in federation actions that the labor movement had a clear responsibility to fulfill through independent political action, but that the votes of union members should not and could not be controlled.

The new constitution stated the principle in these terms:

"While preserving the independence of the labor movement from political control,

to encourage workers to register and vote, to exercise their full rights and responsibilities of citizenship, and to perform their rightful part in the political life of the local, state, and national communities."²

President Meany, in his opening address, said:

"In my book labor not only has a right to raise its voice in regard to the policies under which our Federal Government is administered, but we have a duty as citizens to take part in shaping the policies of our Government..... No one can tell the American voter how he has got to vote.....our political philosophy is to inform our people on the issues that they have before them, and in particular the issues that affect the welfare of our own people."³

Full participation in the processes of American government was encouraged by the convention's principal speakers. President Eisenhower told the delegates:

"You are more than union members bound together by a common goal of better wages, better working conditions and protection of your security. You are American citizens.

The roads you travel, the schools your children attend, the taxes you pay, the standards of integrity in government, the conduct of the public business is your business as Americans. And while all of you, as to the public business, have a common goal----a stronger and better America----your views as to the best means of reaching that goal vary

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Article II, Constitution of the AFL-CIO, Published by the AFL-CIO, Washington, D.C., January, 1956, p. 5.

3

"George Meany's Acceptance Speech," American Federalist, Vol. 63, No. 1, January, 1956, p. 16.

as do in any other group of American Citizens."⁴

Secretary of Labor Mitchell said: "I believe that labor's voice in public affairs should be heard loud and clear. I believe that as American citizens you have a duty and responsibility to make your voice heard."⁵

These are but a few of the facts to demonstrate that there was encouragement for union intervention in politics. It was encouraged and will probably be beneficial in the future.

Concerning the merger's potential political effects, as with the economic or collective bargaining side, the really meaningful question is, will the degree of political monopoly be greater under the new federation than it was when the labor movement was split?

I think the answer is yes, but not to a major degree. In favor of a higher degree is the likelihood of much more agreement on what candidates for government office are to be supported. But this will not occur on a 100%

⁴ "What President Eisenhower said in his Telephone Speech," American Federalist, Vol. 63, No. 1, January, 1956, p. 46.

⁵ J. P. Goldberg, "A Survey of American Labor During 1955," Monthly Labor Review, Vol. 79, No. 2, February, 1956, p. 153.

basis. An example of this type of action was demonstrated at the first meeting of the executive council in February, 1956. Council members Dave Beck and Maurice Hutcheson, presidents, respectively, of the Teamsters and Carpenters, boycotted the main session on politics. Both men had supported the Republican party in the past. "Beck announced that his union would formulate its own political policies." ⁶ Also, organized labor will be considerably more potent in the lobbying end of politics. There will be more agreement on what to lobby for, more effective presentation of labor's views to legislative and administrative agencies.

Against a much higher degree of political power are the makeup of the two major political parties, the makeup of the electorate (including union members), and the free, secret ballot system of the country. Each of the two parties can and does appeal to members of all classes and groups of voters. I suppose that a fairly substantial majority of unions members does just naturally vote Democratic, just as a substantial majority of businessmen vote Republican, but some businessmen and many labor members lean the other way or at least inde-

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Alfred Kuhn, Labor, (New York: Rinhart and Co., Inc., 1956), p. 74.

pendent.

Another political element in America is the laziness of voters. Unless things are really critical and issues sharply drawn, many voters have to be pushed to the polls. But when a man does get into a voting booth and pulls the curtain shut, he is alone. In that privacy, no one is going to tell him how to vote.

Out of these facts come four points:

(1) COPE (the AFL-CIO Committee on Political Education) will have little chance of changing the votes of those labor leaders and union members who are set in their political habits.

(2) COPE may be able to get more out of the vote than its predecessors could.

(3) COPE may be able to influence those who are truly independent.

(4) COPE will be helpless in the face of secret voting.

Certainly the federation cannot at present deliver a bloc of 15 million votes, or any substantial number, and will probably remain unable to do so for the foreseeable future. Labor's voice in lobbying and its stand on legislation will probably become clearer, through the divergences of interest among different unions will

still prevent it from being unanimous.

Implications For Management

In closing, I should like to try to bring the collective bargaining and the political portions of this discussion together. Let's ask the question, Why does labor engage in political action? Because labor thinks it can get from government certain things that employers are either unable or unwilling to give in collective bargaining? More fundamentally, because labor suspects that employers are basically unfriendly and that it is therefore necessary to have a friendly government?

If these questions are answered affirmatively, it would seem to follow that if better relations are between unions and management at the bargaining table and in the settlement of grievances, the less will labor turn to political action.

What are the essential requirements of good union-management relations? Does the employer have to give his union everything it asks for in order to prevent it from running the government or causing a great degree of harm to the employer? Not at all.

It must be understood that even when union members find that demands are rejected, they are always aware that all strikes are hazardous. Unionists know too well

the hardship a strike may bring and more, they know that strikes are often lost. Besides, the staying power of unions is relatively limited because neither the members nor their organizations have the great resources of industry.

To demonstrate this, it was found that the Westinghouse Electric Company is reported to have had about \$350 million on hand in cash and in United States bonds alone when the strike of 55,000 of its employees began. The international Union of Electrical Workers, was found to have had less than \$500,000 in its national treasury. The million member United Steelworkers of America, for example, has total assets only \$20 million in its national treasury compared to the \$3 billion in assets of U.S. Steel alone.

"The total assets of all American Unions have been found to add up to hardly \$60 per member, or less than a weeks earnings. The assets of American corporations, on the other hand, now exceed \$185 billion."

For all these reasons the bargaining power of even the strongest unions is subject to great restraints and limitations. To facilitate a better relationship between unions and management, there are certain things

7

"Collective Bargaining-A Bulwork of Free Enterprise," Labors Economic Review, Vol. 1, No. 2. February, 1956, p. 19.

that must be done. They are:

(1) The responsible executives (including top management) must convince the union leadership and membership that the company is not out to undermine or weaken the union.

(2) If management wishes employees and unions to be sympathetic and constructively responsive to its needs and problems, it must demonstrate that it has the same attitude toward the needs and problems of the unions as an entity and the members as human beings.

(3) If these attitudes are established, management, when it has to, can say no and be believed and respected. It is a fact that more and more corporate executives and supervisors are coming to adopt and act on these attitudes that leads me to conclude that the merger of the AFL and the CIO presents no serious threat to management or to the American way of life.

In facilitate an understanding of the contents of this paper, a brief history of early unions and the formation of our present union structure are discussed.

CHAPTER V

SUMMARY

Not everyone thinks that it is a good thing to have labor united into one big organization. They contend that there are some potential dangers in a united labor movement. Some fear that big labor will one day form its own party in an attempt to capture the government. Others fear a union "monopoly" of the work force while others say that it has bad implications for management.

Here is an analysis of the economic factors that have made collective bargaining essential to the welfare of both the worker and the nation and account for the growth of "multi-employer" and "company-wide" bargaining in response to the changing scope and the competitive practices of business.

The reason why neither unionism, the emergence of diverse collective bargaining forms, nor, indeed, the AFL-CIO merger itself can be deemed dangerous or monopolistic are developed in this thesis.

To facilitate an understanding of the contents of this paper, a brief history of early unionism and the formation of our present union structure was discussed.

The union movement was explored from the formation of the journeymen cordwainers (shoemakers) in Philadelphia in 1792 through the Knights of Labor, to the A. F. of L. in 1886. Then came the split in the AFL and the CIO was formed in 1935. Finally, in 1955, an event occurred which was the motivating force of this thesis; the merger of the AFL and CIO into one giant federation. The merger precipitated a great controversy over the economic effects of the merger upon our economy. The major predictions of what effects the merger would have on our labor economy are presented below:

Monopoly charge: The AFL-CIO will cause a union monopoly of the work force. Despite labor's 20-year growth from 3.5 million to 17 million unions have not been able to organize more than one third of the U.S. wage and salary workers. Their number grows as the work force grows, but the union percentage of the total has even slipped a bit, indicating that a plateau has been reached. A major reason for this is that the remaining unorganized two thirds of the work force is either in small plants, which are difficult to organize, or else belong to the white-collar category which does not identify itself with labor.

This function still resides within the national unions.

Some unions will undoubtedly expand but others will probably decline. The percentage of the entire work force which belong to unions alone seem to indicate the prospect of any union monopoly on the work force seen slight.

Political charge: The AFL-CIO will cause a union party. The AFL-CIO will have a definite effect on political issues.

All past experiences indicate that no one can control the labor vote. In the future as in the past labor is likely to exert tremendous influence through the Democratic party through lobbying, but it does not yet, nor is it likely to control that party. No practical politician believes that labor will, or can, start its own party. Americans do not like to regard themselves as frozen to any particular class or party.

Management Implications: The AFL-CIO will have a bad effect on management in the collective bargaining process. Their power will be greater and they can demand more.

Before we can say that there will be more power in the collective bargaining process, we must remember that the AFL-CIO does not engage in collective bargaining. This function still resides within the national union.

It is also a fact that most managements have more money than most unions and can take a strike longer. Unions know that strikes are not always won and they can be harmful as well as profitable. Finally, unions and managers are coming to better agreements in the collective bargaining process. No immediate dangers seem to lie in this particular area.

In summary, we see no solid reasons to be afraid of U.S. labor. It seems likely that, whatever political adventures labor may undertake in coming years, its greatest gain will continue to be made in the economic area where its continued cooperation with management keeps productivity rising.

The principal lesson that both labor and management need to learn is that while each goes on using out-worn emotional charges, the real character of their difference has changed altogether, just as the shape of the whole economy has changed in the last twenty years. The fact is that labor and management are far closer together than either seem to realize. It is symptomatic that the new organization's charter strikes out all references to the class struggle that were in the old AFL preamble. This agreement was formulated to obtain the major objectives of the organization better by getting the full

cooperation of all the members. Labor and management should formulate similar agreements. It is a healthy thing for management and labor to continue to be watchdogs, one of the other. However, both have a greater obligation: to keep productivity and real wages rising and business profitable and expanding.

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