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SECTION TWO — INDUSTRIAL RELATIONS — JANUARY 18, 1947

NAM'S 11th Institute on Industrial Relations Points Ways to Improving Employer-Employee Relationship

GENERAL ASSEMBLY at outset of NAM's Institute brought company executives from 33 states together before start of schedule of three sessions per day for five-day conference.

Portal-to-Portal Threat, Demands for New Round of Wage Increases, Other Critical Current Issues, Intensify Call of Boca Raton Conference for All Management to Exercise Initiative and Leadership

BOCA RATON, FLA.—Because in its relations with labor industrial management stands at the crossroads of the most serious situation in the nation's industrial history, 200 company executives responsible for employer relationships with hundreds of thousands of employees came here from 33 states to participate in the 11th Institute on Industrial Relations, Jan. 6-10, sponsored at the Boca Raton Club by the National Association of Manufacturers.

Some came from as far north as Maine. One drove more than 4,400 miles, from Washington.

They represented large companies and small companies, making an endless variety of products.

But regardless of size or products, all were confronted with this over-all problem:

Over the short-range—to find answers for urgent labor questions in their plants. Over the long-range—to improve their employer-employee relationships, so as to cut down the strife which stalls production and holds back national prosperity.

The full enormity of the portal-to-portal issue is emerging. Demands for a second round of wage increases threaten hopes of full production and low prices. Genuine collective bargaining is close to collapse.

The Institute gave full due to these crises. But it underscored the fact that regardless of the gravity of these and other issues of extreme urgency, employers must make the most of the available know-how on dealing with the human problems as well as the technical problems that come up in the individual plant.

Keynote of the conference was its call to industrial management to exercise initiative and leadership in the improvement of day-to-day relationships at the plant level.

The Institute scheduled three sessions per day. Specialists of wide reputation in their fields led the conferences. Participants brought up specific questions for answers. Out of the experiences of other companies with related problems, emerged answers worth going half-way across the nation to secure.

A special evening session was addressed by Edgar L. Warren, director of the U. S. Conciliation Service, on "The Role of Conciliation in Free, Collective Bargaining."

While space limitations prevent printing any substantial portion of the constructive material which was developed, widespread interest in the Institute demands, as far as space permits, publication herewith of some of the highlights developed in each of the conferences.

KEY TO FUTURE OF FREE ENTERPRISE

The future of free enterprise as a whole hinges on effective handling of the entire employee-employer relationship at the plant level, industrialists attending the conference were told by Carroll E. French, director of the Institute and director of NAM's Industrial Relations Department.

Such factors as back-pay claims of a scope to threaten wide-scale bankruptcy, and new wage demands out of all proportion to the realities of everyday business life, cast dense shadows over industry's future. But, he declared:

"With management exercising greater initiative and leadership and with the prospect of an equitable national labor policy, we may be more hopeful of a brightened industrial relations picture.

"Right now America's applecart ought to begin delivering real prosperity for all the American people. But it can be upset now and in the future if management fails to do the right thing at the right time, just as it can be upset by irresponsible union officials or by labor that wears a chip on its shoulder."

STABILIZING EMPLOYMENT WILL REDUCE COSTS

Two points in particular stand out from conclusions reached during conferences on "Techniques of Employment Stabilization," conducted by Raymond L. Bowles, production planning manager, Armstrong Cork Co., Lancaster, Pa., and Carroll E. French, Institute director.

One: Companies may look towards substantial reductions in production cost as well as to the employee and public benefits which are commonly emphasized in behalf of employment stabilization. Utility company representatives pointed out that as employers in each community attained a higher degree of employment stabilization, electric power would come down in cost, with substantial savings to companies.

Two: Primary responsibility for employment stabilization programs rests directly on top management. It is not something to be tossed to the personnel or some other department, because it involves every major function of the company from production planning and finance right down to the shop and shipping platform.

"Only top management," said Mr. Bowles, "can put the heat on every department, and the program must tie in every department if it is to get the results that everybody is looking for."

HOW TO INCREASE PRODUCTIVITY 50 PER CENT

R. S. Mackenzie, chief industrial engineer of the Atlantic Refining Co., Philadelphia, and leader of conferences on "Wage Incentive Plans," declared that a program of wage incentives "based on sound methods, organization and morale" can increase productivity throughout the country by 50 per cent, with a corresponding increase in the standard of living.

"A sound wage incentive plan," he said, "by 'putting the worker into business for himself' tends to bring to life and stimulate the use of all his latent talent, potential initiative, resourcefulness, energy and interest."

"If the plan is intelligently administered," he said, "the end result cannot fail to be greater production for the country, increased earnings and standard of living for the worker, and a sounder economic history for the company."

MANAGEMENT'S RESPONSIBILITY IS TO MANAGE

Industry-wide bargaining is death to free enterprise, members of the Institute were warned by Clarence B. Randall, vice president of the Inland Steel Co., Chicago, national vice president of the NAM, and conductor of the seminars on "The Broad Impact of Collective Bargaining upon Management's Prerogatives." It straps industry in a straitjacket, he declared, and threatens our entire economy.

One of the tragic features of it all, he pointed out, is the fact that small businesses, which form the larger part of the ultimate victims, further the very evil which all fear. They do that, he declared, when they dodge their own wage issues and agree to pay whatever the larger companies pay. He urged:

Don't "pass the buck." Negotiate your own terms and conditions.

Make it your policy to write your own contract, and write it as differently as possible from what other companies write. Resist the "master contract" as the plague.

The principle of voluntary arbitration should be welcomed by management, he declared, as applied to the interpretation of an existing labor agreement, and with management always making sure that the issue to be arbitrated is mutually understood and agreed upon. But he gave these warnings:

Never agree to arbitration of substantive issues, matters of management prerogatives, or welfare funds.

Management must maintain control of discipline. It alone must decide, first, whether to discipline and, second, the specific disciplinary action. Once it has pronounced the discipline, that should be consistently enforced.

Management MUST maintain its own functions. It MUST manage.

GET EMPLOYEES ON COMPANY'S SIDE

One of industry's most promising sources of the increased productivity which it needs, and of the lower prices which the public wants, is the improvement of personnel relationships in thousands of plants, the Institute was told by Howard M. Dirks, director of industrial relations for the Perfect Circle Co., Hagerstown, Ind., and conductor of seminars on "Personnel Organization and Administration."

Management's first move towards "getting employees on its side," he said, is to establish a program which will show them that their best interests and the company's best interests are identical.

The program must be based on sound policies, and must operate "under the guidance of individuals who are skilled in progressive personnel techniques," and "must have the vigorous backing of management from the president of the company all the way down the line."

PORTAL-TO-PORTAL ISSUE SHOCK TO BARGAINING

The shock of the portal-to-portal issue to the country's industrial relations was appraised by H. B. Spencer, assistant director of industrial and public relations of the U. S. Rubber Co., N.Y., and leader of conferences on "Walking Time—Portal-to-Portal Problems," as even more far-reaching than the financial burden threatened by the tremendous back-pay claims.

"Heavy damage," he declared, has been done to collective bargaining. Stating that "suspicion and mistrust between labor and management are being kindled and fanned," he warned:

"This controversy may embitter and worsen relationships between employees and their managements for years to come.

"Employers to a greater extent than ever before have been working towards friendly relations and mutual understanding with their employees. But now comes a swarm of law suits dangling before employees visions of huge sums in back pay, which may or may not be realized.

"Counter suits on the part of employers are reported. Court battles are inevitable. It is all likely to set back for years the progress of industrial relations in this country."

LABOR COURTS FOUND FUTILE

With labor courts receiving increasingly frequent mention in discussions of strikes and how to prevent or settle them, Lambert Miller, associate counsel of NAM and director of the seminars on "Government and Industrial Relations," warned against being taken in by talk of government super-machinery of any sort as the sure cure for the nation's labor troubles. He declared:

"Current proposals such as those for special labor courts for settling disputes overlook this fact: Our present troubles arise from shortcomings in existing laws, and such shortcomings will remain wholly untouched by such devices.

"An arrogant union official can break a labor court or any other device as easily as mediation boards, wage formulas and other machinery and schemes have been broken before."

Pointing out that existing labor laws are "tipped so far in favor of unions that genuine collective bargaining is practically impossible," he urged that the "curing start there, at the source of the trouble."

GOOD FAITH NEEDED TO SAVE BARGAINING

George Hodge, assistant to the vice president of the International Harvester Co., Chicago, and leader of Institute con-

Clarence B. Randall, left, vice president, Inland Steel Co., Chicago, national vice president, NAM, and George Hodge, assistant to vice president, International Harvester Co., Chicago, conducted seminars on "Broad Impact of Collective Bargaining upon Management's Prerogatives," and "Management Preparations for Collective Bargaining Negotiations—Negotiating Techniques and Procedures."

Edgar L. Warren, director, U.S. Conciliation Service, is shown, left, below, with H. B. Spencer, assistant director, industrial and public relations, U.S. Rubber Co., New York. Mr. Warren addressed a general session of the Institute on "The Role of Conciliation in Free, Collective Bargaining." Mr. Spencer conducted sessions on "Walking Time—Portal-to-portal Problems."

Carroll E. French, director of the Institute and director of the Industrial Relations Department, NAM, discusses the conference schedule with Sybyl S. Patterson, assistant director, NAM Industrial Relations Dept.

Howard M. Dirks, left, director of industrial relations, Perfect Circle Co., Hagerstown, Ind., conference leader on "Personnel Organization and Administration," is shown with Carl H. Swenson, supervisor of wages and salaries, Standard Oil Co., Inc. (N. J.), who directed seminars on "Sound Wage and Salary Administration."

Lambert Miller, associate counsel, NAM, left, above, conducted seminars on "The Government and Industrial Relations." B. F. McClancy, manager of human relations, ATF, Inc., Elizabeth, N. J., led conferences on "Building Employer-Employee Cooperation through Better Communications."

R. S. MacKenzie, left, chief industrial engineer, Atlantic Refining Co., Philadelphia, led conferences on "Wage Incentive Plans." Raymond L. Bowles, center, production planning manager, Armstrong Cork Co., Lancaster, Pa., was seminar leader on "Techniques of Employment Stabilization." Charles L. Huston, Jr., executive assistant to president, Lukens Steel Co., Coatesville, Pa., conducted conferences on "Management Relationships and Unity for Efficiency in Production."

ferences on "Management Preparation for Collective Bargaining Negotiations — Negotiating Techniques and Procedures," declared that the most important single measure to be taken if the life of collective bargaining is to be saved, is a "massive transfusion of good faith into bargaining veins that grow flabbier by the minute."

Collective bargaining, he said, "must be freed from the artificial restraints wrapped around it by poor laws." It must be freed, he said, "from the exercise of monopolistic power being wielded by unions today on a scale far beyond any ever dreamed of by now outlawed business combines in their heyday.

"But above all, we need good faith on the part of labor and good faith on the part of all management in fulfilling the labor contract, in spirit and in letter.

"Where employees have voluntarily chosen to be represented by unions, management must lead in making collective bargaining the truly constructive force it should be for stable labor-management relations. To be effective, the collective bargaining contract must be based on sound economic principles and on current business conditions and must be fair to all parties".

MUST RE-ESTABLISH INTEGRITY

B. F. McClancy, manager of human relations for A T F Incorp., Elizabeth, N.J., and leader of conferences on "Building Employer - Employee Cooperation through Better Communication," told industrialists at the Institute that one of management's foremost jobs now is to "re-establish its integrity."

It must get both employees and public "into the habit of understanding that what it says is so."

To do this job, he stated, "management must set up a trustworthy communications system which will carry facts from the top level down to the man at the machine without distortions or delays.

"Breaks in the communication system cause breaks between employees and employers. Give labor the facts it is entitled to, and give them fast and straight."

TIME NOW TO STRENGTHEN MANAGEMENT UNITY

Management teamwork can be strengthened for the good of the company and its employees and for maximum employment nation-wide, according to Charles L. Huston, Jr., executive assistant to the president, Lukens Steel Co., Coatesville, Pa., and conductor of seminars on "Management Relationships and Unity for Efficiency in Production." Lower prices to consumers can result, he said, from the improved management effectiveness.

During the war, it was pointed out, due attention was not given to management unity in individual companies. Effort is urgent now to make up for that lack of attention; but just at the time when improvement is essential, new factors tend to jeopardize management unity. He declared:

"We should weld into company management at all levels the best talent that is available, and provide constant encouragement for pulling together. To the extent that we accomplish this, we will help provide maximum employment and production of goods for the benefit of the country as a whole."

HOW TO REMOVE WAGES FROM CONTROVERSY

Many wage headaches can be prevented by intelligent use of job evaluation, it was shown in Institute sessions on "Sound Wage and Salary Administration," conducted by Carl H. Swenson, supervisor of wages and salaries for the Standard Oil Co., Inc. (N.J.).

Mr. Swenson stressed the importance of evaluating the rightful pay for each job in terms of physical and mental effort, training and skill required for the task, and in relation to other jobs in the plant.

Such evaluation, he pointed out, permits setting a rate which is fair on the basis of the job requirements, and equitable on the basis of the community level and the industry level. This technique does much to remove wages from controversy.

Conciliation Chief Warns on Compulsory Arbitration Perils

Government sits now at the collective bargaining table strictly in the role of conciliator. No agency can order an employer to write any particular clause or condition into any labor contract. This means, Edgar L. Warren, director of the U. S. Conciliation Service, told the Institute, that "today the full responsibility for continuous production rests wholly with employers and unions."

He urged quicker resort to conciliation when strikes are threatened. And he warned that if strikes don't stop, Congress is likely to "consider seriously some form of compulsory arbitration." He added:

"That, of course, will be the first step to many other compulsions.

"Once the Government is permanently in the business of deciding the wage increase every year—in peace as it did in war—then inevitably the Government will have to make other decisions on prices and production schedules."

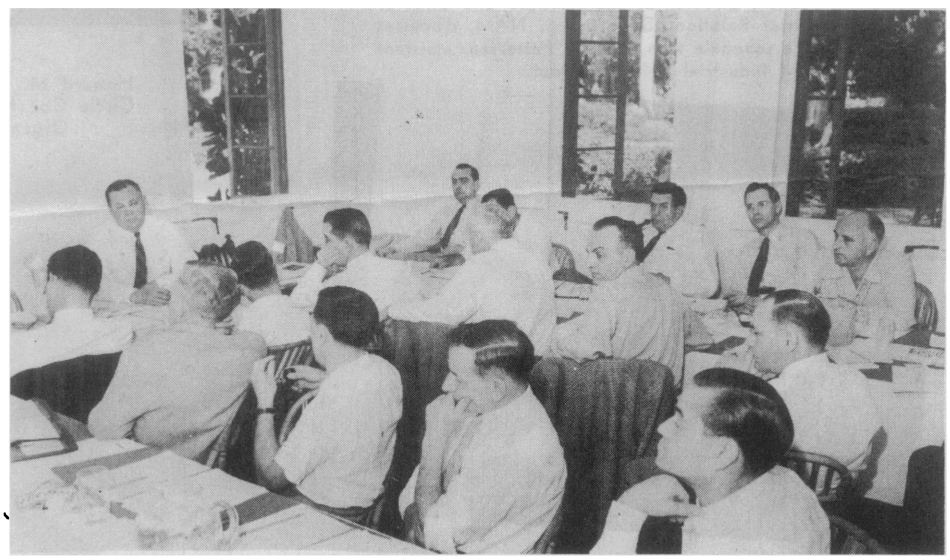
(Clarence B. Randall, taking note of the Conciliation Service director's warning on compulsory pricing and compulsory production as a consequence of compulsory arbitration, was quoted in the press as follows:

"This view . . . confirms what the NAM all along has been telling industry and the public—that compulsory arbitration means the death of free enterprise.

"Without freedom to determine prices and to plan production schedules, enterprise would be government-controlled, lock, stock and barrel. It is to be hoped that this will dispel some of the current illusions about special labor courts and other devices as a cure-all for industrial strife.")

Mr. Warren assured the industrialists that the Conciliation Service was doing all in its power to make its conciliators act impartially. He decried criticism of conciliators with union backgrounds as agents likely to be biased. He declared that on the contrary those have the advantage of knowing techniques of negotiations and understanding union values; they are unlikely to be confused by union tactics, he contended.

In the past year, he said, "we have been working hard to create a mediation agency in which both unions and employers can have confidence. I believe that we have come a long way on that path in 12 months. I would like to say that in this effort, we have had some able assistance from Carroll French, the Industrial Relations director of the NAM."



Intimate, round-table discussions such as that pictured above concentrated on urgent, specific questions arising in participants' own plants, and on practical ways of improving the entire labor-management relationship.