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SECTION THREE

INDUSTRIAL RELATIONS INSTITUTE

NOVEMBER 9, 1946



E. E. Moore, vice president, industrial relations, Carnegie-Illinois Steel Co., Pittsburgh, and R. S. MacKenzie, chief industrial engineer, Atlantic Refining Co., Philadelphia, led conferences on efficiency in production and wage incentive plans.

Three Chicagoans who led conferences at the Institute—(l. to r.): Harvey G. Ellerd, vice president, Armour & Co.; Harold F. North, industrial relations manager, Swift & Co.; George Hodge, assistant to vice president, International Harvester Co.

Solution to Labor-Management Problems Sought at NAM's 10th Institute on Industrial Relations

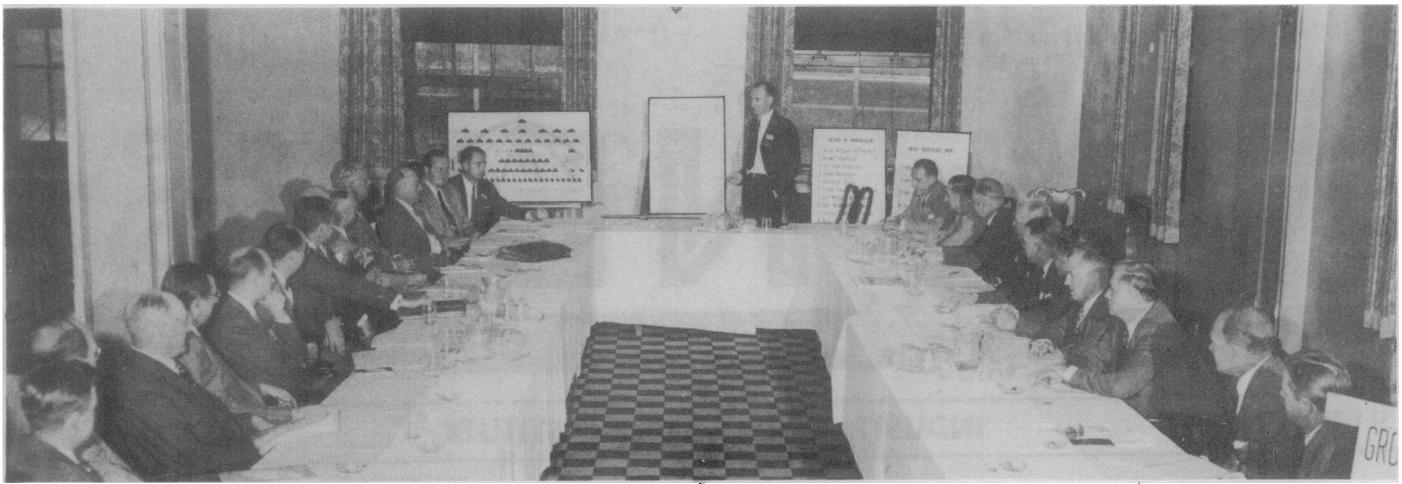
FRENCH LICK, Ind.—Industrial leaders representing every major industry in the country came to grips with the nation's most critical labor problems in the week-long 10th NAM Institute on Industrial Relations which closed November 1 at the French Lick Springs Hotel.

In a series of hard-hitting, round-table discussions and seminars under the leadership of top-flight authorities on personnel and industrial relations, members interpreted and got at the roots of such issues as wage incentives, employment stabilization, responsibilities of organized labor, collective bargaining, Government controls, and the over-all human aspects of daily labor-management relationships as they affect their own plants.

Keynoting the objectives of the conference, Carroll E. French, head of the Industrial Relations Department of NAM and Director of the Institute, declared: "There never was a time when the nation's economic welfare was more dependent on solving labor-management problems. This NAM Institute is management-in-action to improve the day-to-day handling of labor problems at the plant level. The present situation puts it squarely up to industrial executives to exercise and initiate constructive leadership in all matters affecting their employees."

Accepting the challenge for stronger management leadership, the 200 key industrialists came away from the conference with a fund of practical knowledge and a keener understanding of the most progressive and constructive techniques which they could directly apply to their own companies' problems.

For the benefit of the large number of applicants who could not be accommodated owing to the limit necessarily placed on registration, and for NAM member companies generally, some of the highlights of the Institute are reported on the following pages.



A typical example of the seminars in which industrialists attending the Institute found facts and techniques for application to problems encountered by their own companies.

MANAGEMENT PREPARATION FOR COLLECTIVE BARGAINING NEGOTIATIONS — NEGOTIATING TECHNIQUES AND

George Hodge, Asst. Vice Pres. International Harvester Co.

Collective bargaining cannot be conducted like a shotgun marriage, Mr. Hodge, who has negotiated hundreds of contracts for his company, told members of the Institute. "For lasting and happy results there must be a sincere and genuine desire on both sides to live and work amicably together without interference from the outside.

"If, however, unions and management do not resolve their differences, we cannot expect the government to keep hands off, because the general public will demand that labor disputes involving essential products and services be settled."

Warning that another round of wage demands is brewing, which if granted could only mean increased prices, Mr. Hodge said, "Already we can read the writing on the wall — 'The public won't buy'".

Speaking of the forces at work around the bargaining table, Mr. Hodge said,

"It's not just management and labor getting together, for there are invisible parties present — the general public, your customers and the stockholders. You don't hear from them at the time, but you do later!"

"SAFEGUARDING MANAGEMENT'S FUNCTIONS UNDER THE UNION CONTRACT"

Thomas S. Markey, Assistant Counselor Firestone Tire & Rubber Co.

Arbitration is not a substitute for collective bargaining and should not be used as a device to usurp management functions, Mr. Markey told seminars which he conducted.

"Voluntary arbitration has, however a very definite place in a collective bargaining agreement," he said, "But it should be strictly limited to interpreting and applying the actual wording of the agreement between the two parties.

"Compulsory arbitration, suggested in some quarters as the panacea for labor disputes, would destroy collective bargaining, and would in fact mean the end of our free competitive economy."

THE WHITE COLLAR WORKER

Harvey G. Ellerd, Vice Pres. Armour and Company

Recognizing white collar workers as a very important group in industry, Mr. Ellerd pointed out that in their ranks are the managers of tomorrow.

"Managements should constantly check the potential managerial talent they have in their own plants, with the idea of upgrading these salaried employees according to individual merit," Mr. Ellerd said.

"As a group, the white collar workers are probably more ambitious and able than any other group of workers. They are essentially individualists, who traditionally compete with their fellow workers for a better job."

Basing conclusions on a wide variety of experiences in industrial relations, the consensus expressed by members of the Institute was that unionization would not serve the best interests of the white collar worker.

MAINTAINING LINES OF COMMUNICATION FROM THE FRONT OFFICE TO THE SHOP

Thomas G. Newton, Director of Training Armstrong Cork Company

Management should inspire employees to take a greater interest in their jobs by "taking the mystery out of management" and letting them know what makes the organization tick, Mr. Newton said.

"Joe wants to know 'what gives' in the front office, and the boss wants him to — for the old gulf between mythical management in a silk hat, and Joe out in the factory, has dried up," Mr. Newton asserted, "Alert management wants cooperation and understanding from all levels of the organization. It's teamwork that results in giving Joe higher wages, management more profit, and the public more of what they want at lower prices.

"It's up to management to develop specific plans to get an adequate flow of information through the organization on a three-way basis. This should be:

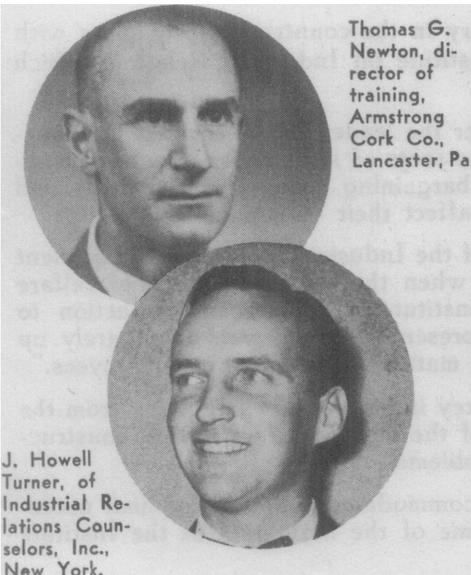
"From the top down; from the bottom up, and laterally, across each level."

PERSONNEL ORGANIZATION— PERSONNEL POLICIES AND THEIR DAILY APPLICATION

Harold F. North, Industrial Relations Manager Swift and Company

"Management recognizes employees have certain inalienable rights; when these rights are denied or granted grudgingly, the atmosphere created in the plant has an adverse effect on every operation within the organization," Mr. North declared.

"Beyond and in addition to these rights," he continued "management constantly seeks to establish maximum privileges for employees. But the extent to which a company can grant these privileges is dependent in large measure on the size of the group considered, and the profit position of the firm."



Thomas G. Newton, director of training, Armstrong Cork Co., Lancaster, Pa.

J. Howell Turner, of Industrial Relations Counselors, Inc., New York.

GOVERNMENT'S IMPACT ON INDUSTRIAL RELATIONS

**Raymond S. Smethurst, Counsel
National Association of Manu-
facturers, Washington, D. C.**

Even while the nation is still trying to recover from the wave of strikes which sweep the country, "the stage is being rigged again for another round of strikes," Mr. Smethurst declared. "It's time we took a look at some of the real causes:

"One: A federal bureaucracy which foments thousands of needless disputes by its unworkable and ever-changing rules, regulations, and edicts.

"Two: Unequal laws and biased law enforcement which have developed labor dictators and collective-blackmail — not labor representatives and collective bargaining.

"Three: Radicals who have been permitted to use labor unions for their own alien political purposes, to weaken the American economic system and to discredit our nation's influence in world affairs.

"Four: Our own American workmen, who, through fear or apathy, have been willing to follow false leaders and 'phony' doctrines which are destroying their own standard of living — their own freedom and security.

"Five: American employers who, restricted by one-sided laws and the fear of government reprisals, have been cowed into a position of helpless inaction or indifference."

SOUND WAGE AND SALARY ADMINISTRATION

**J. Howell Turner
Industrial Relations
Counselors, Inc.**

"Maintaining an equitable ratio between salary levels for salaried personnel and hourly wage rates for production employees is a 'must' for management", Mr. Turner declared.

He pointed out the need for a systematic method of measuring the money value of each job on the basis of the job content and its comparative worth in relation to all other jobs in the company.

WAGE INCENTIVE PLANS

**R. S. MacKenzie, Chief
Industrial Engineer,
Atlantic Refining Company**

Production in the average plant throughout the country could be increased 50% through sound wage incentive plans which provide for increased earnings based on increased output and a program of improved work methods, Mr. MacKenzie declared before his Institute seminars.

Properly established wage incentives are of greater importance today than ever before, Mr. MacKenzie pointed out, because a high level of individual production is a vital requisite for a high national and individual standard of living.

"Management and workers both need to be educated in the 'economic facts of

life' as they relate to wage incentives in the plant," he said.

"The popular fallacy that new and better machines and processes are the only major requirement for increased production has been disproved by actual cases where wage incentives and improved work methods have been tried out."

TRENDS IN MANAGEMENT AND EXECUTIVE TRAINING

**M. S. Firth, Chairman,
Department of Research &
Program Development
General Motors Institute**

"Industry is attaching more and more importance to training for management — to programs that include top-level executives as well as those that reach all the way down through the organization," Mr. Firth told his conferences.

"A country-wide survey of company plans reveals the significant fact that industry is thinking in terms of long-range training programs," he said. "But no matter how technical training becomes, you must always get back to basic human relations."

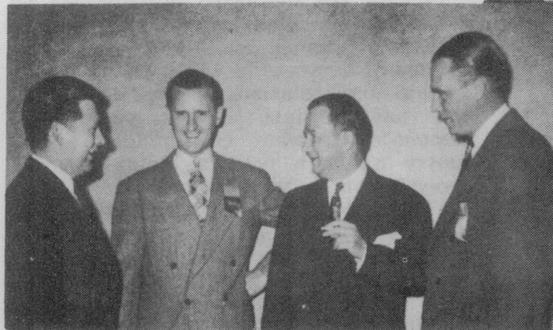
TECHNIQUES OF EMPLOYMENT STABILIZATION

**Carrol E. French, Director,
Industrial Relations
Department, NAM;
William F. Bloor, Asst. to Pres.
Goodyear Tire & Rubber Co.;
Arthur S. Thornbury,
Labor Economics Section
General Motors Corporation**

Steady work and steady pay for industrial workers was recognized as one of industries primary objectives, in this series of clinical discussions on the ways and means of achieving employment stabilization, conducted by Messers. French, Bloor and Thornbury.

"Employment stabilization does not mean a 'guaranteed annual wage.' We feel there is only one sound way to attain steady pay, and that is to take action to make jobs in industry year-around jobs," said Mr. French.

The Institute seminars approached the problem by presenting two case studies illustrating what the rubber and automotive industries already have done and now are doing in this field.



Arthur S. Thornbury, of the labor economic section, General Motors Corp.; Thomas S. Markey, assistant counsel, Firestone Tire & Rubber Co.; William F. Bloor, assistant to president, Goodyear Tire & Rubber Co.; M. S. Firth, General Motors Institute.

Mr. Bloor pointed out the wide fluctuations to which the rubber industry is subjected, and the possibilities for ironing out some of the valleys and peaks in production curves.

"A better system of accurately forecasting sales, and a monthly coordination of forecasts with projected production and inventories for at least a year ahead, are necessary to even out production," he said.

Mr. Thornbury, discussing the impact of seasonal buying habits on stabilization, said that the introduction of new model cars in the Fall, instead of Mid-Winter, was an effort to get the public to spread its purchases over the year and avoid the usual Spring rush.

MANAGEMENT RELATIONSHIPS FOR EFFICIENCY IN PRODUCTION

**E. E. Moore, Vice President,
Industrial Relations,
Carnegie-Illinois Steel Co.**

Outlining a program of action for effecting management unity, Mr. Moore declared that without strong management unity industry cannot hope for the preservation of the free enterprise which has played so large a part in the growth of this country.

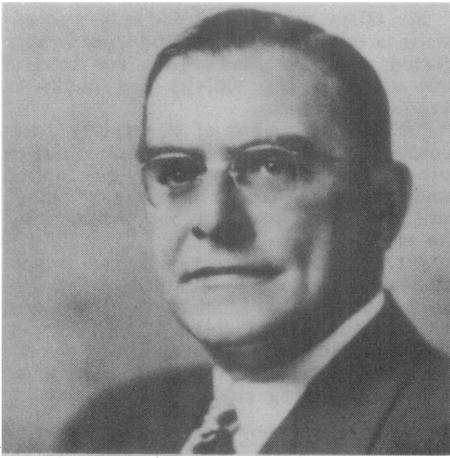
Noting a trend toward encroachment on the right to manage one's business effectively, Mr. Moore said:

"To management belongs the responsibility and authority to coordinate into a unit an organization whose objective is the production and sale of quality products at a satisfactory price, permitting fair wages to its employees, service to the public, a fair share of taxes to the government, and a profit in a competitive market for the owners of the business.

"One of the critical and dangerous pressures confronting business today is the activity of certain groups aimed at unionization of foremen and other supervisory personnel. There is an urgent need to establish a clearly defined line of demarcation between management personnel and those managed."



NAM specialists in labor-management relations at the Institute: Raymond S. Smethurst (left), counsel, and Carroll E. French, director, Industrial Relations Dept., NAM, director, Institute on Industrial Relations.



IRA MOSHER
Chairman of the Board, NAM



LAWRENCE A. APPLY
Vice President, Montgomery Ward & Co.



FORREST E. MCGUIRE
Executive Vice President, Manufacturers Assn. of Syracuse

HEARDED at the evening sessions of the Institute were challenging addresses by Ira Mosher, Chairman of the Board, NAM; Lawrence A. Appley, Vice President, Montgomery Ward and Co.; Clarence O. Skinner, Manager, Washington Office of Automotive & Aviation Parts Manufacturers; and Forrest E. McGuire, Executive Vice President, Manufacturers Association of Syracuse.

Excerpts from the provocative talks by these nationally prominent business leaders follow:

**IRA MOSHER —
"Wanted: A Sound National
Labor Policy"**

Illogical interpretation of the anti-trust law permits labor unions to practice monopolies at the expense of the public interest and pocketbook, Mr. Mosher told an evening session of the Institute.

The pages of law books and the newspapers are filled with judicial interpretations and highly partial administrative rulings which have put this country at the absolute mercy of a few arrogant labor dictators, he said. He declared that the immunity of labor from anti-trust law prosecution is one of the worst examples to which we can point with a chance of making the public understand this monopolistic position that unions occupy today.

"The anti-trust laws were intended to assure the purchasing public the opportunity of buying goods in a competitive market," Mr. Mosher said. "It is impossible not to recognize that labor costs — when established on an industry-wide basis — have an industry-wide effect on prices, and therefore a corresponding effect on the level of competition.

"Industry-wide bargaining also undermines healthy competition, not only within an industry, but between industries. It is no secret that the CIO would like to extend industry-wide bargaining to nation-wide bargaining. CIO leaders would like to negotiate a basic agreement for all workers."

**LAWRENCE A. APPLY —
"Industrial Relations — A
Challenge to Management"**

Declaring that management is faced with the biggest job in its history to preserve the private enterprise system, Mr. Appley told the Institute that we

still are in the covered-wagon stage as far as human relations are concerned.

"Management did a marvelous job with physical resources during the war," he said. "If we could now do as good a job in putting human resources to work, the future of industrial relations would be greatly advanced. Not only would we make phenomenal industrial progress, but the resulting greater production would bring about an era of prosperity never before equalled in this or any other country.

"The extent to which management devotes its attention and skill to developing human resources will determine the future of industrial relations in the country and the outcome of our competitive enterprise economy.

"Private enterprise has to be private and it has to be enterprising. We can have neither one under government control or union supervision."

**CLARENCE O. SKINNER —
"Growing Significance of
Government-Management
Relations"**

Tracing the increased interference by government in management affairs since 1933, Mr. Skinner declared that there is no field of business in which Government-management relations are not significant and that the last thirteen years have demonstrated what can happen to industry under a political administration one-sided in its viewpoint.

"The pendulum is swinging back," he said, "but in too many industry discussions we hear the belief expressed that everything will be allright now. We need laws to force recognition of the public interest. Neither industry nor labor can be allowed to prostrate the country or a community for its own ends."

Reviewing the history of labor-management conferences, Mr. Skinner recalled that just a year ago the President called his Labor-Management Conference. "The

apparent results were meager," he said, "because labor — arrogant in its position of power, obtained through the one-sidedness of the Wagner Act and its partisan administration — refused to agree on any statement of principle, fair as it might be, which would in any way limit their power position. But from management's position taken on the various subjects there has come a platform that has already been used in part as a basis of legislation. That was unsuccessful because of the President's veto, but I predict it will be the basis of successful legislation in the not too distant future.

Today we need a new definition of what constitutes a strike. No longer can the slow-down and other evasive, production limiting strike tactics of labor be tolerated."

**FORREST E. MCGUIRE —
"The Company, Community
and Area in Industrial
Relations"**

Speaking for the 123 local industrial relations associations affiliated with NAM through the National Industrial Council, Mr. McGuire pointed out that these associations are concerned primarily with the establishment and maintenance of industrial relations policy for their communities. "They gather the facts and counsel their local factories as to community labor relations practices and problems."

Deploring the lack of cooperation between industrial relations executives at the national and local levels, he said:

"If our huge mass-producing industrial corporations are to continue in a healthy state, there must be a closer coordination and liaison between the large national firms at their policy-making headquarters, and local industry operating through its local manufacturers' associations. We can't have unity of purpose with industrial relations policies differing in each American factory."