

1947 POLICY
LEGISLATIVE

Now . . .

Let's Build America

is a report of the National Association of Manufacturers, a national organization of 150 leading industrial firms, prepared by the National Association of Manufacturers at the 1947 Annual Conference on Industry and Government, December 1-4, 1947.

The Committee on Industry and Government, the National Association of Manufacturers, has prepared this report to provide a basis for the industry's recommendations to the 80th Congress.

The report is a study of the industrial situation in the United States and the factors which are affecting it. It is a study of the industrial situation in the United States and the factors which are affecting it. It is a study of the industrial situation in the United States and the factors which are affecting it.

**Industry's Recommendations
to
The 80th Congress**

NATIONAL ASSOCIATION OF MANUFACTURERS

INSTITUTE OF
INDUSTRIAL RELATIONS

▶ On January 3, 1947 — as the 80th Congress convened in its opening session — NAM presented to all Congressmen a summary and analysis of the major legislative recommendations approved by the nation's manufacturers at the 51st Annual Congress of American Industry on December 4-6, 1946.

▶ In submitting these recommendations to Congress, Robert R. Wason, Chairman of the NAM's Board, volunteered "the practical knowledge and experience of our thousands of members and the facilities of our economic, research and technical staffs for whatever assistance they may be to you to help BUILD AMERICA NOW."

▶ The original edition of this material was printed as a compact "handbook," with the Congressman's name imprinted on the cover. A less elaborate edition is being presented here, both to acquaint NAM members with the action taken and to supply them with economic and legislative information which will be helpful to them, as well, throughout the year.

NATIONAL ASSOCIATION OF MANUFACTURERS
14 WEST 49TH STREET, NEW YORK 20, N. Y.

In our domestic economy
people are interested
primarily in:

More goods at better
prices

Peace and progress
on the labor "front"

1

Both of these objectives
are within our grasp.

2

On the "production-price" front,
physical reconversion was sub-
stantially completed within less
than six months after the
end of hostilities

— by *January 1, 1946!*

3

If today,

16 months after V-J Day,

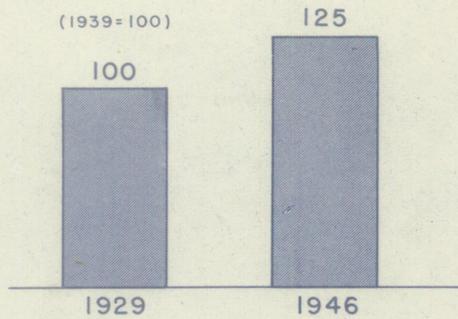
America still is fumbling with
the economic problems of
peace it is *not* because
we are not

PREPARED TO PRODUCE

Here are the facts:

4

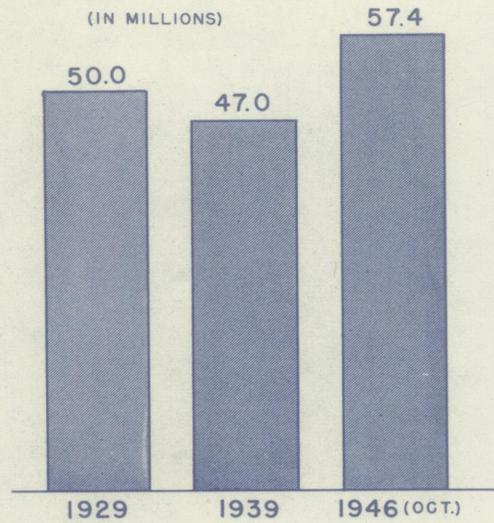
Physical plant capacity is at a new all-time high—at least 25% above prewar.



Note: There is no accepted official index, but this represents a consensus of independent authentic estimates

5

More people are working at civilian jobs than ever before.

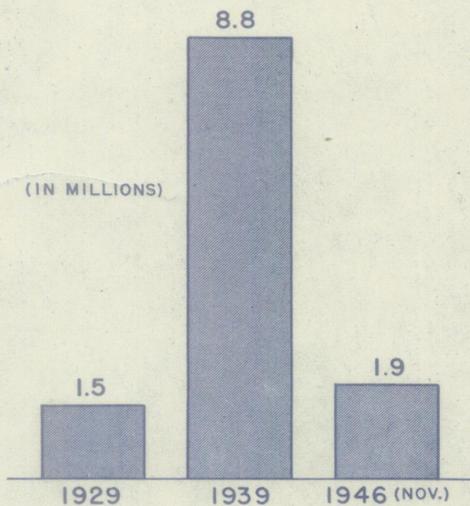


Source: U. S. Bureau of Census and Nat'l Ind. Conf. Bd.

6

UNEMPLOYMENT

is at the lowest peacetime level since the 1920's.



Source: U. S. Bureau of Labor Statistics and U. S. Bureau of the Census

7

And the American people have the purchasing power to absorb the full output of this great industrial machine....

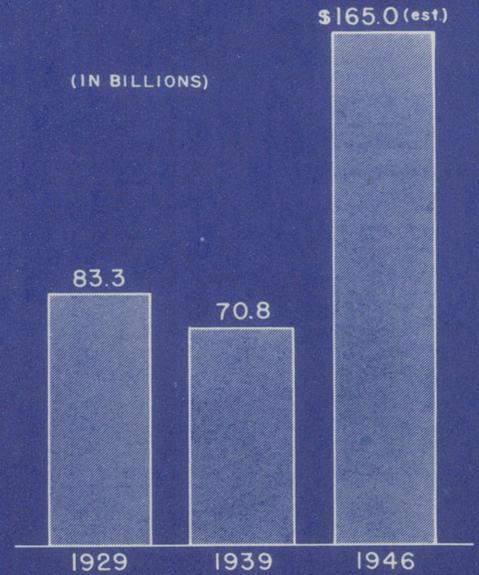
8

The personal savings of the American people have increased tremendously since before the war...



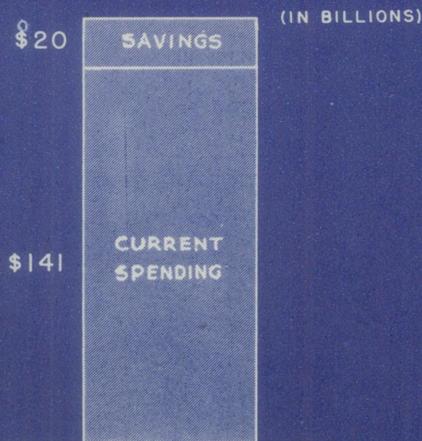
Source: Federal Reserve Bulletin, Nov. 1946 — p. 1237

NATIONAL INCOME is the highest it has ever been:



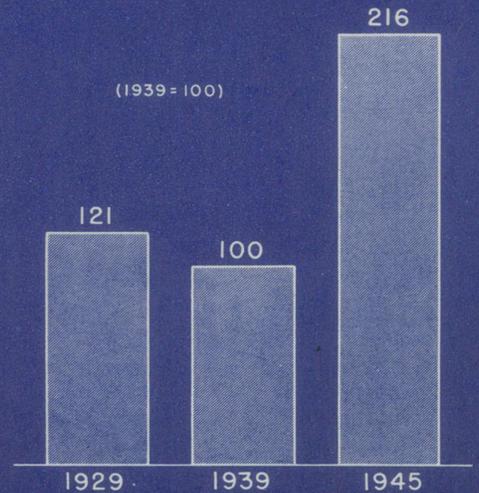
Source: U. S. Dept. of Commerce

In fact, the national income is so high that all of it is not being spent on current purchases. Much is being added to existing savings:



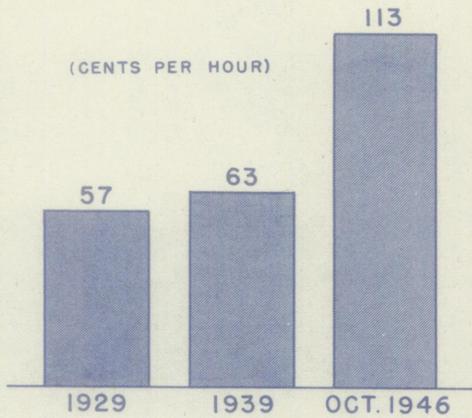
Source: U. S. Dept. of Commerce

Current wages and salaries in private industry are also at an all-time high.



Source: U. S. Dept. of Commerce

In manufacturing as a whole,
this has been the record
of hourly earnings:



Source: Bureau of Labor Statistics

13

That is the average increase
for all manufacturing.

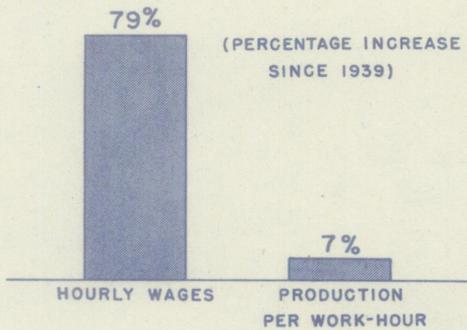
Some of the details are:

For:		1939	Sept. 1946
Iron & Steel	up from	74c	to \$1.24
Automobiles	" "	93	" 1.37
Lumber	" "	49	" .94
Furniture	" "	52	" .98
Textiles	" "	46	" .94
Apparel	" "	53	" 1.01
Food	" "	61	" 1.01
Soft Coal	" "	89	" 1.48
Wholesale Trade	" "	72	" 1.18
Retail Trade	" "	54	" .91

Source: Bureau of Labor Statistics.

14

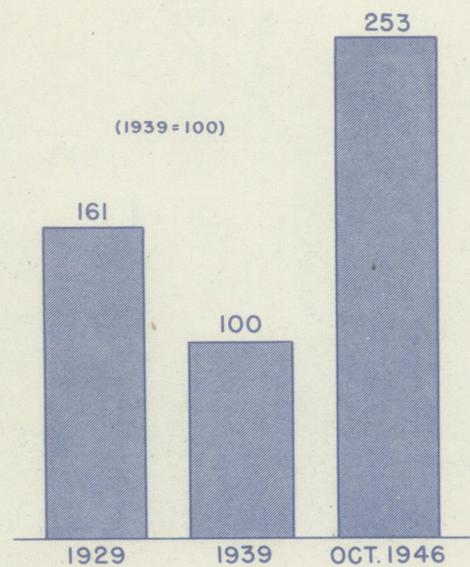
In fact, since 1939,
wage rates have increased
so much faster
than productivity



that this increase in the unit
costs of production has put
serious pressure on the price
levels of manufactured goods.

15

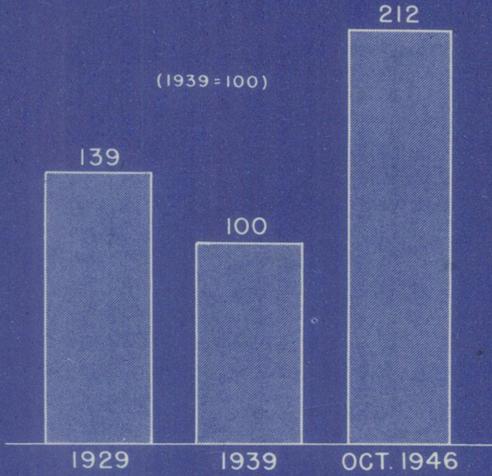
Additional pressure has come
from the increase in the price
of farm products....



Source: Bureau of Labor Statistics

16

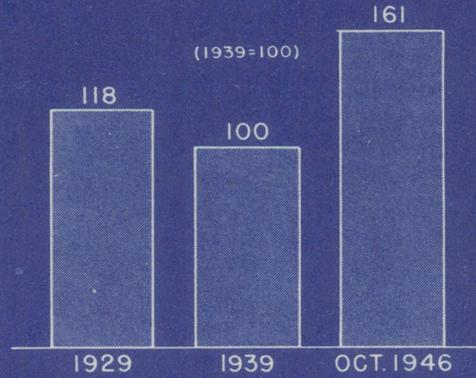
...and in the price of all raw materials.



Source: Bureau of Labor Statistics

17

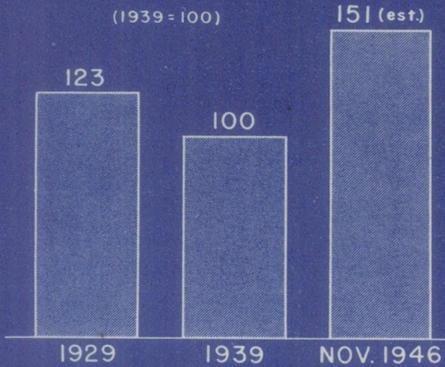
In the face of all these increases in the cost of production, it is amazing that industry has held the resulting increase in the wholesale price of manufactured goods to...



Source: Bureau of Labor Statistics

18

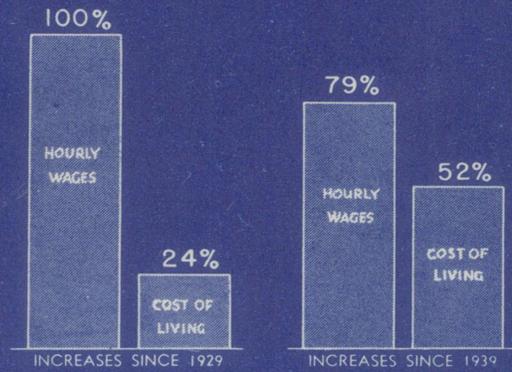
And retailers have done their share too. The retail level of prices is:



Source: Bureau of Labor Statistics

19

So while the cost of living *has* gone up, it has not gone up nearly as much as wages:



Source: Bureau of Labor Statistics

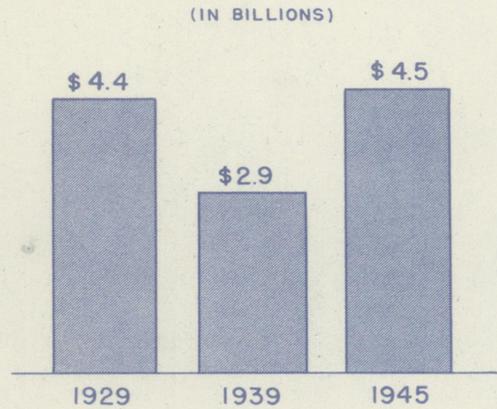
20

There are some who contend that prices could have been held even lower except for industry's "exorbitant profits".

LET'S LOOK AT THE RECORD!

21

Both during and since the war, industry *has* made a reasonable—but not an exorbitant—profit *in terms of dollars*.



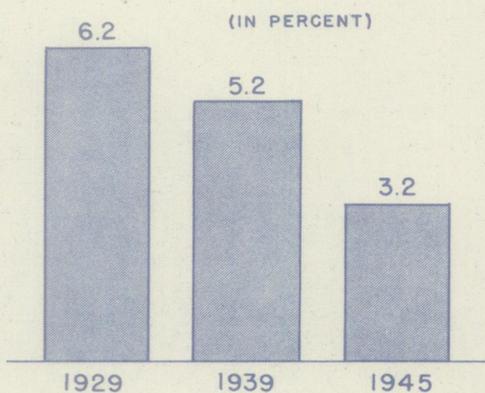
Source: U. S. Dept. of Commerce

22

But....

In terms of sales

—profit per dollar's worth of goods sold—industrial earnings are *exceptionally low!*



Source: U. S. Dept. of Commerce

23

BUT—

...if productive capacity is at an all-time peak

...if employment is at the highest levels in history

...if living costs, while high, still have increased less than the the average factory worker's wages.

WHY ARE WE WORRIED ABOUT PRODUCTION?

24

WHY do most people, including industrialists, believe that

**prompt, intelligent,
courageous**

ACTION IS NEEDED

to prevent this nation from entering a disastrous economic tailspin?

25

There are **FOUR** major reasons:

1. *The epidemic of strikes* threatens to disrupt steady production of needed goods.

2. *Labor monopolies* are demanding a "second round" of inflationary wage boosts, which may force producers to price their goods out of the market.

3. *Burdensome taxes*, caused by unnecessary government expenditures, are cutting into the people's purchasing power.

4. *Needless controls* upon industry are discouraging venture capital, and forcing it into hiding.

26

A period of sustained prosperity

is clearly in sight

if affirmative and immediate

action is taken to eliminate

these four hurdles:

1. The epidemic of strikes
2. Labor monopolies
3. Burdensome taxes
4. Needless controls

27

Industry is ready to accept the heavy responsibility it bears for developing this state of prosperity.

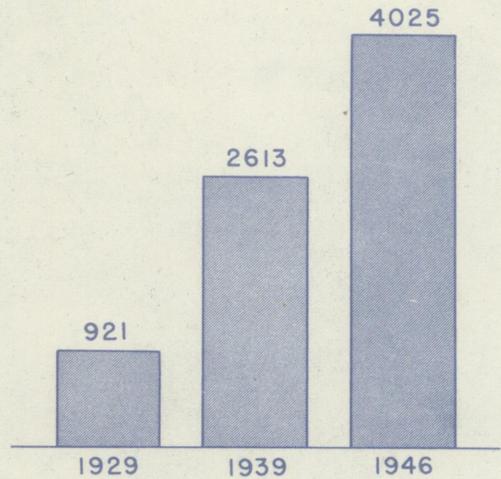
It petitions Congress to take the legislative action which is needed to provide the solid foundation that will make its efforts fruitful.

28

The broad outline of the action recommended by the Congress of American Industry on each of these four major problems is presented on succeeding pages.

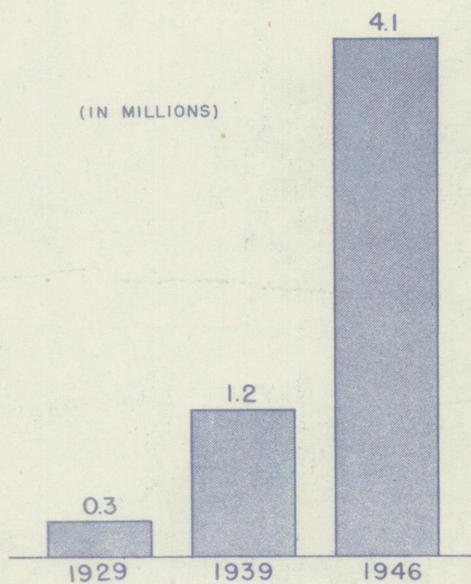
THE EPIDEMIC OF STRIKES

We all know that we have been having far more strikes than ever before.



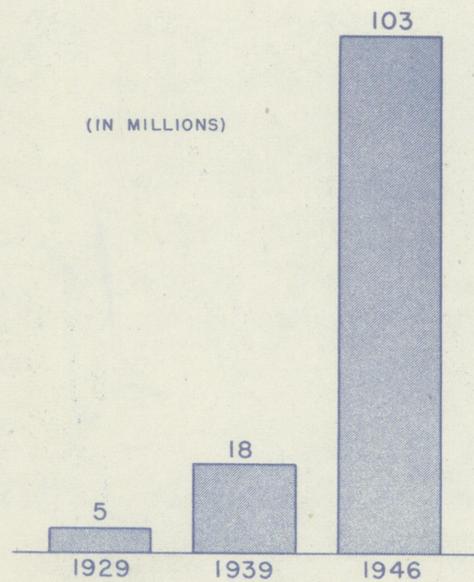
Source: Bureau of Labor Statistics

Many more millions of workers have been involved:



Source: Bureau of Labor Statistics

The millions of man-days of lost production is staggering:



Source: Bureau of Labor Statistics

Behind this tremendous increase in the number of production-disrupting strikes is one underlying reason:

*One-sided labor laws
and
biased administration of them*
Specifically:

33

The indiscriminate granting of special privileges and immunities to all strikers, *regardless of the merits of the case*, has led to a reckless use of the strike weapon.

Labor has little incentive to exercise restraint when all the cards are stacked in its favor.

34

Labor leaders have carefully nurtured this situation by repeated assertions that labor must have the right to strike, *anywhere
anytime
for any reason*

This contention has been supported repeatedly by prejudiced government agencies.

35

Labor's claim is certainly a debatable one.

But even granting it for purposes of argument, it does not follow, by any means, that strikers should continue to receive *special privileges*, as they do now, under any and all conditions.

There is no sense or justice in rewarding a strike against the public interest.

36

Recommendation No. 1

The special privileges and immunities in our labor laws (principally in the National Labor Relations Act and the Norris-LaGuardia Act) should be withheld from strikers when unwarranted strikes are called or when strikes are conducted improperly.

Justification for such withholding exists:

37

a. When the strike is in violation of an existing contract.

38

b. When the strike involves issues which do not relate to wages, hours, or working conditions—or involves demands which the employer is powerless to grant.

(E.g., jurisdictional strikes; sympathy strikes; strikes against the government; strikes to force recognition of an uncertified union; etc.)

39

c. When the strike has not been chosen in *preference* to accepting the latest offer of the employer.

The vote should be by secret ballot, under impartial supervision, and should require approval by a majority of *all* employees in the bargaining unit.

40

d. When the union has failed to bargain in good faith.

41

e. When the strike is accompanied by mass picketing or other forms of violence or coercion.

42

Here is a second important reason for the epidemic of work stoppages:

Many strikes are called for the sole purpose of encouraging the government to intervene—the union leaders hoping to get more from the government as a political favor than they could get from management around the bargaining table.

43

This is a familiar strategy. John L. Lewis popularized it while the coal mines still were in the hands of their private owners.

44

Recommendation No. 2

There is only one way to stop this sort of "hold-up."

Government must adopt a flat and unéquivocal policy of *refusing to intervene in any labor dispute* beyond the point of providing competent and impartial conciliators.

45

This proposal is exactly in the opposite direction from the present unthinking outcry for compulsory arbitration.

Compulsory arbitration has never prevented labor disputes. It has served only to bring orderly legal procedures into disrepute.

It shackles free labor and free enterprise; it constitutes a death-warrant for all collective bargaining; it forces government ultimately to determine all wages and all prices; it leads inevitably to a totalitarian state.

46

LABOR MONOPOLIES

The foregoing corrections will tend to reduce the *number* of strikes, but they do not get to the root of the most damaging and indefensible of them all....

The industry-wide stoppage

47

Through industry-wide demands and industry-wide strikes, labor has exercised a monopolistic power to force wages (and hence consumers' prices) to any level it wants—under the threat of depriving the nation or the community of its entire supply of the commodity or service involved.

48

WITNESS:

.... John L. Lewis' coal strikes
.... the railroad strike
.... nation-wide maritime strikes
.... New York's tugboat strike
.... the utility strike in Pittsburgh
.... the general strike in Oakland.

49

Industry-wide efforts to fix wages are just as monopolistic, and are just as likely to exploit the consuming public, as industry-wide efforts to fix prices, which already are prohibited by law.

50

No nation can stay or become prosperous when a private group within society holds the unlimited monopoly power now held by labor in America! To eliminate such monopoly powers, two steps are recommended to the Congress:

51

Recommendation No. 3

The monopolistic—and at times, dictatorial—control over the available supply of labor must be eliminated by outlawing the closed shop and every other form of compulsory union membership.

52

In permitting compulsory union membership, the government is giving a private group the power to limit the personal freedom of individual citizens. This is power which the government is not free to delegate, for it belongs to the people themselves.

53

Recommendation No. 4

It must be made just as illegal for the employees in two or more companies to conspire, through a union or unions, to fix the price of their labor, as it now is for two or more employers to conspire to fix the price of their product.

Monopolistic practices, from whatever source, must be outlawed.

54

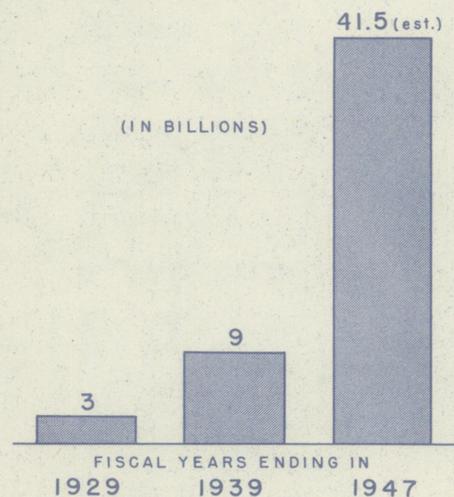
Such is the broad outline of the legislation needed to curb labor monopolies and the reckless resort to strikes.

Additional steps that are essential to the development of harmonious employer-employee relationships are discussed in the more detailed analysis that is included as an appendix to this report.

55

BURDENSOME TAXES

At present, though the war has been over more than 16 months, the Federal Government is spending a fantastic amount.

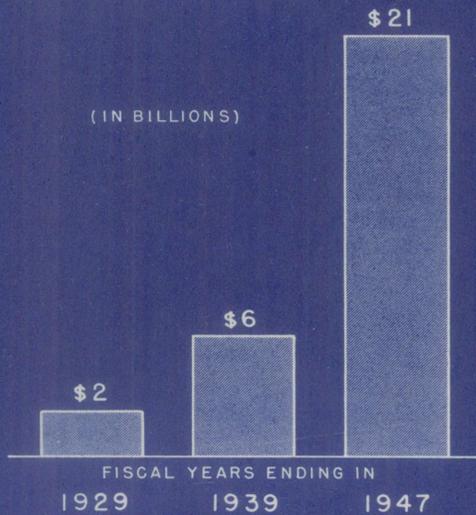


Source: U. S. Treasury Dept. Annual Report

56

This increase cannot be explained away by the arguments of "military necessity" or "increased interest on the public debt."

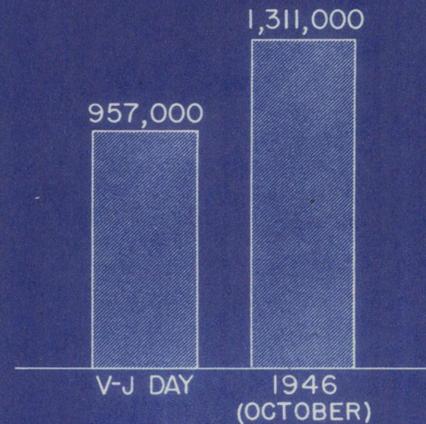
Because *non-military* expenses, exclusive of carrying charges on the debt, have increased like this:



Source: U. S. Treasury Dept. and U. S. Bureau of the Budget

57

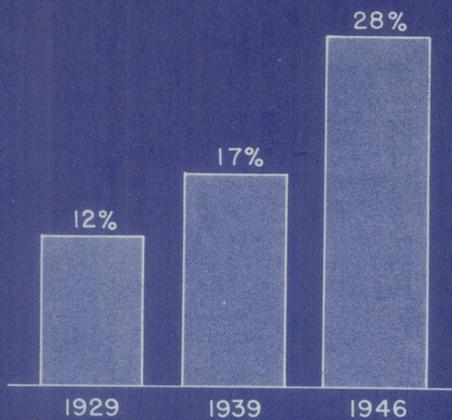
And the number of Federal employees in the established government departments and agencies (exclusive of War and Navy Departments and other war emergency agencies) has increased sharply—not only since prewar days, *but since V-J Day itself!*



Source: Statement by Chairman of Joint Committee on Reduction of Non-essential Federal Expenditures (Senator Byrd) — Dec. 10, 1946

58

As a result, Federal, state and local TAXES are taking a back-breaking percentage of the national income.



Source: Based on data from the Tax Foundation and U. S. Dept. of Commerce

This is the equivalent of \$1200 from each family in the U.S.!

59

It was Chief Justice John Marshall who said:

"The power to tax is the power to destroy."

Present taxation can destroy America's prospects for prosperity!

60

Recommendation No. 5

The Federal Government's primary fiscal obligation is to **balance the budget** at a level which will not only permit us to embark upon a **statutory plan for retiring the national debt by a minimum of \$2.5 billion annually**, but also allow for **substantial tax reductions during 1947**.

61

To reduce expenditures enough to make this possible, strict economy all along the line will be essential.

62

Recommendation No. 6

Unessential government activities will have to be abandoned; even necessary ones will have to be carried on with a minimum of expenditure. Hundreds of thousands of unneeded government employees should be released to go into useful **tax-producing** occupations.

63

Recommendation No. 7

As expenditures are reduced, tax relief should be granted initially in the area of the individual income tax.

A general 20% reduction, effective January 1, 1947, should be attainable.

Reductions in taxes upon business should not become effective until January 1, 1948.

64

Recommendation No. 8

In this "second round" of tax reduction, the following adjustments will be of major helpfulness:

1. An interim reduction in corporate income taxes from 38% to 32%.
2. Elimination of double taxation upon corporate earnings.
3. Exemption of intercorporate dividends from tax.
4. Substitution of a six-year carry-forward of net business losses for the existing two year carry-back or carry-forward.
5. An interim provision of an overall limit of 50% on individual income taxes.

65

The calculated yield in Federal Taxes, after all the adjustments recommended by NAM (see detailed fiscal report in the appendix), is \$27,000,000,000 at the present level of national income.

66

As expenditures are reduced below this figure to an ultimate budget level of not more than \$20 billion, both personal and corporate income taxes should be progressively adjusted downward.

67

NEEDLESS CONTROLS

True, the Administration progressively has been abandoning wartime controls since V-J Day, though there has been much resistance toward doing it as promptly as conditions warranted.

68

But nearly 500 such wartime controls are still in force—
and more important,
statutory authority for re-imposing the abandoned controls ***is still in existence!***

These "sleeper" controls should be rooted out of our economy.

69

President Truman is our authority* for stating that the termination of the war could have been declared weeks ago except for the threatening labor situation.

Therefore:

*Press conference of December 12, 1946.

70

Recommendation No. 9

As soon as adequate labor legislation has been enacted, an immediate declaration of the end of hostilities should be issued.

71

Recommendation No. 10

All remaining statutory and administrative wartime controls and emergency powers should be terminated as rapidly as possible, subject only to definite evidence that they are essential to sound foreign policy or to the operation of our military establishment.

72

IN SUMMATION

Here are Industry's recommendations of action that can be taken by the 80th Congress during 1947 to encourage sustained prosperity for America:

1. The special privileges now granted to strikers by our labor laws should be withheld when strikes are called or conducted improperly.
2. The Federal Government should not intervene in strikes beyond the point of providing conciliators.
3. Compulsory union membership should be forbidden by law.
4. Monopolistic wage conspiracies should be outlawed.

73

5. The budget should be balanced, and a start made on debt retirement.
6. Federal expenditures should be cut drastically--enough to permit . . .
7. A 1947 cut in personal income taxes of 20%, and . . .
8. Reductions and reforms in business taxes for 1948.
9. A declaration of the end of hostilities should be made as soon as needed labor legislation has been enacted.
10. Remaining wartime controls and emergency powers should be terminated as rapidly and completely as possible.

74

With such action, Congress can move the nation toward an era of sustained prosperity.

For, if 1946 was "the year of decision," 1947 has as clearly become "the year of opportunity."

All America prays that this opportunity will be grasped by the Congress in the months ahead.

75

☺ **The challenge is evident!**

The answer is clear!

Now . . .

Let's Build America!

76

The Congressional edition of this analysis included appendices giving the full text of the reports of the NAM Committees on Industrial Relations Program, Government Finance, and Government Spending. Since these have been sent previously to NAM members, they are omitted from this special edition.

