

LECTURE ON LABOR RELATIONS

SCHOOL OF BUSINESS ADMINISTRATION
of
ST. BONAVENTURE UNIVERSITY

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I am particularly pleased to be here today to discuss with you some of the problems of the practice of the profession of Labor Relations. My pleasure derives not only from the warm hospitality you have extended to me since my arrival this morning, but also from the fact that a group like this has come together in a university auditorium to consider the ways of achieving industrial peace. This is not an unusual gathering. There have been similar meetings in colleges and universities with increasing frequency in the last ten years. Regular classes meet at many institutions of learning to study these matters. Here at St. Bonaventure I am delighted to learn that there are courses in the School of Business Administration on Collective Bargaining and Labor Problems, and additional courses in the Economics Department concerned with Labor Relations and the problems of labor and government. This upsurge of academic interest in labor relations is enormously significant. For as Prof. Roethlisberger of Harvard once pointed out: "Collaboration between labor and management is not only a subject for exhortation, but also a field for serious study and research." The universities, St. Bonaventure among them, have met this need for study and research, and the information and inspiration that has come from you in the colleges to us in the field has in the past few years

revolutionized vast areas of industrial practice.

Industrial Relations is one of the fields in which the results of academic research are most quickly translated into practical application. Of all the fields of research nuclear physics and chemistry are perhaps the only areas which have surpassed Industrial Relations in achieving results that are directly and immediately utilized by industry. The work at the Harvard Business School, at the Yale Labor Management Center, at the Cornell School of Industry and Labor Relations, at the Universities of Pennsylvania and Wisconsin, to name only a few of the leaders, along with the work at St. Bonaventure and sister institutions, has created a background for a new profession of labor relations -- a profession devoted to shifting the employer-employee relationship in modern business from a basis of industrial civil war to a basis of productive harmony and peaceful partnership.

I came here today to give you an intermediate report on the status of this growing profession of Labor Relations. I stress that this is an interim report because the profession is in the midst of growth and change, responsive to new ideas and quick to experiment. This new profession is of great importance to you who are concerned with business administration, for there is no business enterprise today, be it industrial or financial, which is not directly affected by the problems of labor relations.

When I speak of the profession of labor relations, I speak of a profession which can be practiced equally by labor and management representatives. The principles I will discuss are not union principles or company principles, but rather principles which must be recognized

and utilized equally by both sides.

The profession of Labor Relations has progressed through three stages in a relatively short time. In the first stage, the early practitioners of labor relations were primarily shock troopers in an economic struggle. On the union side they were the ones who organized and called the strikes. On the management side they were the ones who tried to hold down labor costs and fought to break the strikes. The second stage in the growth of the profession of Labor Relations came into being as men on both sides began to sense that perhaps they could catch more flies with honey than with vinegar. Labor relations at this stage were quite naive and were conducted in a kind of Dale Carnegie atmosphere of how to win friends and influence people. Union and company representatives were politer to each other than they had been in the earlier pugnacious stage of the profession. In addition to surface politeness, there were several fundamental advances in thinking at this stage: There was a mutual recognition that industrial peace was preferable to industrial warfare; the unions began to accept the idea that labor and management were really partners in a common enterprise and that labor's prosperity was dependent upon management's success, and that therefore labor hurt its own interest when it hurt management. On the other side, management came to realize that the employee who feels secure in his job and happy in his work is a much more efficient and productive worker and that therefore it was good business to improve working conditions. I do not mean to imply that by the second stage all disputes were settled without strikes. Strikes still did occur, but at least now they were looked upon as regrettable breakdowns in a peaceful system rather than inevitable skirmishes in an armed truce.

But despite these advances and despite the mutually sincere desires to work for labor peace, labor relations men had no accepted principles to guide them, and their efforts were therefore usually haphazard. In many areas of industry, labor relations is still in the second stage which I have just described. There is a desire to maintain peace, but no real understanding of the effective methods of achieving it.

In the more progressive areas of our industrial economy, labor relations has moved into a third stage. In this third stage the ideas of the second stage are fully carried on, but one thing new has been added. This new factor is that both sides have developed and understand certain basic principles, and take action and make decisions in accordance with these principles. No longer are actions motivated solely by reference to the proverb that honey is more attractive than vinegar; now policy is determined on the basis of carefully formulated principles. Many of these new principles are the direct result of the study and research contributed by the nation's universities.

I would like to outline for you some of the principles and ideas which characterize the third and most recent stage in the development of labor relations. The progressive labor relations practitioner today conceives that he is operating in an area basically affected by three factors. The first factor is law, the second factor is technology, and the third factor is the make-up of human beings. I will discuss each of these three factors in turn.

First, the law. Legal considerations play an important part in modern labor relations. Every decision affecting labor matters in a company or in a union must first be tested to see that it meets with

the requirements of the various laws governing labor. The principal law governing labor relations is the National Labor Relations Act, which provides for the representation of the employees by unions and prohibits certain unfair labor practices by employers and employees. Another basic labor law is the Fair Labor Standards Act, which prescribes minimum wages and governs payment of overtime. If the labor problem involves pensions, or social welfare benefits, as many labor problems do nowadays, there are additional insurance, tax and corporation laws which must be consulted. These various laws affecting labor are found not only on the Federal level but there are also different labor laws in most of the States and there are even some city labor laws. In addition to that, the Defense Production Act of 1950 which authorizes the establishment of the Wage Stabilization Board and other emergency bodies affecting labor, introduces many more legal problems. The legal aspects of labor relations are not limited only to the application of specific labor laws. There is the further legal question of applying and administering labor contracts. In most industries today conditions of employment are governed by written collective bargaining agreements between the company and the union representing the employees. Wherever there is a labor contract, every move that the company or a union contemplates must be analyzed to determine whether or not it is permissible under the labor contract. In close situations where the contract may not be entirely clear, this often involves the consideration of the published decisions of arbitrators who have decided disputes involving the meaning of contract terms. Both the companies and unions recognize today that careful consideration of all applicable legal factors and

scrupulous conformance with all requirements of statutes and contracts is the foundation stone in achieving orderly, peaceful labor relations.

The second factor which labor relations men consider vital today is the factor of technology. It is recognized that the action we take must make technological sense in the plant. If an innovation in the field of labor relations hurts production, it cuts down profits and there is less for labor to share. So both companies and progressive unions today have capable industrial engineers on their staffs. These industrial engineers are consulted before any action is undertaken. They test the proposal to see if it will hurt production or impair efficiency of plant operation. The company and the union engineers working together often modify some proposed action in the labor relations field in order to achieve greater technological efficiency. The most striking example of this occurred in the dress manufacturing industry in New York City, where the union engineers have been known to complain that the employers are not efficient enough and that as a result workers are not given a chance to make as much money as they should. In such cases the Ladies Garment Union has taken the initiative and has come in with its engineers to make a study and advise the employer how to improve his processes of manufacture. The result is that the employer makes more money and the employees get a greater share. Admittedly that is an extreme example, and you will not find it repeated in many industries, but in all constructive labor relations today there is detailed consideration of the technological factors by both sides, working together.

The third factor that is considered in modern labor relations is the make-up of human beings -- human relations. It is in the field