

**COMPANY  
UNIONS  
TODAY**

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**BY  
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**5c.**

PUBLISHERS' NOTE

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# COMPANY UNIONS TODAY

BY ROBERT W. DUNN

Joe Sanders leaves his house every morning at 7:30, and enters factory Gate No. 3. He punches his card and starts to work at a bench.

A few minutes later, Henry G. Laird arrives at the plant office, opens a door marked "General Manager" and sits down at a desk.

Both are in the same business. . . . Both have jobs dependent on the continued success of the business. Two glass partitions and a brick wall physically separate Laird and Sanders. Greater obstacles may separate their mental attitudes toward each other if they have no medium of mutual understanding.

THIS quotation is from the opening of an article by Herbert Corey who for years has been writing feature articles praising company unions. This time he is writing in the December, 1934, number of *Nation's Business*, official organ of the Chamber of Commerce of the United States. It's an article called "Blazing the Trail to Labor Peace," a glorification of the company unions established last year by the General Motors Corp. for its 140,000 workers. And the *medium of mutual understanding*, played up in this human interest way by Mr. Corey is the General Motors company union scheme. This company union is in essence the same as the other employer schemes analyzed in this pamphlet.

In beginning we shall not fight with Corey. Our criticism of his bunk will come out of the facts that follow. But we will say at the outset that there is no "mutual understanding" in this whole business, pretty as are the words used by Corey and other agents of the employing class. Let us begin then by looking over the types of company unions that we find today under the "New Deal."

## *Types of Company Unions \**

Three fairly distinct types of company unions exist in American industry—the "association" type, the "joint committee" type and the "employee committee" type.

\* This and other aspects of company unions are discussed in detail in *Company Unions* by Robert W. Dunn (Vanguard Press, 1927), and in *The Americanization of Labor* by same author (International Publishers, 1927).

1. The type that most nearly resembles a trade union in form is usually referred to as the "association type," but there are not very many of these as compared with the other two leading types. The association types may even go so far as to have dues, locals, membership meetings and agreements, and to manifest other formal trade union characteristics. This type, prior to the "New Deal," had developed chiefly in transportation and in certain public utilities. But since the passage of the NIRA quite a number of this type have been set up as the competition with the trade union has become keener. The Chevrolet Employees' Association and Works Council is an example of this type, and there are a number in the mine fields where they are known as the "brotherhoods."

When NIRA was passed, some companies that had "mutual aid associations," sports clubs and the like already functioning, took the occasion to turn them into fake "bargaining agencies." For example, the Wright Aeronautical Corp. of Paterson, N. J., changed its "mutual benefit association" into an "employees welfare association" which was, as the company put it in a letter to its employees, "intended to function under, and in accordance with Article 7a." The Houde Welfare and Athletic Association of the famous Houde Engineering Co. case was also obviously of this association type as was the Alcoa Protective Assn. of Mellon's aluminum company.

2. Far more important numerically in the company union picture is the so-called "joint committee type" composed of committees of employee representatives sitting on the same "joint council" or "works council" with an equal number of representatives of management. The chairman of the "joint council," the man who dominates the meetings, is invariably a man from the side of management. For example, in the Nash Motors Co., it is the "Management's Special Representative," a functionary of the head office.

3. Finally, there is what employers' agencies call the "employee committee plan" in which the "employees representatives" may meet separately as a committee before going into conferences with the management's representatives. Although this type is not unknown in the automobile industry, Joseph Geschelin, Engineering Editor of *Automotive News* (December 23, 1933), declares: "It is thought to be bad policy to permit employee representatives to meet privately since there is no control over the issues that they bring up,

and also, because the group forms a majority opinion on any given issue, which is hard to change in subsequent arbitration."

### *Company Union "Membership"*

It is obviously incorrect to speak of the number of workers *in* company unions. For, except in the association types of organizations, employees do not *join* the company union in the same way that a worker becomes a member of a trade union.\* They are only *covered* by a plan. They are merely included in the number which the company regards as involved in whatever scheme it may have set up to mislead its workers.

There is at present no accurate record of the number of employees in the United States who are thus covered by plans of employee representation. And such estimates as may have been made from time to time are based upon the broad claims of the companies that operate such plans. These companies have usually responded to periodical questionnaires sent out by the National Industrial Conference Board, the leading big business research agency promoting these plans. The N.I.C.B. admits that its "totals of workers in employee representation plans are based on only a fractional coverage of industry, and there are unquestionably many employee representation plans not included in the Board's figures."

Latest survey of the N.I.C.B. made in 1934 showed 1,770,000 employees covered by plans of the companies which reported to this agency. A study made for the Twentieth Century Fund in 1935 estimates about 2,500,000 covered by company union plans, compared with a total trade union membership of 4,200,000.

Great growth of these schemes under the NRA is reflected in all the recent studies. The N.I.C.B. found that of the 653 "plans" covered in one of its surveys, exactly 400 had been introduced *after* *NIRA*. Growth of the system was noted especially in the metal industry. A recent study of the National Metal Trades Association shows that out of 94 companies with such plans, employing 218,625 workers, 75 of the companies (80%) employing 198,000 (91%) of

\*Laws such as those proposed by Senator Wagner, prohibiting employers from coercing an employee into *joining* a company union, are hence practically meaningless, for employees do not have to *join* anything in order to be "included" or "covered" by a company union "plan."

the workers have set up their plans "after NIRA." The report states that "These facts indicate that there has been a *tremendous increase* in the number of plans in operation in the plants of our members *since the NIRA.*" (My emphasis.—R. D.)

The largest proportion of workers reported as "under employee representation" are found in steel, metal, rubber products, automobile, metal mining and petroleum refining.

### *In the Big War Plants*

Company unions have gained the greatest headway in the large companies. For these companies specially need this method of "contact" between management and workers. Having lost the "personal contact" with employees that may still exist in the smaller company and plant, a device of this kind becomes a real necessity to the big companies as part of what personnel men call a "well rounded industrial relations program."

In 1932 the National Industrial Conference Board found that 63% of the employees in company unions which they surveyed, were in companies *employing over 15,000 workers.* It found also in one of its surveys that the proportion of companies with company unions increases as the size of establishment increases.

The more recent survey of the National Metal Trades Association shows that the great majority of workers covered by company union schemes in the metal trades were in eight plants of 5,000 and over. In fact, 174,026 out of 218,625 workers in the company unions surveyed by the N.M.T.A. were in these eight large plants.

It should be noted also that most of the companies that have installed company unions are those which will certainly be turning out war materials in the coming imperialist war. It is particularly important for these companies and their government to prevent all strikes and other forms of "disloyalty" when war is declared. Hence the very companies that have been reported as closely associated with the industrial mobilization schemes of the U. S. War Department are those that have introduced the company union device for keeping their workers "in hand" now as well as in any future "national emergency." Just as company unions were pushed by government departments as a means of obtaining maximum production, efficiency and "loyalty" during the war days of 1917-18, so during the coming

war the company unions will undoubtedly receive the full support of the government. The present federal encouragement of company unions, which we shall note later (pp. 18-21) may have definitely in view the war utilization of these agencies.

### *Introducing a "Plan"*

In introducing a plan of "employee representation," the company in some cases may attempt to give the workers the impression that they have something to do with it. In other cases the plan may be introduced abruptly without any consultation even with the most "loyal" workers. This happened in the case of the Lamson & Sessions Co., metal manufacturers of Ohio, Illinois and Alabama. This firm simply wrote to its employees in the summer of 1933 that "the officers consider that an employee representation plan is now desirable and will inaugurate such a plan as of August 1."

Large corporations like the General Motors, although trying to maintain the appearance of some employee participation in the initiation of such a plan, are likely to give the game away even in their carefully prepared publicity statements. For example, Alfred P. Sloan, Jr., president of General Motors, issued a long statement on "industrial relations" to the press in October, 1934. Mr. Sloan accepted "collective bargaining" on the company union model, but the *New York Times* story announcing the plan, declared: "The plan was designed by the company to meet all requirements of Section 7a of the NIRA. *It has been in effect for several weeks. However, workers were first informed of it today.*" (My emphasis.—R. D.)

Usually the company makes the first move by posting a notice on the bulletin board that elections of "employee representatives" will be held on a certain date. All workers are asked to participate in the elections, the ballot boxes for the voting being placed in all plant departments.

Other companies follow the instruction booklet issued by the National Association of Manufacturers, and call together a few "recognized leaders" or "key men" who are known to be particularly "loyal" to the company and hostile to the outside unions. These potential spies, one or more of whom may be a straw boss, are made into a preliminary committee or an elections committee to

hold the first balloting for "representatives." Thus the plan is in "safe hands" from the start and the mass of workers is skillfully forced by these "recognized leaders" into taking part in the first elections. The company, of course, submits the "tentative plan" to the chosen initial group. This plan in many cases has been the very detailed scheme worked out in the booklet of the National Association of Manufacturers. The "recognized leaders" usually accept it without comment. The rank and file of workers have no chance to discuss it. All they can do is cast a ballot for a "representative."

### *Restrictions*

Although the company is eager to get as many workers as possible to vote in the election, it usually, in order to keep the workers divided, sets up certain restrictions. In order to qualify to vote in the elections for "representatives," the worker usually must fill such requirements as the following: be 21 years of age; be a United States citizen or, if not, at least in possession of first papers. Often an "educational qualification" is added. And a certain period of service in the plant is required, say 90 days.

Then to be elected as a representative in the works council, still stricter qualifications are required—all those required for voting, plus a longer term of work in the plant. It is quite frequently as much as a year. Thus newcomers can be looked over carefully and fired if they show any radical tendencies, before they can qualify as representatives. With such restrictions, the company aims to get the most conservatively inclined and "loyal" workers—the real yes-men—elected as representatives.

### *"Supporting" the Plan*

Once the plan is introduced and the first election is held, the company, or its trade association mouthpiece, will announce to the press that the plan is "supported" by the number of workers who were induced to cast their ballots. We find such headlines as the following, for example, in *Steel Facts*, the monthly organ of propaganda issued by the American Iron and Steel Institute: "86% of All Steel Workers Support Employee Representation." In other words, we are asked to believe that all but a trifling 14% of the workers in steel "support" the chains that bind them!

After this heading comes the "news" that the Iron and Steel Institute had completed a survey of 35 steel companies. That is, it had asked the officials of these companies to report on the number of employees who had voted, under compulsion or otherwise, in recent elections for company union "representatives." This number, according to the returns, reached a total of 319,105 employees. All of them, because they were made to understand it was the safest thing to "go along" when the vote was taken for "representatives," are recorded as "supporting" the plan.

By such fraudulent methods the employers try to build up the impression in the public mind that their plans are "endorsed" and "supported" by the mass of their employees.

### *Alleged and Real Purposes*

Alleged reasons for the introduction of company union schemes are usually phrased in the vaguest and most idealistic language. Most of these reasons have a familiar class-collaborationist ring. They refer to "friendly and lasting cooperation" and to "mutual confidence and understanding" (Nash Motors Co., October, 1934). There are frequent references to "means of communication between men and management," to the "community of interest between capital and labor," and to Corey's "medium of mutual understanding." W. T. Holliday, president of the Standard Oil Co. of Ohio, writes in the *National Petroleum News*, March 14, 1934: "The finest spiritual contribution which has been made to the labor problem in this century has been the essential idea of employee representation."

However, in the literature boosting the company unions issued to employers by the National Industrial Conference Board, the references are a little more frank. Here they speak of employee representation as a "safety valve," as a means of improving "plant morale," as a "lubricant for smooth and effective functioning" of the business. (See *Collective Bargaining Through Employee Representation*, N.I.C.B., 1934.)

Still more revealing as to the real purposes of such plans is a statement in the same pamphlet of the N.I.C.B. Writing of the way in which the company unions have been used during the depression years, the author says:

Works councils . . . were called on to deal with the most difficult of all problems concerning working conditions . . . *reduction of wage rates*. If they survived so exacting a trial, they indeed justified their existence. (My emphasis.—R. D.)

The N.I.C.B. shows, after a wide survey of plans, that they did "survive," performing faithfully their wage-cutting functions. They were also, it points out, used to good advantage by the employers in putting over the work-sharing or stagger plans from 1930 on. In the Goodyear Tire & Rubber Co., for example, the "Goodyear Industrial Assembly" was used to steer the stagger plan through in October, 1930. As the N.I.C.B. puts it, referring to the success of the plans in general from the viewpoint of the capitalist class: "For the most part employers expressed a high degree of satisfaction with the assistance rendered by the works councils in effecting adjustments to rapidly changing conditions."

The main purposes of company unions are obviously to keep the workers in hand, to control them, *to keep them out of real trade unions*, to render them more easily exploited and to bring more profits to the capitalist class. Such purposes, *the real purposes*, are of course never admitted openly by the employers. But in some cases they have stated quite frankly what a money saver a company union may be merely through its performance of certain jobs which otherwise would have to be paid for in hard cash. Listen to Walter C. Teagle of the Standard Oil Co. of New Jersey in his report as chairman of the Committee of Industrial Relations of the Business Advisory and Planning Council of the U. S. Department of Commerce. Mr. Teagle's report which is devoted exclusively to recommending the company union to his fellow capitalists, is distributed by the anti-labor National Association of Manufacturers. Mr. Teagle, in discussing what is taken up at the meetings of the works council, says: "Actually the meetings deal largely with safety measures, sanitation, efficiency of operating methods and similar matters *for which work the employer would have to pay others if it were not handled by the representatives.*"

In other words, money can be saved by giving the workers on the joint council an allowance for their time to deal with all these matters and they will thus perform many of the functions for which an

engineer, a safety expert, or some other salaried expert would have to be paid.

### *Fake Bargaining*

The fact that the company always sets up the company union and the equally clear fact that the company can do away with it when it so desires, should be sufficient to show that in comparison with a real trade union the company union is not a "bargaining agency" at all. To this must be added the fact that in most instances, as we have indicated, the "plan," or at least the workers' side of it, has no financial power whatsoever. There is usually no treasury, and when there is, it is confined strictly to the field of "welfare benefits" and "social activities." No such thing as an "organization fund," a "strike fund" or a "reserve fund" is conceivable in an arrangement which assumes the non-existence of any strikes or any kind of "agitation."

Such funds as are spent on the average company union come out of the treasury of the company which agrees to take care of all secretarial expenses, to pay the "representatives" for their time spent in joint conferences (and sometimes \$25 a month extra), to provide rent, printing and other expenses. The company pays the piper and the company calls the tune.

In those few cases where the company has tolerated dues payments by the workers, it has usually been in order to simulate trade union practice, the company using a check-off system from the pay envelope in order to make the system compulsory. Usually, however, they have kept the company unions on a free basis in order to boast of them as "unions without dues," supposedly an attraction to underpaid wage slaves.

In most cases, there is no such thing as an agreement or contract signed with the company. In the association type of company union and on some of the railroads formal agreements may exist but they are in every sense of the word agreements made with a straw "party of the second part." They represent in effect agreements made between the company on the one hand and the company on the other! The essence of real give-and-take collective bargaining between opposing forces is entirely lacking.

Real trade unions employ various methods to recruit members, to educate and train them, to make them alert to their grievances and

responsibilities. One of the methods of informing the membership of what is going on is through membership meetings. Company unions for the most part call no such meetings. And where they are permitted, they are held on company premises and are carefully policed by the company either by the bosses openly or by stool pigeons and undercover agents. And general mass meetings of all workers are simply out of the question. They might germinate dangerous notions of solidarity!

Besides lacking funds for organization purposes, the company association also has no funds to employ any outside talent of any sort to assist it in its so-called "bargaining" with the company. On the other hand, the company can dip into its treasury for cash to supply lawyers, statisticians, and "industrial relations" experts, all of whom stand behind the company's position and provide management's representatives in the "joint council" with facts and arguments. Even in a capitalist court the worker is at least theoretically entitled to be represented by counsel. But no such right exists in the company union. That privilege is reserved for the side that has this as well as all the other cards stacked in its favor.

The only condition under which a company union would be permitted to have even a lawyer, for example, would be in such a situation as the Carnegie Steel Corp. faced in January, 1935. It hired the lawyers who went into the courts of Pennsylvania and Ohio, supposedly representing the members of its "employee representation plan," in order to bring legal proceedings to block elections ordered by the steel labor board in two of the company's plants. In other words, the company union tools were permitted the use of a company lawyer but for the sole purpose of fighting the outside union!

In the joint conference committee of the company union, the "bargaining" is of course always carefully guided by a representative of the company, usually the works manager, that is the top boss of the factory. He is the "impartial" chairman of the council meetings. A reading of recent minutes of the Westinghouse Electric & Manufacturing Co., for example, will show that such a plant officer rules the meetings of the "joint conference committee" with an iron hand. The same is true in other companies. One of the former representatives at the Tarrytown plant of General Motors, describing the conduct of meetings of the works council, declares: "The plant manager

dominated all the meetings." And when anything came up that was not on the company program he would simply say: "There will be no voting in this conference."

Another feature of the phoney bargaining of the company union type is that it is almost invariably confined to the one plant or establishment. Although the workers in other plants of the company may also have a company union for their enslavement, the workers or "representatives" in the two company unions are not supposed to get together. Otherwise they might be able to act together against the wishes of the company. They might compare conditions. They might find out how the company is playing off one plant against the other to hold down wages. This rule of divide and conquer is an old one with the employing class. The isolation of the workers in one company is the most desirable way of keeping them away from any joint action with their fellows elsewhere. Of course for workers in a company union to have any relations with those of another company would be still more harmful to the employers' interests. In fact it would be in sharp violation of the cardinal principle of the company union, that employees and employers of one company comprise one happy family, and that contacts outside the family are very dangerous—to the profits of the head of the house.

### *Hiring and Firing*

The "merit clause," made famous in the automobile code, is at the heart of every company union plan. The company has the right to hire, to fire, to suspend, to transfer, to demote whomever and whenever it pleases.\* This is the provision that in itself is sufficient to expose the claims of the open shoppers that company unions can conduct "collective bargaining." How can the average worker any way feel the slightest security in his job when there are 17,000,000 unemployed in the United States today? How can he feel any security

\* The plan of the Inland Steel Co. states, for example, "VI (a). The management of the Works and the direction of the working forces, including the right to hire, suspend, discharge, or transfer, and the right to relieve employees from duty because of lack of work, or for other legitimate reasons, is vested exclusively in the Management . . .," and the long list of offenses which may be cause for "summary dismissal, or other discipline" includes "insubordination (including refusal or failure to perform work assigned)," "Changing working place without orders or prowling around the works from assigned places."

as a representative in a company plan if his opposition to company policy is likely to land him on the street with his family in starvation?

Of course the companies will tell you that they have a little clause in their company union constitution to the effect that "representatives" shall not be discriminated against for any position taken in the councils. But such a clause provides no protection whatsoever. The thousands of cases of workers discharged within the last two years alone, who appealed vainly to labor boards for reinstatement, is proof enough that such "guarantees" are meaningless.

How to dispose of "trouble makers" is very simple in the Chrysler plan, for example. It is provided that representatives who have been elected must vacate their office, if they are discharged by the company or are removed from one "voting district" (department) to another. Thus a simple transfer to another job in another department is sufficient, in case discharge is not resorted to by the company.

### *Taking the Credit*

When a company is threatened by the organization efforts of real trade unions, it will often resort to some measure intended to give prestige to the company union. A very common method is to give the company union the official credit for having "bargained" for some slight concession which management is ready to give anyway as a result of the "agitation" of the trade union.

A typical example of this practice comes from the meat packing industry. A *New York Times* headline on September 24, 1934, announcing a wage increase for employees of Swift, Armour, Cudahy and Wilson, declared "Credit is Given to Employee-Representation Plan by the Officials of the Companies." The item declared, "Credit for the wage scale must be attributed to the success of the employee representation plan, or plant conference boards, officials declared." And the *Wall Street Journal* dispatch on the same incident declared: "This latest wage increase is expected further to ramify the feelings of plant employes that they have adequate self-expression through the company organization." Thus, at a critical moment, and due to the agitation of the trade unions and independent workers' groups, the wages had to be raised. But the company saw to it that the official publicity released gave the credit to the dummy "union."

In the same manner the "works conference" of the Fisher Body

Corp., division of General Motors, attempted to steal the credit for a wage raise that had been won long before by the Pattern Makers Union. In a joint report of the company union from three of its plants, issued in the fall of 1934, one of the "accomplishments" of the "works conference" was reported as follows: "Committee submitted a request for an increase to pattern makers. Claiming other plants were paying higher wage rates. This condition was checked and management found the pattern makers' statements correct and hourly rates were adjusted accordingly." But the Pattern Makers Union pointed out that this wage increase had been conceded because the pattern makers were 90% organized in real unions in Fisher plants. "We put in a demand for a wage increase and after several conferences with the company officials we received an increase," was the way the real union official described what had happened. Yet the company union had the brass to take the credit for this victory!

### *"Favorable" Decisions*

Another clever way of playing up the company union has been employed by many corporations, especially since the passage of the NIRA. The steel companies, for example, through their trade body, the American Iron and Steel Institute, have issued releases to the press presenting a long statistical array of matters which have been adjusted under the plan. They have listed also in great detail the decisions of the joint councils which have been favorable or "affirmative" to the workers. (Adverse decisions are referred to as "negative.")

These specious stories invariably show that the employees have received loads of favorable decisions and relatively few "negative" ones. Even the exact percentages are given to impress the reader with the plausibility of the yarn.

When we examine these decisions, however, we find they were concerned predominantly with such matters as "economy and waste," "safety matters" (helping the company to save some compensation payments), "sanitation," "relief," "education," "athletics," "domestic economies," "publications," "public relations," "employees transportation," "recreation," "rules, ways and means," and similar matters. President Holliday of the Standard Oil Co. of Ohio, declaring in the *National Petroleum News*, March 14, 1934, that

"wages and hours are but a small part of the problem," pointed out that the company union deals with "operating methods," "both physical and psychological (sic) vacations" and "cooperative effort toward achieving a happier and better institution."

If you should happen to question the importance of such items as compared with the basic problem of what goes into the pay envelope, you will be assured by the hard-boiled Ernest T. Weir of Weirton case fame that these questions—the petty ones above listed—"are often just as important to employees as wages and hours." Weir ought to know how unimportant wages are to his workers! For in the Weirton works of his Weirton Steel Co. he slashed wages five times within eleven months in 1931-32, while blandly assuring the public that he was "opposed to wage reductions"! (See Labor Research Assn.'s *Steel & Metal Notes*, November, 1932.)

### *The Final "Say"*

A study of the detailed plans of the company unions shows clearly that in all cases the final decision rests with the company no matter how the "joint council" may happen to vote. As the National Industrial Conference Board admits in one of its reports, "Only seven employee representation plans [out of hundreds which it had examined.—*R.D.*] are known to invest the council with final authority over matters properly brought before it, and even in these cases a unanimous or large majority vote is required."

In the much-publicized plan of the General Motors Corp., even the validity of the complaints brought to the attention of management through the company union committee is determined by the company's Department of Industrial Relations!

And even in those few cases where the final arbiter is not the Board of Directors of the corporation—as in the Standard Oil of New Jersey plan, for example—the "third party" who makes the final decision is an official of the employers' government. For example, the U. S. Secretary of Labor is named in a number of plan constitutions as the "arbitrator" in case there is a tie vote in the joint council.

Clearly all the plans are so set up that no matter how much the "representatives" may talk and even "bargain" in the joint committee, the *final word* rests with the same authority that may hire and fire the workers at will, *the company itself*.

The plans are frequently spoken of as "lightning rods" and "safety valves" which, according to a typical company spokesman, H. P. Dutton, writing in *Food Industries* (February, 1934) have "been provided for the more dangerous of the emotional tensions" that may arise in the plant. And C. R. Dooley, manager of industrial relations of the Socony Vacuum Oil Co., expresses the same notion in an address to the convention of the National Federation of Textiles in December, 1934. Speaking of the importance of the company unions, he declared that "All the men want is a chance to talk and an opportunity to tell their story."

Then after they have "blown off steam" the company union machinery is devised as an agency to stall and delay them by a series of appeals. Even if the workers persist in carrying a grievance to the highest authority, such appeals require endless delays and finally a decision by the company president or the board of directors!

### *Coercion and Terror*

Employers have used open terror and intimidation against workers in efforts to keep them out of trade unions and hence "supporting" the company union. This practice has been illustrated again and again under the "New Deal."

In the Detroit hearings on auto workers' conditions held in December, 1934, under the direction of the NRA, one worker witness after another reported in words similar to those of the Chrysler worker, J. G. Kennedy, who testified that fear was the only reason thousands of other workers had not come to the hearings to tell what they knew: "Those men have been discriminated against and fired as I have myself. . . . I exercised my right as a citizen and advocated that we start an organization in the Chrysler plant to better conditions for myself and my fellow men, but I was fired for that effort, as were many more of my fellow-workers in the plant." Another skilled craftsman, William Dennison, of the Society of Designing Engineers, testified at the same hearings that "a general campaign of terror prevails" in the auto plants, under which "old and experienced employees are discharged when they show any signs of organizing activity" outside of the company unions.

In the fall of 1934, during the struggle between the company's union and the Amalgamated Association of Iron, Steel & Tin Workers

at the plants of the Jones & Laughlin Steel Corp. at Aliquippa, Pa., company thugs waylaid and beat three active union members.

Practically all of the steel companies that have been fostering company unions to offset the trade union efforts in recent months, have resorted to the same tactics. The Carnegie Steel Co. (U. S. Steel subsidiary), notorious for its spies and gunmen (see *Labor and Steel*, by Horace B. Davis, page 164), used a lynch threat against its workers in January, 1935. After the Steel Labor Relations Board had abandoned its decision for an immediate election in Carnegie's Duquesne plant to determine whether the trade union or the company union represented the majority of the workers, and the Fort Duquesne Lodge 187 of the Amalgamated had decided to go ahead with its own election, the U. S. Steel-controlled *Duquesne Times* attacked the trade union with a front-page editorial which in the best fascist or southern lynchers' manner suggested: "There are plenty of vacant trees, and hemp these days can readily be procured."

Against the efforts of the workers of the New York subways to organize in trade unions in 1934, the companies countered with wholesale discharges and even refused to comply with the reinstatement orders of the National Labor Relations Board. The companies insisted that the discharged workers should have taken up their grievances through company union locals.

On the Interborough Rapid Transit Corp., whenever serious opposition from the rank and file or open defiance of the General Committee of the company union was expected, meetings of the locals of the company union—an association type—were arbitrarily adjourned or suspended and the members driven from the hall. Company also used special officers and secret service operatives, and even well known thugs, to break down the resistance of the workers when they opposed the company union methods. It also called the most militant leaders of the opposition to the General Office of the company in efforts to intimidate them. Physical assaults were made on those active in the trade union, the Transport Workers Union, and they were warned: "If this doesn't teach you a lesson bullets will."

In scores of cases coming before the National Labor Relations Board in recent months, workers have testified on the attempts made to terrorize them into the company unions. For example, five long-shoremen of New Orleans told the Board in December, 1934, that

“they had been forced to join the company union under threat of losing their jobs” with Lykes Brothers and the Ripley Steamship Co. (*Federated Press*, December 17, 1934.)

### *The Government Helps Out*

Since the early days of company unions the government has given them encouragement in one form or another. During the Imperialist War, the National War Labor Board, the Shipbuilding Labor Adjustment Board and other federal agencies stimulated the growth of employee representation plans and works councils in connection with the “mediation and conciliation” of labor disputes in plants engaged in the manufacture of war materials.

This war experience with company unions was later used by many corporations in setting up their plans. Personnel experts and others helping the employers introduce these schemes would frequently refer to the government’s aid to company unionism in 1917-18.

When the Roosevelt regime in 1933 began creating its various boards and agencies for controlling labor and preventing strikes under the “New Deal,” company unions again received a strong governmental impetus. NIRA, like the acts that had been passed in wartime, again asserted that labor had the “right to organize,” a right that labor already possessed wherever and whenever it was able by its own strength to exercise it. There was nothing new, therefore, in the so-called “Magna Charta of Labor,” as A. F. of L. officials called the famous Section 7a. It merely stated that labor had “the right to organize and bargain collectively through representatives of their own choosing.”

As soon as NIRA was passed, hundreds of corporations hastened to set up their own hand-picked “collective bargaining” arrangements. Whole industries such as automobile and steel, where only a scattering of such agencies had existed before, began to introduce them. Individual concerns installing company unions were aided by such anti-labor employer bodies as the American Iron and Steel Institute, the Steel Founders’ Society of America, the National Industrial Conference Board, the Rockefeller-financed Industrial Relations Counsellors, the Chamber of Commerce of the U. S., the National Association of Manufacturers, and a host of trade associations.

In many cases the trade association of the industry became the

code authority under the NRA, authorized by the government to draw up codes determining labor conditions. And many of these code authorities have used their dominating position to push the company unions. Thus we find Dean Clark, director of the code authority of the chemical industry, describing the beauties of company unionism to the annual meeting of the Manufacturing Chemists Association in 1934.

Company unions were promoted by still other bodies appointed by the federal government, as, for example, the Business Advisory and Planning Council, set up in June, 1933, by the U. S. Department of Commerce, and made up of 52 of the leading capitalists of the country. (See Labor Research Assn.'s *N.R.A. Notes*, Feb. 1935, p. 5.) One of its first propaganda moves was a long statement, describing and advocating company unions, by the chairman of its committee on industrial relations, Walter C. Teagle, of Standard Oil Co. of New Jersey, who was at the time chairman of the no less influential Industrial Advisory Board of the NRA.

In setting up their plans many companies have stated explicitly that they were acting to conform to the provisions of the NIRA. For example, General Cable Co. declared that it established one to deal with "any concern which may arise under the NIRA, in furtherance of the declared policy thereof." And a letter of the Pittsburgh Plate Glass to its department managers declared that it had contemplated setting up such a device for some time, "and we have now made the decision in order to be in harmony with the provisions of the Industrial Recovery Act." Likewise the Continental Can Co., and various subsidiaries of the U. S. Steel Corp., in letters to their employees informing them that such plans were being installed, used the identical phrase: "Adhering to the principles set forth in the National Industrial Recovery Act."

### *Government Boards in Action*

Instead of outlawing the company unions as definitely against the interest and welfare of the working masses, the capitalist government has in some cases resorted to the "impartial" practice of holding elections to determine whether the trade unions or the puppet plans should be used to "represent" employees of a given plant or company. This practice has resulted in dividing the workers. It has set one

group against another. It has helped the employing class in its efforts to destroy the unity of the working class.

These elections, held under government auspices, have usually been so timed that the company has had a long period before the election in which it could annihilate leading trade union members by lay-offs and other "adjustments" calculated to rid the plant of "trouble makers," at the same time strengthening the company "plan." In the famous case of the *Kohler Manufacturing Co.* of Wisconsin, the government delayed the elections until the company could muster sufficient strength to outvote the trade union. Although the National Labor Board had actually held Kohler guilty of violating the NIRA, at the same time it had allowed his company union to enter the government-sponsored election in 1934. And the trade union leaders were not informed, until they saw its name on the ballot, that the company union would be allowed to participate in this stacked election. Thus, thanks to the labor board, Kohler succeeded in defeating the A. F. of L. and in legalizing his terror-protected company organization.

In the steel industry, the board set up by Roosevelt when the general strike movement was broken in May, 1934, has engaged in a policy of stalling in order to weaken the power of the trade union. After more than a year of stalling, it has induced but one steel company, and that a very minor one, to hold an election. Where, after interminable delays, it has ordered these elections in other companies, such as in Carnegie Steel, the latter have challenged the action in the courts in the name of their company union dummies. Such action has tied the matter up in the courts indefinitely, which is just what the corporations desire. (For details see *N.R.A. Notes* and *Steel & Metal Notes*, issued monthly by Labor Research Association.)

\* Even where an election has been held and the company union beaten, the corporations can obtain indefinite delays by fighting in the capitalist courts. For example, in the notorious case of the *Weirton Steel Co.* (see *Labor Fact Book II*, p. 53), the National Labor Board, after a series of maneuvers, was content to let the matter rest in the hands of the anti-labor Department of Justice and the courts where the decision was finally handed down against the workers—and the company union legalized. Meanwhile the steel company continued to terrorize and discharge hundreds of trade union members.

We should note also in connection with steel the conduct of Roosevelt's Secretary of Labor, Frances Perkins, once widely hailed as a liberal and a "friend of labor." It was she who in December, 1934, tried her best to get the union leaders to accept the open shoppers' formula for a "steel truce" providing for "proportional representation." But with steel workers clamoring for action and the leading lodges of the trade union in favor of an out-and-out fight against the bogus company plans, the trade union officials were forced to refuse to accept the Perkins offer of "partnership" with the yellow dog unions.

In the automobile industry also we find that the Roosevelt government has supported the company unions as against the trade unions. In the "Presidential pact" that killed off the automobile strike in March, 1934, the company unions were given full recognition under the principle of "proportional representation." This settlement was followed by months of stalling during which the National Automobile Labor Board, headed by Leo Wolman, devised a scheme for voting by plant departments on company premises during working time under the eyes of company officials—a procedure adopted from company union practice. And during the same period the companies were permitted to flood the plants with company union propoganda and to sap the strength of the trade unions with wholesale layoffs. At the same time the Board refused to order any of the discharged union workers reinstated. And even in the few cases of discrimination where it recommended reinstatement, it did not fix any time limit. Thus the Board aided the terror campaign of the companies against the trade unions.

Actions of the Board were so hostile to real unionism that even the officials of the A. F. of L., who had accepted the original Roosevelt pact, boycotted the elections. These elections by the Board were held first in those plants where the A. F. of L. unions were weakest and the trade union was prevented from nominating its own candidates. In spite of the fact that the company unions were rejected in the elections in favor of so-called "non-affiliated" candidates, the latter were in many cases found to be nothing more than company union agents in disguise. So the net effect of the Board's fake elections, plus the recent extension of the Automobile Code by Roosevelt at the behest of the company union employers such as Walter P.

Chrysler and Alfred P. Sloan, Jr., was to set up a company union regime in the auto plants. Against this open shop tyranny, the militant workers are now fighting.

### *A. F. of L. Officials and Company Unions*

Top officials of the American Federation of Labor have recognized the danger of the company union as a growth menacing their position. They have campaigned openly and vociferously against it. They have passed scores of resolutions against it at their annual conventions. They have appeared before congressional hearings and public forums expressing their bitter opposition. If there is to be "cooperation" in industry—and the A. F. of L. officials believe there must be—they would like to be the representatives of the "workmen." In order to be recognized as the spokesmen of the workers they are perfectly willing to give every consideration to the interests—and profits—of the capitalists, to give capital its "due," to make agreements that will grant the employers better efficiency than they can get from unorganized and company unionized workers. The labor "leaders" are eager, in fact, to make no-strike contracts with the companies as in the coal agreements of 1933, in the agreement with the Sinclair oil companies in 1934, and in many of the agreements recently signed by the teamsters' union officials in various cities. Being thus ready to grant the employers the fullest collaboration, they resent very much the appearance of a rival in the field. Hence their hatred of company unions.

In some instances the A. F. of L. officialdom have greatly exaggerated the power of the company unions and have talked loudly against them, playing them up as an almost insuperable obstacle in order to conceal their own failure to carry on vigorous organization work. On still other occasions, as in recent years, they have considerably underestimated the power of the company unions and have gladly accepted the vague phrases of the NIRA as meaning the death of the company organizations. Thus we find the *Lather*, official organ of the Wood, Wire and Metal Lathers International Union, declaring in June, 1933, in bold headline: "Company Unions Are Now Dead in America," following this with such lines as the following: "The National Recovery Act has killed company unions." "We

have a 1933 Emancipation proclamation" (referring to Section 7a). "It's a great day for America."

These were typical A. F. of L. official sentiments in the summer of 1933, when the top leaders were being filled with promises by the Roosevelt government. And even as late as January, 1935, we find the *Bulletin* of the Metal Trades Department of the A. F. of L. carrying a story on "Company Unions Waning" in which it declares that in view of certain rulings of labor boards, "the most casual observer is forced to recognize the fact that company unionism in American industry has been consigned to the industrial scrap heap, and within the comparatively near future will become a page of our industrial history which all free thinking Americans will be glad to forget."

### *Craft and Color*

Actual tactics and methods of the A. F. of L. leaders, as well as the very structure of the A. F. of L. unions, have laid them wide open to attack from employer agents promoting company unions and arguing for their status before various government boards in recent months. The dominant sentiment among the officialdom of the A. F. of L., in spite of the half-hearted resolutions for industrial unionism passed at the 1934 Convention, is still in favor of craft unionism. So the advocates and defenders of the company unions can declare demagogically that they employ the "vertical principle" of unionism, and that they embrace all crafts regardless of skill or lack of skill. They declare that they take in all workers in the plant while the A. F. of L. is exclusive and narrow in its craft coverage.

Predominantly craft form of organization of the A. F. of L. has long been one of its main weaknesses and at the same time the strength of the reactionary officials rooted in their craft organizations. Even during the campaigns carried on in the mass production industries during 1933-34, when company unions were growing rapidly, the A. F. of L. top officials insisted on shunting the workers into the craft "internationals" or into Federal Labor Unions having no connection with other workers in the same industry and entirely under the control of the national office of the A. F. of L.

Struggles of the workers for real industrial unionism, under rank and file control, in such important industries as rubber, automobile,

cement, aluminum, and electrical manufacturing will finally be victorious. In the meantime the A. F. of L. officials move only when the mass pressure is so strong that their positions would be imperiled if they resisted further. The recent move to set up the beginnings of an industrial union in the automobile industry is the first result of this powerful pressure from below.

In his testimony at the hearings on the Wagner Bill (S 2926) in 1934, Arthur Young, U. S. Steel Corporation vice-president, shrewdly referred to the "color distinctions prevailing in the [trade] unions" and stressed the fact that the company union of the steel trust *covering*, as it does, every member on the payroll of the company, could make no discrimination as to color as do many of the unions of the A. F. of L. So long as this policy is followed by the labor misleaders, the claim of the company union that it is more "inclusive" than the narrow craft union bodies cannot be easily answered.

It should not be concluded from Young's statement that U. S. Steel Corp. does not have a completely Jim Crow policy. Actually, although it includes Negroes within the scope of the company union, in its subsidiary, the Tennessee Coal & Iron Co., for example, it puts them in a separate committee which meets the bosses' representatives separately from the white workers.

Racketeering character of the leadership of many of the A. F. of L. unions (see *Labor Fact Book II*, page 107 ff.), likewise opens them to easy attack by any company union advocate who knows how to use such facts to his own advantage. In 1934 we found a vicious anti-trade union pamphlet circulating in the Pittsburgh district. It used this type of material in attacking the A. F. of L. in an effort, of course, to indicate by contrast the purity of the company unions!

### *A. F. of L. Officials as Government Agents*

In addition to lauding the NRA as opening a "New Day" for workers and spreading illusions of government "sympathy" for labor, the A. F. of L. officials have by their acts as agents in the NRA opened the way for the spread of company unions. Their actions on many of these government boards have in effect betrayed the workers' interests. William Green definitely accepted the infamous "merit clause" in public hearings on the code for the rubber tire industry.

(See *Washington Review*, published by Chamber of Commerce of U. S., November 13, 1933.)

As members of the Labor Advisory Board of the NRA, leading A. F. of L. officials such as Green, Lewis, McGrady, Frey and Hillman accepted the "merit clause" in the code for the automobile industry in August, 1933 and again in March, 1934. This opened the door for the firing of real trade unionists and the building of yellow dog associations by the automobile companies.

A. F. of L. leaders likewise accepted at the same time the automobile "settlement" which established the principle of "proportional representation" with the company unions pushed to the front as the leading participants in the Roosevelt-fostered "works councils." Refusal to fight the companies and the government at that time actually opened the door wide to the company unions.

Similarly in stopping the threatened steel strike in June, 1934, the action of Green and the steel union leaders again played directly into the hands of the no-strike policy of the Roosevelt government and the anti-trade union policies of the steel barons. This strike-breaking act gave the corporations time and opportunity to fortify their company unions in preparation for their later fascist onslaughts against the steel trade union. It also left the hundreds of thousands of steel workers at the mercy of the Steel Labor Relations Board which failed to reinstate the hundreds of militant unionists which the corporations continued to discharge in their terror campaign against the Amalgamated Association.

In the months following the betrayal of the threatened strike movement by the Amalgamated top officials and William Green, the steel workers were stalled along by the government but especially by the international officials of the steel union who finally withdrew all organizers from the steel towns thus surrendering completely to the company unions. Against these acts of open sabotage the rank and file of the workers and the militant Amalgamated lodges are revolting as this is written. They declare that the recent expulsion policy of Pres. Tighe is "the greatest encouragement so far given to company unionism." (See *Steel & Metal Notes*, February, 1935.)

A. F. of L. top leaders are continuing their systematic stalling and sabotage of the workers' interests in steel, in rubber, in automobiles, in textiles and elsewhere. But they are fortunately being met with

an increasingly bitter and effective resistance from the rank and file of the trade unions who demand not only the smashing of the company unions but real democratic control of the A. F. of L. unions to make them the genuine weapons they ought to be in the coming battles against the corporations and the corporation hand-fed company organizations.

### *The Militants Fight*

What can workers do to fight the company union? It is obvious that there are two ways. One is to attack it from without, expose its character, defeat it in any elections that may be held, attempt by every means possible to keep it out of the plant. This tactic has been successful in many instances especially during the strike wave of 1934 when struggles were carried out in many cases for the sole purpose of winning recognition of the trade union and destroying the hold of the "inside" organization.

The second way of meeting the company union danger does not exclude the first one. It is a way that must be followed in those cases where the company union already has such a hold on the workers that it cannot be beaten by open frontal attack or by the boycott. It is a way that involves what is usually called "boring from within." The militant workers try to use the machinery of the "representation plan" to demand better conditions. Then when the plan fails to deliver the conditions demanded, the workers show up the real nature of the company scheme and fight for the transformation of the "employee representation" machinery into the effective machinery of real trade unionism.

Instead of describing this second way, in general language, let us examine briefly a few of those recent instances in which the attack from *within* has been used to good advantage both in exposing the company union and in building the strength of the "outside" union.

Several locals of the "Brotherhood of Interborough Rapid Transit Employees," on the I.R.T. lines of New York City, in December, 1934, voted to reject the two-year "agreement" drawn up between the General Committee of the Brotherhood and the company. They also repudiated the General Committee of the Brotherhood and decided to elect their own committees to negotiate with the company. Several

locals voted to withdraw from the Brotherhood, and to affiliate with the Transport Workers Union, an independent trade union.

In the Alexander Smith & Sons Carpet Co., at Yonkers, N. Y., a "Plant Works Council" was established to meet the conditions of the NIRA in the spring of 1934. The company declared at the outset that the organization would have no fees or dues of any kind and that it would not deal with the basic hours, wages and working rules. In the initial election that set up the plan, some six or seven hundred of the workers voted for an outside plan prepared by a group of workers not under the control of the management. However, the company was able to force a vote of nearly 2,000 for its type of plan.

Defeated in the company-dominated election, the militants did not give up. In the elections for representatives that followed they elected some of their number. These men went into the works council and fought for open meetings of all the workers. This the company, of course, opposed. The militants also fought against the rule requiring those complaining to the council to sign their names to their grievances. They also organized themselves into an outside "club" with a view to consolidating their forces independently of company domination. Later they expect to have this club apply for a trade union charter.

In a metal plant in Indianapolis this is what happened in the autumn of 1934. The militants decided to ask the company union to demand a 15% increase in wages. So they circulated a petition to this effect which was signed by 90% of all the workers in the key production departments.

Attempting to halt the agitation, the plant superintendent ordered new elections to the company union. Trying to "put them on the spot," he approached two of the militants and asked them to run in the election as "representatives" of their departments. They accepted his challenge and ran, and were elected to the joint council. One of them immediately brought the wage petition with its hundreds of signatures before the council, and by winning over one other worker they were able to force not the full 15%, but a 5% increase out of the company. Although this partial victory was achieved, the company prevented further advances, at least for a while, by "transferring" one of the committeemen to another factory, hundreds

of miles away. Lay-offs caused the dropping of other militants from the payroll. Had the remaining militants at this point been able to rouse the workers against the layoffs, they might have gained even more than they did. But the fact that an economic gain was scored in the works council showed something of what could be done. The major error in this case, however, was the fact that the militants did not organize a branch of the real trade union at the same time they were forcing action within the company union. As one of them put it: "If this is done, at the decisive moment the company union can be killed and the masses of workers brought into the real trade union."

Operations of a similar kind are now being conducted in dozens of plants, for example in those of the Mergenthaler Linotype Co., the Bridgeport Brass Co., the Yale & Towne Mfg. Co., and the Westinghouse Electric & Mfg. Co. In the Westinghouse works at East Pittsburgh, the worker members of the "Joint Conference Committee" recently presented the following "communication" (as the company union minutes called it) to the company management:

We, the members of the elected representatives Committee, have been elected by the workers of the Westinghouse Company to represent them and their interests in collective bargaining. We have felt it our duty to personally contact the workers and learn their problems.

In view of the economic suffering of the workers, especially those getting part-time work, due to the lowering of wages and the rising cost of living, and in view of the fact stated by Mr. A. W. Robertson, Chairman of the Board of Directors, that: "We have turned the corner. . . . During the past year, the Company's earnings and profits have been restored," the workers feel that they should receive a marked improvement in their living and working conditions.

*We, therefore, present the following demands.*

1. A—General increase of  $33\frac{1}{3}\%$  for all check employees to restore the pre-code equivalent of the 48-hour week.  
B—Restore base salary to all salaried employees, and still retain the 5-day week.
2. Double time for Sundays and all Holidays recognized by the Company, for check employees.
3. Restoration of 10 per cent Night Turn Bonus for check employees.
4. Equal division of time among group members on same work.
5. Elimination of classifications D and E.

6. No rate reduction when transferred to same class of work.
7. Equal pay for equal work regardless of sex.
8. Restoration of full vacations for check and salary employees.
9. Abolish the furlough system as affecting salaried employees.
10. Set up job classification and review of salaried employees.

The company was forced to reply to the demands and denied every one of them, however, making a few minor concessions. The incident served to expose the true character of the "joint conference" system and facilitated the spread of sentiment for real trade unionism among the workers.

### *Unions That Will Win*

It obviously takes more than one method to beat the company union. Outside agitation, inside operation, constant exposure of the weakness, the shams, the shabbiness of the whole machinery. But whatever methods are used, they can best be carried on under the direction of a militant industrial union, controlled by the rank and file, and organized to strike if necessary to win the workers' real demands.

When the workers, misled by the A. F. of L. officialdom, and sick and disillusioned with the Roosevelt promises and smiles, come to make their reckoning with the run-around boards and NRA-company agents, they will need the strongest kind of industrial union to lead their battles.

These unions must be powerful bodies that will reject all efforts at "labor truce" by the Roosevelt government. They must be uninfluenced by personnel managers, by capitalist politicians, by the racketeers and gangsters that flock around the treasuries of the A. F. of L. internationals. They must be unions that work according to the principles of real working-class democracy. They must be open to every worker regardless of craft, sex, age, color or citizenship. They must develop the best organizers from the rank and file.

In other words, they must be fighting organs of the American working class, battling every day for the improvement of conditions. They must be unions that depend not on Congressional laws and Presidential boards, but rather on firm organization capable of striking and picketing until demands are won.

Such unions were called for in the important appeal addressed to

the General Council of the A. F. of L. by the Central Committee of the Communist Party of the United States on February 6, 1935. Roosevelt was then launching his open-shop drive against the unions, trying to beat down the wages of building workers with his work relief bill, encouraging company unions with the renewal of the automobile code. The appeal was for a real united front against the whole "New Deal" and its company-union-encouraging apparatus. A similar appeal for united struggle "against the wage cuts, against the open-shop drive, for the 30-hour week without reduction of weekly earnings . . . for the right to organize and for collective agreements" was made by the Central Committee of the Communist Party to the A. F. of L. Executive Council, to all trade unionists and to all workers, organized and unorganized on April 9, 1935.

For such a united front for these demands every reader of this pamphlet is urged to work. With such opposition and only under such leadership can the fascist company unions finally be defeated.

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