

Paternalism, Industrial

COMPANY PATERNALISM

1957



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URTURED for the past ten years on the milk of Taft-Hartley, company paternalism is once more resurgent in America. In many of our big corporations, an effort again is being made to substitute fancy words, chintz curtains in the rest room, high sounding double-talk about employee communications and patter about human relations for collective bargaining.

This is especially true in today's white collar factories—big insurance companies, banks and finance operations and in the major area offices and headquarters of the big corporations. It is true also in many of the remaining unorganized bastions of industry—Du Pont, IBM, parts of the oil industry and even in such textile firms as Burlington Mills.

Varying degrees of paternalism are also the rule in the unorganized low paid retail chains and in other glorified sweatshops of modern distribution. More and more, a modern brand of paternalism is being depended upon to keep out unions.

A top official of the National Association of Manufacturers said earlier this year that "We have lost the battle of the production worker and we must not lose the battle of the white collar worker."

Many of our unions today are locked in a survival struggle with paternalism in areas that they have organized. It is a tribute to the good sense of the American worker and to the vitality of the labor movement that we are meeting this challenge successfully, that we have exposed and defeated paternalism so many times.



Today's paternalism is as morally rotten and as economically debilitating as all paternalism has been in all ages. Its objective is not the welfare of the worker but his subjugation.

Paternalism in industry still seeks to deify the boss, saying, in effect, to the worker, "Follow me, I am the Master." Often put forth in the name of yesterday's rugged individualism, paternalism still seeks as its objective denial of independent thought and action or a say in the rules or conditions. If paternalism sometimes yields an inch in a welfare program, generally it is not because the employer seeks the betterment of his workers but because it is cheaper.

Paternalism is bad for its individual recipient, bad for the nation and is the foe of freedom. Practiced by the private corporation for private ends, it can create a conformity that could lead ultimately to the very authoritarian society we deplore.

There is nothing new in industrial paternalism. It is as old almost as industry itself and it is practiced today for much the same reasons and in much the same way as when it was conceived. True, there have been sincere industrialists who have sought through paternalism to atone for the sins of the industrial revolution.

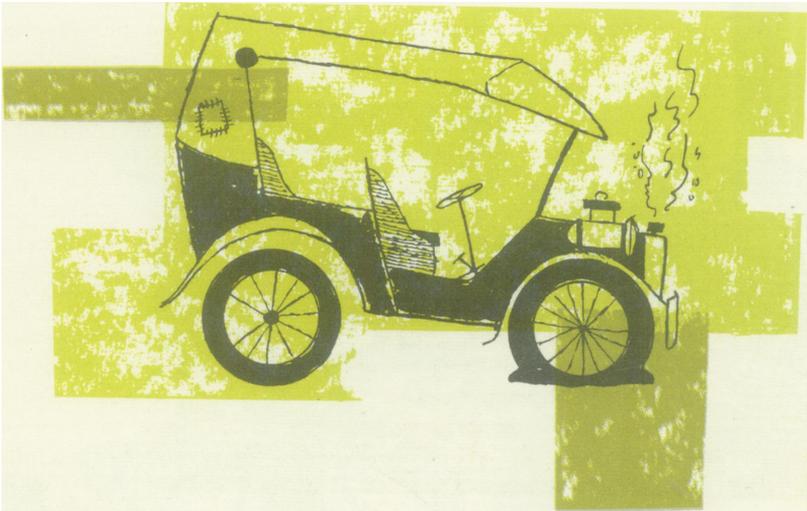
About 45 years ago, my own industry began to pioneer in the vineyards of paternalism. Its answer to labor turnover, long hours without overtime pay and low wages was the promise of unlimited opportunity, security in old age, a pension plan. Through the years, the promise has always been greater than performance but the Bell Telephone System, largely by this and other similar devices, successfully thwarted the development of a union until years after passage of the Wagner Act.

Henry Ford's acts are a great American myth; he was the perfect paternalist. He sought to regulate the lives of his workers and felt that he was according them a great privilege because they worked at Ford's. He developed a welfare department that snooped on workers and which ultimately became indistinguishable in its purposes from those of his security police. Both sought to put fear into Ford workers and keep them in line.

The worker who was employed at Ford lived according to Ford's code if he wanted to keep his job. Henry had his own ideas of how workers were to live and he imposed them with an iron hand. Henry Ford was a strong-minded man, and in all things Henry knew best—or believed he did.

When Henry Ford announced his \$5 day it was hailed as a long step forward. It was for the few workers who got it, perhaps, but it didn't apply to most Ford employees. The announcement accomplished its purposes, without doubt. It made Ford a hero while bringing to Detroit an ample labor supply so that he and the rest of the industry could pick and choose.

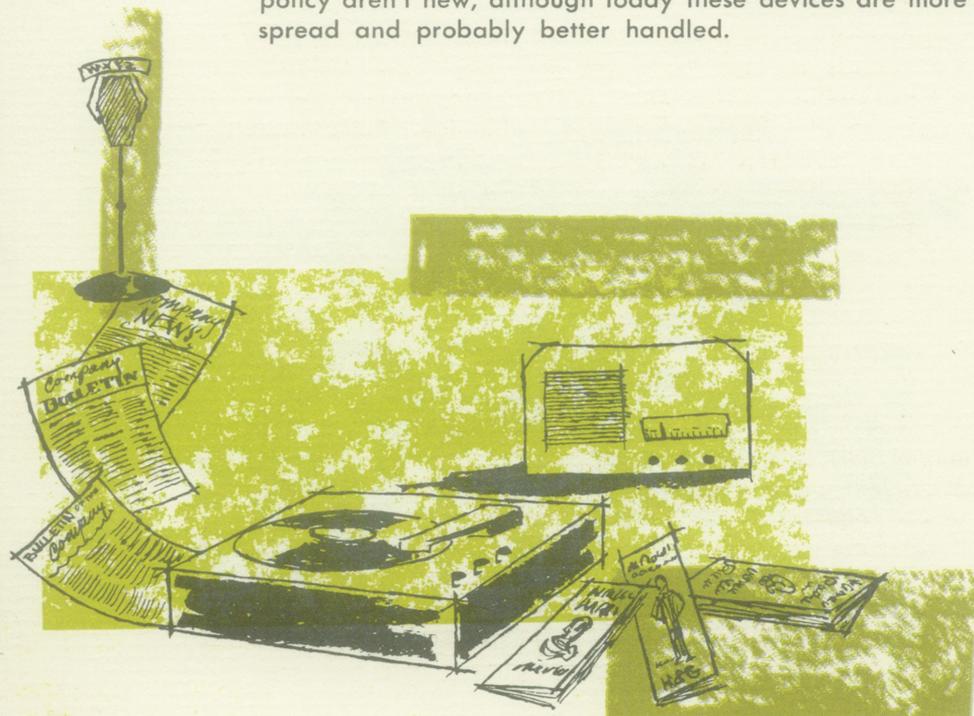
Unions were taboo at Ford but even Henry couldn't stop the tide. From the battle of Ford Bridge to the modern UAW is a whole span in history. It marks, among other things, the breakdown of one kind of paternalism in industry.



But there was another and more subtle paternalism that has its lineal descendants in industry today. This kind had its roots in the period ending with the First World War. The industry answer to labor's organizing effort of that day was the company-union. This was paternalism refined. It gave to the worker ready-made an organization tailored to fit company needs and the worker had to take it whether he wanted it or not.

Standard Oil, the American Telephone and Telegraph Company and the other big giants of American industry developed the American Plan of Industry. This revolved around the company-union but it also involved systematic indoctrination of workers, careful selection of young workers with little or no previous industrial experience, company "training" programs, company inspired social programs, close supervision and the promise of advancement "if you are a faithful employee."

This big ball of wax has been refined and rerefined but the paternalism of 1957 is much the same thing as that of the late twenties, despite new psychological approaches and fancy nomenclature. The employee communication scheme of thirty years ago—where it was applied—wasn't so different from that of today. The fancy bulletin, the company house organ, the discussion period with supervision, the "explanation" of company policy aren't new, although today these devices are more widespread and probably better handled.



The company-union, in fact, gave the paternalist of yesteryear an advantage. It was an avenue through which a minor concession might be granted without setting off a chain reaction. It also gave the employees a chance to blow off steam or to get together socially on terms approved by the employer.

In my own industry, company unions were used to split the workers into little cells—each a unit of a deliberately designed crazy-quilt of company unions. Meetings with lower level management were required regularly and discussions centered about such things as how to improve productivity or why an additional fan couldn't be purchased for the comfort of the employees.

It was a great victory when a new fan was purchased. I can well remember one incident in which I was involved and I just can't pass up this opportunity to tell the story.

I worked for the Western Electric Co., at one of its big plants. The cubicles in the men's john were without doors. This meant that supervision could enter the men's room and check up on us. There was much bitterness in the shop over this invasion of privacy. For years, our employee association had complained and, with hat in hand, had asked for doors. Finally, just before the Wagner Act, when there was a spirit of rebellion in the air, we tried again.

We "negotiated" with management for three or four months and the reports brought back into the shop were followed closely. Then, we won our greatest victory. Management agreed to put doors on the cubicles. Believe me when I say those doors stood and still stand, for the end of the invasion of privacy and dignity. They pointed up the power of the spirit of rebellion against obnoxious wrongs.

The company union no longer is here. But under the Taft-Hartley Act the "independent" union has become almost as good a substitute. The employer is able to control the bargaining situation, if not the independent itself.

Part of the objective of 1957 paternalism is to divide, weaken and conquer, just as this was yesterday's objective. On paper, the independent union is granted the same gains as the legitimate union negotiates. The independent is called in at the will of the company, usually after the legitimate union sets the pattern. The independent, of course, needn't strike or spend time in preparation for negotiations, and its dues structure usually is low. Because of the disunity, total gains are kept lower than would have been the case had there been only one union involved.

Sometimes, the strategy is reversed but objectives and end results are the same. The independents are used to set patterns. Then the legitimate union is given the hard choice of taking it, or taking on the industry which is assured by the independent settlements of at least partial operation and, possibly, of a ready force of scabs.

Scratch an independent union far enough, it has been said, and you will find a company-union. There are, of course, exceptions to the rule. But as any union organizer knows, there generally is a direct relationship between company paternalism and independent unions and the latter usually fades away when the employer drops the paternalistic mask.



Paternalism's goal in relation to the independent union is no different from that sought by employers years ago in establishing company-unions. The objective is to keep out nationally organized labor because this is the cheaper course in the long run.

By keeping workers divided and atomized through the independent union device, the employer is enabled to prevent maximum gains in wages and working conditions. Seeming generosity in dealing with unorganized workers, or with those in independents, pays off for the anti-union employer. This alone is why concessions wrung through struggle by the legitimate union are passed on with alacrity to those not directly covered by the union.

In our big factories where production and maintenance workers are organized, there are far too many cases where white collar workers are not. What happens in these cases? The union wins wage increases and other gains and the unorganized group of white collar workers benefits automatically. The company ascribes every benefit to its own generosity and assures the white collar group that benefits have nothing to do with union organization.

The white collar worker is very much the victim of a delusion. In the field of white collar employment, the corporate employer, so far, has been able to substitute phony titles, the clean office, the promise of promotion, the illusion of direct communication with higher levels of management, the appeal to snobbery, the illusion of intimate contact with areas of decision and even the quarter lunch for adequate wages, pension, health and welfare programs and grievance procedures.

The white collar worker has too often sold his birth-right for a mess of flattery and paternalistic goo. There is no doubt that he has lost in economic position. Yet this is the area where paternalism is strongest. If it is the answer management proclaims it to be, why has it not paid off for these workers? The answer is obvious enough—there is no substitute for free and forthright collective bargaining.

Just recently, a group of technical and professional workers employed by a big company became dissatisfied with titles alone. A number went to a union and an election was sought. The same paternalism that had broken down in the employee's normal daily work relationship was revived with a bang. Each employee was interviewed and there was suddenly a big pretense of listening to grievances. Professional ethics were invoked with the aid of the professional society in the field. Individual letters signed by top officials went to each employee who was told that he had a big career ahead and that he would be foolish to sacrifice it by allowing himself to be "regimented" into a union.

Just prior to the union election, the company put on a dinner and social get-together for the employee group. Top officials of the company were very much in evidence and the anti-union propaganda flowed more freely than the company-supplied beer.



All of this was legal enough under Taft-Hartley and the union lost the election. While this did not take place in my own industry, I have seen its counterpart time and again. While paternalism won in the case just described, the fundamental problems of the group will remain because paternalism will gloss over them rather than seek an honest solution jointly with the workers:

Human relations programs have been touted by the industrial relations experts as the answer to all problems, ranging from employee need for recognition to greater production at lesser cost. These programs, it is claimed, place emphasis on the individual and see to it that he gets proper satisfactions from the job. Described by some experts, these human relations programs sound sometime just a little too much like the "Brave New World" of novelist Aldous Huxley.

Now, don't get me wrong. We of labor want workers treated like human beings at all times. More, we insist upon it and it was this demand for humanity in industry that brought us into being.

The doctors tell us that tranquilizers are not the real answers to our troubles and that the "road to Miltown" is not the way to adjustment. America was built on the give and take of ideas and through resolution of viewpoints. America has grown and prospered in this post-war era in part because of a vital labor movement which has served to spur production and which has become the humanizing element in our national scene.

Modern paternalism seems to know no limits. If it has been refined in theory, in practice it sometimes becomes outrageous and absurd because it gets carried away by its own authoritarian dreams of glory.

The Bell System not too long ago installed what we dubbed the "big brother" treatment. The company hired employee counsellors as part of a human relations program. Counselling covered such things as home problems and personality problems and all other kinds of problems except the basic problems of the job.

The treatment was once over lightly and it was just about as effective. Regarded from the start with suspicion, it was soon laughed out of court. Workers sensed that the program was intended to smother their real problems, step up production and create greater submissiveness. Because they have much more good sense than the experts give them credit for, the workers snubbed the program and it died aborning.

A variation of this was the preacher gambit employed a few years back which saw several big companies hire ordained ministers. In some cases, these ministers were put to work on the bench. In other cases, they were hired as full time religious counsellors. All were known commonly as "industrial chaplains." The theory of this paternalistic gesture was that nobody can fight religion. Industry found it profitable to permit troubled workers to counsel with these chaplains who also conducted on-the-job prayer meetings. Part of the message, in some cases, was openly anti-union. The theory behind all this was that if workers were given religion on the job they would work harder and be more docile.

General Motors "human relations" experts once figured out a contest gimmick complete with all kinds of prizes—big money, Cadillacs, etc. Workers were to compete in a contest telling why "I Like to Work for General Motors." UAW stewards answered effectively by wearing shirts the back of which were emblazoned with the slogan: "I like to work for General Motors because my job is protected by a UAW contract." Needless to say, the GM paternalistic gesture failed badly.

We do not believe that humanity is a one way relationship from the top down. We have found that the collective bargaining relationship is the only answer because it represents agreement between equals, not solutions dictated from on high. We have found that the best guarantee to workers of fair treatment is the right to strike; the union contract; the grievance procedure. These things give the worker the substance of status, not just a few shoddy trappings.



We do not believe that you can create happy workers by the carload through one way communications systems from the top. Nor, do we believe that problems can be resolved through the medium of seances known as employee relations conferences where everything is explained according to some pat formula. We are now being treated to investigations of the American labor movement and some of the things being uncovered certainly are not to the liking of honest men, in the labor movement or outside it. I would like, nevertheless, to point out that labor is trying to do something about the situation and that it is cleaning its own house purposefully and effectively.

A few years back—in 1950 to be exact—there was another and less publicized labor-management investigation going on before a Senate Committee. This was the Senate Labor Committee investigation of labor-management relations in the Bell Telephone System, America's largest private employer.

This investigation was undertaken because of bitter strikes in an industry that had for years the reputation of being a "good" employer. This reputation had been built upon a paternalism, skillfully advertised, which had been unchanged from the twenties.

Bell System paternalism had given the workers paid holidays and vacations long before there was a union. But at the beginning of World War II, it took a telephone operator 12 years to go from her starting rate to her maximum pay. Before there was a union, it sometimes took even 20 years. What paternalism gave with much fanfare, it took back many times behind the scenes. When the union developed in the Bell System, we found that the company was unwilling to permit collective bargaining to replace its paternalism. It entered into a race with us for the loyalty of the workers and apparently it is not yet reconciled to the realities of modern industrial life.



The Senate Committee found management at fault in the breakdown of industrial relations in the Bell System. It found management unwilling to enter into bargaining or to have its decisions in any way modified as a result of union negotiations.

Paternalism fights the union shop on the theoretical grounds of freedom for its employees but actually because it means that collective bargaining has come to stay. The Communications Workers have been denied the union shop. Nevertheless, the union has persevered in the face of paternalism and anti-unionism from management. I might say that our membership today, after major strikes, is higher than ever and that this is possibly the most conclusive evidence that paternalism can't be substituted for the bargaining process once the idea of the union has taken root.

The Bell System has not changed despite the findings of the Senate Committee. It has continued to try to impress employees with the idea that the company is the source of all that is good, that what is given comes out of the kindness of the corporate heart and that the union is at best an evil that must be tolerated. When Steelworkers, Autoworkers and other unions won pension plans, they passed by many Bell workers although the Bell pension plan has been in effect for 44 years. This plan, I might point out, now has reserves of \$2 billion and can well afford to be the most progressive industrial plan in America. I might also point out that from the start the plan has been considered an operating cost and that telephone rates are based upon total operating costs.

Our union has been fighting for better pensions for years. We pointed out improvements in pensions in other industries. Management decided unilaterally upon certain changes in an effort to head off mass employee dissatisfaction. It placed pension changes in effect without consulting the union and tried to give the impression that it was making improvements out of the goodness of its heart. It succeeded only in causing greater bitterness among the employees who stood by the union when it filed unfair labor practice charges.





Paternalism never learns. Only recently—in response to our demands for health, welfare and insurance coverage—the Bell System called in our union and offered a typical paternalistic scheme. It offered us group insurance—if our members would pay for it and, through their payments, subsidize management level employees. The first thousand dollars of insurance was supposed to be without cost to the worker. To get it, however, the worker has to pay a much higher rate than necessary for all remaining insurance and he had to buy \$1,000 of insurance for every thousand of annual pay or any fraction thereof.

We rejected this proposal and we have had the support of our members. In other industries which have been forced to accept true collective bargaining, there is insurance today, and hospitalization paid for in whole or part by the employer. In the wealthy Bell System which once boasted leadership in welfare programs as proof that paternalism was the answer, these things do not yet exist.

Paternalism in the Bell System has revealed itself as hollow and tradition bound. It has resulted in bitter strikes and a needless division between management and union. I, for one, deplore this division, just as I deplore all needless bitterness and strife. Even at this late date, the wounds can be tied and the differences between labor and management in my industry can be bridged.

Management, however, must do its part. It must accept collective bargaining, once and for all. It must recognize that paternalism is no substitute and that it must keep up with the times. It must cease to slander us and to play off the independent unions against us. It must recognize that industrial peace, like world peace, depends upon good will from all concerned and that it is not a dictated proposition. It must recognize that the cost of peace for the longer pull is far less than that of friction and strife.

The Communications Workers have proven that they can survive and frustrate paternalistic schemes intended to render the union impotent. It is time for management to understand the true meaning of this fact.

What is true of my own industry is true elsewhere. A struggle against paternalism and its attendant evils has been going on in the oil industry where the union sets the pace in bargaining, and where the divide and conquer game is still being played. I would not pretend here to speak for the union in the oil industry, but I am sure that it will yet find the kind of answers that will bring unity to the workers.

If there is only one-third the labor force organized, it is in large part due to the fact that paternalism dies hard. These are the days of a conservative tide in our national affairs. It is natural in such a time, when the world is unable to find stability and answers to the horrors of atomic war, that people would tend to accept the father image where they have not yet learned that it is only shadow.

A vital labor movement is essential in America if we are to achieve that kind of democratic society which can survive the shadow of the bomb. Organized labor means humanity in government and extension of welfare as a right.

Those who hate labor also hate social progress and seek to label both destructive and individualism. They do not, however, hesitate to use paternalistic means to regiment workers and to bend them to the corporate will. The corporation dominated mind they would create cannot be an asset in the struggle for world freedom because it does not understand what freedom truly means.

I am no prophet and I cannot predict the wave of the future. I know, though, that the surest way to the corporation world and its "Organization Man" is for paternalism to prevail in our work-places.

Paternalism, however, resurgent at the present moment, will not prevail. Of this, I am quite certain. The proof is its failure in industry like my own. The proof is that our movement has been able to stand against it and drive it back.





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