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SHORT TITLE: A Political Analysis of the NAM

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A POLITICAL ANALYSIS OF AN EMPLOYERS' ASSOCIATION
THE NATIONAL ASSOCIATION OF MANUFACTURERS

A DISSERTATION SUBMITTED TO
THE FACULTY OF THE DIVISION OF THE SOCIAL SCIENCES
IN CANDIDACY FOR THE DEGREE OF
DOCTOR OF PHILOSOPHY
DEPARTMENT OF POLITICAL SCIENCE

BY
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CHICAGO, ILLINOIS
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"Change of opinion in those to whose judgment the public looks more or less to assist its own, is an evil to the country, although a much smaller evil than their persistence in a course which they know to be wrong. It is not always to be blamed. But it is always to be watched with vigilance; always to be challenged and put upon its trial."

Gladstone (1868).

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CHAPTER I

ORIGINS OF AN EMPLOYERS' ASSOCIATION

Formation of the National Association of Manufacturers

Pressure groups have played a vital and indispensable role in American politics. The National Association of Manufacturers of the United States¹ is the textbook example of an industrial pressure group. For over half a century it has served American manufacturers, conducted vast public relations campaigns seeking popular approval for its conception of American values, and endeavored to influence the determination of public policy.

Many industrialists, businessmen, editors, and educators have relied freely upon its solutions of political and economic problems and its attacks on opponents of free enterprise. On the other hand, segments of these same groups have been severely critical of the Association. Labor regards it as the symbol of anti-unionism. An objective analysis of this group must cut through the stereotypes and symbols that tend to obscure its real character and influence in American society. Such a study provides a dramatic case study of the blending and interplay of economic and political forces out of which public policy emerges

¹Hereinafter referred to as NAM or Association.

and gives insight into the complex problem of government-economy relations, especially in the controversial sphere of labor relations.

In an endeavor to make a balanced appraisal of the NAM's political behavior a theoretical framework must be constructed to guide the selection, ordering, and analysis of factual data. The frame of reference that guides this study is the hypothesis that private groups are adaptive social structures which are molded by external and internal pressures tangential to their rationally ordered structures and formal goals. Internal demands result from the group's conception of the needs of society and of the policies that are necessary to satisfy the desires of the group and society. External pressures come from the group's environment to which resistance or adjustment may be manifested. These pressures are reciprocal; i.e., the conception of social needs is guided by resistance or adaptation to an evolving environment and, in turn, the environment is altered by the political behavior of the group. The role and influence of a private group varies directly with its ability to formulate goals that can be identified with the values of society and its ability to accommodate to a changing environment.

The NAM came into existence in 1895. Thomas H. Martin, editor of a southern industrial journal, the Dixie Manufacturer of Atlanta, is credited with conceiving the idea that "the manufacturing interests of this country should be organized and consolidated." Editorials he wrote urging manufacturers to combine bore immediate fruit. Colonel Thomas P. Egan called for the

meeting which brought over three hundred industrialists together at Cincinnati. Egan was the chairman of the Cincinnati committee of businessmen which provided largely for the expense of the first meeting and formally issued the call. He was supposed to have contributed a large part of the money personally. He was elected chairman of the temporary organization, later permanent chairman, and finally president of the convention. Present and partly responsible for calling the organization into being were William McKinley, then Governor of Ohio, and Senator Foraker, also of Ohio.¹

A unique feature of the convention which indicated the attitude of other commercial enterprises toward the formation of a manufacturers' association was the permission granted by the telephone company to use the telephone lines in the city free at all times and the long distance lines free between the hours of 4:00 P.M. and 10:00 P.M.²

Thomas Dolan, of Philadelphia, was elected the first President of the Association. But since he was able to give little attention to the work of the organization, the duties of

¹Proceedings of the 31st Annual Convention of the National Association of Manufacturers of the United States of America, 1926, p. 61; 1904, pp. 243-244; 1920, p. 27 (hereinafter referred to as Proceedings).

²NAM News, February 26, 1944, p. 7. The railroads of the country "recognizing the importance of" subsequent conventions made a rate of a fare and one third for the round trip of all members and their families and allowed a fifty per cent discount to men traveling to attend the NAM conventions (American Industries, May 1, 1906, p. 2).

giving it form and carrying out the aims of its founders fell to Theodore C. Search.

The specific purposes of the NAM as revealed in the first official publication of the Association, Circular of Information, contained no hint or threat of an organized front against organized labor.¹ The origins of the Association were portrayed in ringing metaphors by a later President:

Fathered by necessity and summoned by conscious opportunity, [it] sprang exultantly like Minerva from the forehead of Jove into immediately useful existence. Notice was thus given to the world for the first time that the American manufacturing industry had come of age, and that it could and thereafter would speak with one voice on every occasion of common defense and on all occasions pertaining to its general welfare.²

The immediate problems which confronted manufacturers in 1895 resulted from the depression of 1893-1894 and the "Wilson tariff-for-revenue-only bill," which smothered the "fires of the Nation's boilers" by "a legislative blanket."³ Five years later President Search emphatically affirmed the NAM's lack of interest in employer-employee relations. In fact, he specifically denied concern with questions which were later to assume a prominent role in Association affairs:

¹The purposes listed were: conservation of the home market, extension of our foreign trade, improvement of the consular service, expert commercial agents abroad, promotion of Spanish-American trade, re-establishment of reciprocity treaties, extension of our merchant marine, improvement of waterways, construction of the Nicaragua Canal, creation of manufacturers and commerce department in government, uniform freight classification, and passage of a national bankruptcy law (Circular of Information, No. 1, June 15, 1896, pp. 1-8).

²American Industries, October, 1929, p. 15.

³Proceedings, 1920, p. 29; 1926, p. 61.

The consideration of questions involving the relations between manufacturers and their employes has never been regarded as one of the proper functions of the National Association of Manufacturers. Problems relating to wages and hours of labor can be considered best by the organizations which exist within each distinct industry, as for the most part the points involved are peculiar to each industry. There are, however, certain phases of the relations between employers and their operatives which might quite appropriately be considered and discussed by such an organization as this. Some of these questions are more social than economic in their nature and concern the conditions and surroundings of the employed rather than the wages they earn or the hours during which they labor.¹

During the period of prosperity that followed the organization of the Association, labor union activity increased rapidly. One authority estimated the total membership of trade-unions in 1897 at 447,000. By 1904 the membership had increased to 2,072,700. This was an increase of 363.7 per cent, or an average rate of 52 per cent per year.² With stronger organization, unions began pressing demands for the eight-hour day, higher pay, and the closed shop. The anthracite coal strike of 1902 suddenly focused attention on the power of unionism.³

The militancy of the already belligerent employers' associations began to spread to other businessmen's associations. The American Anti-Boycott Association, which the NAM frequently endorsed,⁴ entered the lists against unions in 1902.

¹Ibid., 1901, pp. 23-24.

²Leo Wolman, The Growth of American Trade Unions, 1880-1923 (New York: National Bureau of Economic Research, Inc., 1924), pp. 33-34.

³Proceedings, 1904, p. 15.

⁴See Proceedings, 1910, p. 134; 1915, p. 172; American Industries, June, 1911, p. 11; December, 1912, p. 23; June, 1915, p. 30.

In the same year the NAM appointed a committee to oppose the passage of a national eight-hour bill for laborers and mechanics on government work,¹ and James Kirby, president of the Dayton Employers' Association, appeared before the Senate Committee on Education and Labor as the official representative of the NAM to denounce the bill.² For seven years the NAM was surrounded by employer hostility to unions before shifting its orientation. The discovery of a common enemy--organized labor--supplied a strong inducement for the continued alliance of industrial employers.

The Pattern of Employers' Associations
in the United States

The Association emerged from a pattern of employers' organizations and a tradition of hostility to labor organizations that has long been characteristic of American industrial life. As early as 1836 some employers had organized to resist labor societies when they began to press for shorter hours and then for higher wages.³

¹Clarence E. Bonnett, Employers' Associations in the United States (New York: The Macmillan Co., 1922), p. 301.

²U.S. Congress, Senate, Committee on Education and Labor, Eight Hours for Laborers on Government Work, Hearings before the Committee on Education and Labor, U.S. Senate, 57th Cong., 1st Sess. (Washington: Government Printing Office, 1902), pp. 23-24.

³Edward B. Mittelman, "Trade Unionism," in John R. Commons and associates, History of Labour in the United States, 1896-1932 (4 vols.; New York: The Macmillan Co., 1918-1935), I, Part III, 401.

There had been masters' associations before that time; but they were not primarily employers' associations. They were manufacturers', merchants' and employers' associations all in one, regulating the quality of goods they made, fixing prices, and dealing with journeymen as the occasion arose. "An employers' association is a group which is composed of or fostered and controlled by employers and seeks to promote the employers' interests in labor matters."¹ The associations that appeared in 1836 were principally employers' associations organized for the expressed purpose of combatting labor.²

Associations of employers developed locally in this country after the appearance of labor unions. According to Mittelman, "[W]herever workingmen organized and were aggressive the employers also organized."³ Bonnett, on the other hand, contended that the assumption that trade unions always preceded any organization by employers was unwarranted. They were formed, he explained, whenever a group of employers was convinced of the desirability of united action in dealing with the labor question.⁴

The blacklist was the chief weapon of the early employers' associations. For example, the master tailors in New York declared that they would "not receive into their employ any man

¹Bonnett, "Employers' Associations," Encyclopedia of the Social Sciences, ed. R. A. Seligman and Alvin Johnson, V (1931), 509.

²Mittelman, op. cit., p. 402.

³Ibid.

⁴Bonnett, "Employers' Associations," op. cit., p. 510.

who is a member of the 'Union Trade Society of Journeymen Tailors in the city of New York.'"¹ The most effective weapon, however, employers found in the courts. The union trade societies, in requesting wages and other conditions of employment, insisted on the closed shop. In some instances they fined members for hiring non-members and in others they fined employers for hiring non-members. At this point employers leveled their attack in the courts, alleging that, in prescribing with whom they would or would not work, the societies constituted conspiracies. From 1829 to 1842 there were eight such prosecutions. Not until Commonwealth v. Hunt² was the burden of conspiracy lifted from the shoulders of the labor movement. By the same decision trade unions were held to be legal organizations.

The aggressive trade union movement during the Civil War period gave rise to a no less aggressive movement for organization among employers. The typical employers' association of the period was local, embracing the employers of one or more trades in the locality. In one trade, however, a nation-wide employers association was formed--the National Association of Stove Manufacturers. Most of the information about the employers' associations came from the labor press since the employers themselves preferred secrecy. Nevertheless, the records showed the existence of such organizations in every important locality and in nearly every trade.³

¹Mittelman, op. cit., p. 403.

²4 Metcalf 111 (1842).

³David J. Saposs, "Colonial and Federal Beginnings," in Commons, op. cit., II, Part I, 26.

The post-Civil War business depression figured in the promotion of employer hostility. During the critical period of 1873-1879 employers sought to free themselves from the restrictions that the trade unions had imposed upon them during the years preceding the crisis. Consequently, they added a systematic policy of lockouts, blacklists, and legal prosecution to supplement the effects of hard times and unemployment.¹

National employers' associations multiplied in the next ten years with unprecedented speed. Out of the National Association of Stove Manufacturers evolved, in 1886, the Stove Founders' National Defense Association. Also in 1886, the General Managers' Association, composed of the twenty-four railroads centering or terminating in Chicago, was formed. In the next year the United Typothetae of America was organized to resist the demands of the International Typographical Union for the nine-hour day.

Not all employers' associations were hostile to unionism and the principle of collective bargaining. Some were negotiatory, being organized primarily to deal collectively with unions. The negotiation, in 1891, of a national trade agreement by the Stove Founders' National Defense Association and the International Molders' Union, the organization which it was originally established to fight, marked the beginning of development of national negotiatory associations. The system of trade agreements reached its peak in the five year period, 1898-1902--the era of the Spanish-American and the South African Wars. The commerce from

¹Selig Perlman, "Upheaval and Reorganization," Commons, op. cit., II, Part VI, 195.

these wars made prosperous times for the manufacturers, and skilled laborers were in great demand. A widening of the margin of profit for the manufacturer made him anxious to secure the necessary labor for his factory and the trade agreement promised him this labor at a price upon which he felt he could depend as a basis in calculating the future costs of his products.

The period of the highest development of negotiatory associations practically coincided with the greatest development in the formation of trusts and similar business combinations to control prices. The realization of increased profits by businessmen in this period led them to believe that still larger profits might be obtained by combinations to control prices. Businessmen utilized labor unions in forming such combinations. Negotiatory associations made trade agreements with certain unions and by means of these generally forced the independents to come into the combinations if their businesses were not ruined.¹

Eventually some of the associations that had tried the trade agreement broke away from it and confronted the unions as belligerent or combatant associations. One of the first attempts to form a general anti-union association was made in Dayton, Ohio, in 1900, under the leadership of John Kirby, Jr. Unionism had made rapid strides in Dayton and, in that year, a number of strikes for higher wages and better working conditions occurred. Thirty-eight firms joined to form a united front and became

¹Bonnett, Employers' Associations in the United States, op. cit., pp. 22-23.

charter members of the Employers' Association of Dayton. On July 25, 1901, the attack upon unionism began. The Davis Machine Company and Computing Scale Company closed down their plants, ostensibly for repairs, but the notice posted for employees revealed a different purpose:

This factory will resume operation on or about August 19 as an open shop. All employees desiring to return to their present position must make written application on enclosed card and return same to superintendent in person not later than August 30.

Those not willing to comply with the requirements will surrender their key at once.¹

The application card required the applicant to state whether he objected to working with non-union men.

A propaganda campaign was launched and emissaries went forth to arouse the employees of the country to the need of defending the employer's right to operate his business in accord with "American principles," free from interference by the union organizer. The National Metal Trades Association, which began its career as a negotiatory association, became distinctly belligerent in 1901. It was the first national body to adopt open shop principles. Organized by National Founders' Association in 1899, it originally pursued a closed shop policy as expressed in the New York agreement of May 18, 1900. This policy continued until the general strike of the International Association of Machinists broke out in Spring of 1901. As a result of that strike the National Metal Trades Association adopted a declaration of open shop principles:

¹Cited by Selig Perlman and Philip Taft, Labor Movements, Commons, op. cit., IV, 130.

Since we as employers, are responsible for the work turned out by our workmen, we must have discretion to designate the men we consider competent to perform the work and to determine conditions under which that work shall be prosecuted, the question of competency of the men being determined solely by us. While disavowing any intention to interfere with the proper functions of labor organizations, we will not admit of any interference with the management of our business.¹

Chicago was another center of the open shop movement.

The Chicago Employers' Association, led by Frederick W. Job, was organized in 1902. Citizens' alliances and employers' associations followed in rapid order in a number of localities. Tangible support to employers fighting against unions was given. In Sedalia, Missouri, for example, on August 19, 1901, the Sedalia Citizens' Alliance was organized which comprised a large majority of the business and professional men as well as non-union workers.

J. West Goodwin, the successful organizer of Sedalia, moved on with wider ambitions. By 1902 his efforts resulted in militant anti-labor Citizens' Alliances in Kansas City and Joplin, Missouri, Springfield and Bloomington, Illinois, Pittsburgh, Kansas, Scranton, Pennsylvania, and Shelbyville and Columbus, Indiana. The alliances were secret organizations and exacted a pledge from all members: "I hereby make application for membership in the Citizens' Alliance and I affirm that I am not a member of any labor organization which resorts to boycotting, or any form of

¹National Metal Trades Association, Constitution, By-Laws, Declaration of Principles, adopted June 18, 1901, p. 25, cited by Jerome L. Toner, The Closed Shop in the American Labor Movement (Washington, D.C.: The Catholic University of America Press, 1941), pp. 115-116.

coercion or unlawful force, and fully agree to discountenance all strikes and schemes of persecution."¹

The belligerent American Anti-Boycott Association, later called the League for Industrial Rights, and the Citizens' Industrial Association of America were conceived in the years 1902 and 1903 respectively. The United Typothetae became prevailingly belligerent in 1903.² During that year the Dayton Employers' Association received hundreds of letters from employers in every part of the United States seeking information on methods of combatting organized labor.

The role of employers' associations in early American industrial history presaged the NAM, for, as Perlman described:

These organizations were not satisfied to eliminate or minimize the influence of unionism in their localities. What they sought was the effacement of the organized labor pattern from the consciousness of the average American citizen. That object could be achieved by placing organized labor on a moral defensive. Instead of labor being viewed as the victim of oppression, the propaganda of the employers sought to convince the public that labor was both the aggressor and oppressor. It was the employer who suffered from tyrannical and greedy business agent, who, profiting by the blind obedience of his misled followers, was interfering with the inalienable right of the employer to run his own business as he saw fit. This idealistic propaganda, appealing as it did to the traditional American individualism, was very influential in shifting public support from the worker to the employer.³

But these successes were local and the national employers' associations were confined to specific trades. The open shop

¹Quoted in American Industries, August 1, 1903, p. 14.

²Bonnett, Employers' Associations in the United States, op. cit., p. 24.

³Perlman, op. cit., IV, 133.

movement and militant anti-unionism lacked national leadership. The leadership, conviction, and drive necessary to inspire such a movement was delivered by David M. Parry, the President of the NAM, in 1903. "When . . . little David threw down the gauntlet to the giant Union Trust, he sowed the seed of the resurrection of industrial freedom."¹

Transformation into an Employers' Association

The swelling surge of belligerent anti-unionism swamped the NAM in 1903. "David M. Parry came into the arena and waged battle against this beast with seven heads and ten horns that was stalking up and down the earth, demanding that no man should work, buy or sell, save that he had the name or mark of the beast upon his right hand or in his forehead."² The metaphors were mixed, but the choice was clear.

Parry exhorted the convention assembled in New Orleans to recognize the iniquities of associations of workingmen:

Organized labor knows but one law, and that is the law of physical force--the law of the Huns and Vandals, the law of the savage. All its purposes are accomplished either by actual force or by the threat of force. It does not place its reliance in reason and justice, but in strikes, boycotts and coercion. It is, in all essential features, a mob-power, knowing no master except its own will, and is continually condemning or defying the constituted authorities. The stronger it grows the greater a menace it becomes to the continuance of free government, in which all the people have a voice. It is, in fact, a despotism springing into being in the midst of a liberty-loving people.

.

¹Proceedings, p. 315.

²American Industries, July, 1911, p. 37.

It has not, in times past, hesitated to resort to violence and the destruction of property to compel the acceptance of its demands. Its history is stained with blood and ruin.¹

Labor's "growing power," he exclaimed, "now demands a counter-organization strong enough to resist its encroachments."²

It is well that those who would revolutionize the social order should at the very inception of their national program meet with organized resistance, and it was fortunate that there was an association strong enough to checkmate the influence of organized labor this last winter . . . when, . . . it seemed certain of success.

.
It is true that the fight against organized labor is, in a measure, a departure from our former conservative policy respecting labor, but it is an inevitable departure if the Association hopes to continue to fill the full measure of its possible usefulness to the manufacturers and the people of the country.³

The next day the Wall Street Journal censured Parry in an editorial entitled: "Nothing to Be Gained by Violence." Mr. John Kirby, Jr., later to become President of the Association, jumped to Parry's defense:

When such a paper as the Wall Street Journal will publish such an infamous censure as it did, it simply indicated that the men in Wall street stand there trembling and shaking with fear that this stock or that stock would be affected by Mr. Parry's courage. . . . I want to tell you, gentlemen of the convention, that ten per cent. of the working classes of this country are robbing the ninety per cent. and the manufacturers and employers included, and if the manufacturers and employers will put their shoulders to the wheel and stand together, Mr. Parry will lead them through.⁴

The action that set the course for the NAM's new role in the industrial world was the adoption of a set of labor principles. When the resolution was introduced, D. A. Tompkins contended:

¹Proceedings, 1903, pp. 17-18.

²Ibid., p. 16.

³Ibid., pp. 15-16.

⁴Ibid., p. 133.

"This is a question that is so large, and of so much importance to this Association, and to the people of the whole country, that I think the members of this Association ought not to vote on it until tomorrow morning, in order that we may understand exactly what we are doing." Pointing out that "the forces of labor and capital are both gigantic, and they should be kept evenly balanced at all times," he maintained that "it is important that we take time to deliberate, and we should not present resolutions to 400 or 500 people that have not seen them before and in fifteen minutes undertake to express an opinion that may or may not be right."¹ Though other voices raised the same plea, the gathering promptly adopted the Declaration of Principles, a document of strikingly moderate character when compared with the utterances of officers and members at this convention:

1. Fair dealing is the fundamental and basic principle on which relations between employes and employers should rest.

2. The National Association of Manufacturers is not opposed to organizations of labor as such, but it is unalterably opposed to boycotts, black-lists and other illegal acts of interference with the personal liberty of employer and employe.

3. No person should be refused employment or in any way discriminated against on account of membership or non-membership in any labor organization, and there should be no discriminating against or interference with any employe who is not a member of a labor organization by members of such organizations.

4. With due regard to contracts, it is the right of the employe to leave his employment whenever he sees fit, and it is the right of the employer to discharge any employe when he sees fit.

5. Employers must be free to employ their work people at wages mutually satisfactory, without interference or dictation on the part of individuals or organizations not directly parties to such contracts.

¹Ibid., pp. 166-167.

6. Employers must be unmolested and unhampered in the management of their business, in determining the amount and quality of their product, and in the use of any methods or systems of pay which are just and equitable.

7. In the interest of employes and employers of the country, no limitation should be placed upon the opportunities of any person to learn any trade to which he or she may be adapted.

8. The National Association of Manufacturers disapproves absolutely of strikes and lock-outs, and favors an equitable adjustment of all differences between employers and employes by any amicable method that will preserve the rights of both parties.

9. Employes have the right to contract for their services in a collective capacity, but any contract that contains a stipulation that employment should be denied to men not parties to the contract is an invasion of the constitutional rights of the American workman, is against public policy and is in violation of the conspiracy laws. This Association declares its unalterable antagonism to the closed shop and insists that the doors of no industry be closed against American workmen because of their membership or non-membership in any labor organization.

10. The National Association of Manufacturers pledges itself to oppose any and all legislation not in accord with the foregoing declaration.¹

Reflecting upon the enactment of these principles President Edgerton asserted in 1926: "Our first labor principles were adopted, and the open shop was first proclaimed by a representative national body as the sine qua non of our industrial safety, advancement, and supremacy. That proclamation brought on inevitable conflicts with those of opposite faith and practice."²

The conflict with the opposite faith is most apparent by contrasting the figures for the number of strikes between 1901 and 1905 with the figures indicating the cause of those strikes. The number of strikes in 1901, 1902, and 1903 were on the increase

¹Ibid., pp. 165-166. No. 9 was inserted by the 1904 convention, ibid., 1904, p. 173.

²Ibid., 1926, p. 62.

but declined decidedly after 1903--suggesting a degree of achievement on the part of employers' associations in quelling the "Huns and Vandals" (Table 1). However, the percentage of strikes due to the resistance of employers to labor organizations increased (Table 2). In other words, the number of strikes decreased but, of those strikes, an increasing number appear attributable to employers' hostility to unions, i.e., their refusal to recognize the right to organize for collective bargaining.

TABLE 1
NUMBER OF STRIKES, 1901-1905*

Year	Number of Strikes
1901	3,010
1902	3,240
1903	3,648
1904	2,419
1905	2,186

*Source: Division of Economic Research, National Labor Relations Board, Governmental Protection of Labor's Right to Organize, Bulletin No. 1 (Washington: Government Printing Office, 1936), p. 5.

TABLE 2
PERCENTAGE OF STRIKES DUE TO RESISTANCE OF EMPLOYERS TO LABOR ORGANIZATIONS*

Year	Concerning Recognition and Union Rules (Per Cent)	Recognition and Union Rules Combined with Other Causes (Per Cent)	Both (Per Cent)
1895	12.35	4.12	16.47
1900	15.35	5.79	21.14
1903	23.24	8.41	31.65
1904	32.42	6.50	38.92
1905	30.86	4.67	35.53

*Source: Division of Economic Research, National Labor Relations Board, Governmental Protection of Labor's Right to Organize, Bulletin No. 1 (Washington: Government Printing Office, 1936), p. 105.

Pressures for Transformation

The pressures for a restatement of NAM's objectives came from outside as well as from inside the organization. The A.F.L. mushroomed from less than 350,000 to 1,675,000 members in the five-year period preceding 1904. The rising tide of unionism culminated in the anthracite coal strike of 1902 and was paralleled by an upsurge of belligerent employers' associations. Some of the members of these groups were manufacturers with membership in the NAM. Key organizers of some of the principal employers' associations were among the NAM's leadership. For example, John Kirby, Jr. was one of Parry's strongest supporters in the floor debate over adoption of the labor declaration. In 1900 Kirby had organized the Employers' Association of Dayton and had succeeded in converting Dayton to an open shop city. He went on to become President of the NAM in 1909. Another future President and supporter of Parry was James W. Van Cleave, who became the leader of anti-union employers as the head of the Citizens' Alliance of St. Louis. C. W. Post led the Citizens' Alliance of Battle Creek against unionism and published pages of denunciatory articles, paid by himself, in the daily press of the country. Post was for many years a Director of the NAM.¹

The pressure from these men, the political and economic atmosphere, and the competition from other associations which served their members by combatting labor was focused upon the NAM

¹Perlman and Taft, op. cit., pp. 129-134.

in 1903. The desire to have a national organization in the anti-union campaign which previously had been confined to specific trades or localities also motivated the transformation.

The internal pressures resulted from the fact that the common interests which originally bound industrialists together were not sufficient to sustain a national organization. Some problems of manufacturers, of course, tend to be universal; e.g., the tariff or problems resulting from a depression. But a tariff or a depression does not have the same effect upon all industries. Whereas some industries benefit by high tariffs, others suffer. Depressions do not always cripple all industries. The life of the NAM was running out in 1903 when "formal cognizance was taken of the increasing activity of organized labor."¹ When a common enemy was discovered, the NAM experienced new life.

In 1900 the NAM's enrollment declined seventeen members to total 1,050. In 1901 there was an increase of only thirty-two. By June of 1902 membership had fallen off to 988. But during the next fiscal year 1,072 industrialists joined while only 112 withdrew. After the adoption of the Declaration of Principles in April, 1903, membership increased from about 1,900 to 2,700 in seven months--the largest increase in the history of the Association to that time. When Parry stepped down from office in 1907 the total membership was 2,742. (Appendix I.)

Financially, also, the NAM revived. During the first full year, January, 1896, to January, 1897, its total income was

¹Proceedings, 1906, p. 135.

only \$30,748.34, all but \$225.00 of which came from dues. During the succeeding year, dues and contributions amounted to \$35,749.10. The total receipts from all sources from April, 1902, to March, 1903, were \$88,127.46. For the same period to March, 1904, they were \$140,069.81. By 1907 they were \$167,031.53 (Appendix II).

The record indicates that it was not until the NAM became the standard bearer for vociferously abusive and militant anti-unionism that it assumed a commanding position among economic interest groups, in terms of number of members, amount of income, and scope of activities. Explained a prominent member of the NAM in 1906: "Take away from this Association that interest in the labor question and your Association will go down just as fast as it came up."

Over seven years elapsed before the NAM underwent the transformation into an employers' association. In making this change the Association was not the leader but the follower. Only after the way was cleared and other groups had entered the stream of belligerent employers' associations did the NAM take the plunge.

CHAPTER II

THE VALUE SYSTEM OF THE NAM

The attention of the National Association of Manufacturers has been concentrated upon problems affecting industrialists, which, since 1903, were chiefly labor problems. The NAM's conception of social and industrial interests have been promoted by vigorous opposition to social change that would weaken the power position of employers in industrial relations and, since 1937, by approval of change if it would weaken labor and strengthen employers. Resistance and adjustment to social change has been rationalized by a value system that has remained constant and unchanged throughout the Association's history.

The members of the NAM are businessmen, not philosophers; practical industrialists, not political theorists. There is a set of values or ideals which has given direction to the NAM's policies, but no comprehensive, coherent social and political philosophy has ever been formulated. Discussions of the values that have motivated the Association's actions are found in scattered NAM publications and in speeches and testimony of officers and members. The purpose of this chapter is to construct the logical pattern of the NAM's value system based upon these fragments.

Individualism is the essence of the value system of

organized industry. The individual is viewed as a self-governing unit possessing certain rights and freedoms which are derived, not from government, but from natural law. These freedoms are both political and economic. Free enterprise is considered the only economic system which preserves competitive individualism in accordance with the order of natural law. These values condition the NAM's conception of the nature and function of American government. It is a limited government which can exercise only those powers that individuals have conferred upon it. Therefore, interference with the basic right of free enterprise can be only for the purpose of promoting individualism.

Let us consider each of these values in their logical order.

Individualism

The maintenance of individualism was listed as one of the objectives of the Association in its 1904 Constitution.¹ Classical economics and the Spencerian concept that economic forces, like biological forces, are subject to natural laws are inherent in the NAM's understanding of individualism. The individual is regarded as able to think and act for himself and, therefore, is the best judge of his own interests. It is assumed that by protecting the freedom of the individual to choose his occupation or business and the freedom to enter freely into contracts for the acquisition or disposal of private property and for the

¹Constitution, Proceedings, 1904, p. 202.

purchase or sale of personal services maximum social welfare would be produced.

Individualism is credited with being "The real reason for our wonderful strides in material welfare and in general intelligence."¹ A former President of NAM maintained that the creation of our unparalleled national wealth, our high standards of living, and the approximation of the Christian concept of human brotherhood were all due to the universal recognition of the infinite worth of every human being.² The promises of individualism have also been expressed in less glowing terms: "Society owes no man occupation. It is his to seek and find, and by his integrity and perseverance to maintain. . . . Under any circumstance, there will always be some unemployed."³

Natural Law

In a spirit that is reminiscent of the eighteenth century liberalism that surrounded the drafting of the fundamental documents of American government, the NAM has attributed the freedoms and rights of the individual to the laws of nature and nature's God: "Freedom of body and soul and the right to the exclusive possession of the reward of human endeavor, is the gift of God and not of society. . . . No single development of material

¹Parry, Proceedings, 1904, p. 20.

²H. W. Prentis, Jr., Competitive Enterprise versus Planned Economy (New York: National Association of Manufacturers, 1945), p. 6.

³Proceedings, 1919, p. 35.

civilization, is the product of society."¹ "Neither governments nor constitutions create the rights of an American."²

The concept of a higher law pervaded much of the NAM's early thinking. "There is a divine intelligence at work behind all this turmoil and travail," C. W. Post announced, "and you may depend upon it that the sun will not shine brightly and make happy the inhabitants and possessors of the new day unless their acts conform to the tenets of the great God of justice and equity."³ President Pope (1913-1917) was convinced that the higher law was superior to the law of the land:

Is there not a higher law than the law of the land? Does not the moral law supersede all enactments of human mind, and if the law of the land has so far transmitted the responsibility of principal to agent, I emphatically state by the moral law the same obligation is transmitted; therefore, I conclude in modern industrialism those charged with the responsibility of management have never realized this obligation, and I charge each one of you within hearing of my voice that you have a greater duty to perform in the operation of this moral law than in the observance of legal statutes.⁴

It was argued that in the higher law there was ample basis for the belief in industrial self-rule and opposition to social and labor legislation. Post felt that the "law of commerce" was "as much the law of the Creator as any law He has established."⁵ Parry asserted that "Justice to all labor demands that the hours of labor be left to natural regulation."⁶ President

¹Proceedings, 1914, pp. 148-149.

²Ibid.

³Ibid., 1903, p. 122.

⁴Ibid., 1914, p. 11.

⁵American Industries, December 1, 1904, p. 1.

⁶Proceedings, 1905, p. 44.

(1909-1912) Kirby agreed: "The purpose of labor unions should not be to quarrel with the natural law of economics, which in the last analysis is an unprofitable undertaking, for that law is as irrevokable as the law of gravitation."¹ For this reason labor agitation to enact laws to regulate hours and wages was deemed unprofitable and unnecessary.² The theory of a living wage was termed a "fallacy."³ The "market value" of labor and the hours that they worked were best left to the determination of "Nature and Nature's God."⁴

The Leadership Principle

An important NAM labor policy--the principle of the natural leadership of employers--is rooted in the belief in a natural order in society. A natural harmony is seen to exist between the employer and society. The NAM identified its cause and the cause of all employers with "the cause of humanity."⁵ "Students of industrial economics cannot fail to see that it is capital that is constantly giving to society more than it asks from it; that

¹American Industries, November, 1909, p. 13.

²"Report of Committee on Industrial Betterment, Health, and Safety," Proceedings, 1922, p. 7.

³Edgerton, Pocket Bulletin [American Industries], April, 1927, p. 4.

⁴Proceedings, 1903, p. 122; 1905, p. 122; American Industries, October, 1929, p. 24.

⁵American Industries, July 2, 1908, p. 7.

it is constantly taking less for itself."¹ "The manufacturing interests of the country want nothing but what the country wants, provided the country wants what is best for it."²

Likewise, an identity of interest exists between employer and employee. The NAM's 1904 Constitution viewed "capital" as "the great assistant of labor."³ President George Pope contended that "the real and ideal union is one between employer and employee."⁴ The Association insisted that wage-earners be taught "that [their] interests and those of [their] employer are identical"⁵ and that "their employers are their best friends."⁶ The possibility of conflicting interests was dismissed: "Let not the word class or classes pass our lips. We have no classes in our country."⁷

The NAM's logic leads from a belief in mutuality of interests to the conclusion that natural leadership, as an obligation and trust, rests with the employer:

It is inevitable that a great responsibility for the real education of the mass of people in this country lies with the business corporation.⁸

¹Arthur K. Deane, "The Principle of Collective Bargaining," American Industries, December, 1919, p. 33.

²"Editorial," American Industries, August 1, 1905, p. 8. (Italics added.)

³Proceedings, 1904, p. 202.

⁴Ibid., 1914, pp. 14-15.

⁵Ibid., 1918, p. 215.

⁶Ibid., 1914, p. 168.

⁷Ibid., p. 15.

⁸Ibid., 1923.

He is the natural leader of his workmen, and is able by instruction, example and fair dealing to bring to bear constantly upon them influences for right-thinking and action and for loyalty to the common enterprise.¹

This doctrine has persisted down to the present day.²

President Ira Mosher asserted in 1945 that "Leaders of industry and business are in truth carrying the torch of liberty for all the nation's people today."³ The Association spoke "For the good of all" in a recent advertising campaign.⁴ "How about Some Pro-Public Legislation?" another full-page ad asked.⁵ "Prosperity Dwells Where Harmony Reigns" ran the caption of a series of outdoor posters in 1936.

The NAM sees labor as groping for leadership: "Labor is hungry for truth, hungry for leadership. So hungry, it will follow anybody who comes along, in the absence of the honest leadership industry should provide."⁶ For labor's dilemma "there is no substitute for the vision and power of forceful management."⁷

¹Ibid., pp. 156-157.

²See Ryllis and Omar Goslin, Primer for Americans (New York: National Association of Manufacturers, 1940), p. 61; National Association of Manufacturers, The Public Be Served (New York: National Association of Manufacturers, n.d.), p. 11.

³Ira Mosher, "Opportunity," Automotive and Aviation Industries, December 15, 1945, p. 15.

⁴New York Times, January 8, 1947, p. 15.

⁵Ibid., April 30, 1947, p. 15.

⁶NAM News, December 7, 1946, p. 3.

⁷H. W. Prentis, Jr., Government's Place in Post-war Labor-Management Relations (New York: National Association of Manufacturers, 1944), p. 9.

The widest use of the principle of intermingling interests was made by Leo Teplow (Associate Director of the Industrial Relations Department), who, in scoring criticism directed against the Taft-Hartley Act, alleged that such talk endangered attempts of the United States to promote democracy abroad:

The brazen and malicious attack upon recent labor legislation so overwhelmingly approved by the public at large and by workers themselves constitutes one of the chief stumbling blocks to the effectiveness of the European Recovery Program. So long as labor spokesmen pervert the significance of this legislation and construe it as constituting repression of labor organization, just so long do we play into the hands of those who preach that the European Recovery Program is merely an attempt by an imperialistic power to dominate Europe. Talk of anti-labor legislation at home is fatal to our attempt to promote democracy abroad.¹

Equality

The NAM's conception of individualism and natural law has not led the Association to an unqualified belief in equality of men.

Although James Emery agreed that men were created equal in the eyes of God and the law, he stressed that social equality was an impossibility: "You are interfering with the plan of divine Providence every time that through the machinery of the state and in the name of liberty you undertake to create an equality between those who are naturally unequal."² An Unemployment Insurance Handbook issued by NAM repeated the same conviction: "Men are

¹Leo Teplow, "Management and the Wagner-Taft-Hartley Act" (Address before College of the Holy Cross, Worcester, Massachusetts, April 28, 1948), p. 7. (Mimeographed.)

²Proceedings, 1918, p. 305.

born unequal, mentally and physically, and will remain unequal"; attempts to legislate so as "to bring men to a level of possessions or position . . . begin falsehood." Attempts to maintain such a level "can be enforced only by slavery; an all-powerful State could order and enforce equality, but it would be equality of the pig-sty."¹

Some of the speeches of John E. Edgerton (President, 1921-1932) highlighted this belief in inequality among men; they also contained overtones of racism. He said in 1927: "[W]e [Southerners] shall keep southern industry free from foreign influences. . . . We are now a homogeneous people, about ninety-five per cent on the whole pure Anglo-Saxon."² And, in 1930: "The South is the most homogeneous section of America, . . . No people on earth love individual liberty, or will make greater sacrifices for it, than do and will those proud Anglo-Saxon elements who constitute the working army of this homogeneous section of the nation."³

In its early history the NAM attributed equality only to equals and in so doing distinguished between employers and workers. The distinction bore directly on its labor policies. For years

¹An Insurance Handbook, p. 291, as cited by George D. Blackwood, "Techniques and Stereotypes in the Literature of the National Association of Manufacturers Concerning Industry and Labor" (Unpublished Master's thesis, Department of History, University of Chicago, 1947), p. 22.

²Edgerton, Pocket Bulletin [American Industries], April, 1927, p. 5.

³Edgerton, American Industries, August, 1930, pp. 3-12.

the NAM held that "labor is a commodity."¹ C. W. Post made this assertion at the 1903 Convention, and he continued:

Labor, being one item in the cost of production of machines or merchandise, must be purchased as the other items, such as steel, wood, paint, wool, leather, cotton, etc., are purchased, in the open market of the world at the prevailing market price.²

The day after Post's speech Samuel M. Jones fought for the floor to object to the tenor of proceedings:

I heard from this platform, yesterday, the monstrous doctrine announced from a well-meaning man that labor was a commodity like brick and sand and coal, etc., to be bought and sold. . . . I am sure that it is nothing but a mistaken notion on the part of a well-meaning man.³

A point of order was immediately raised that Jones was not speaking on the motion--which was to adopt the Declaration of Principles. Parry, the chairman, sustained the point and ruled Jones out of order.⁴

When Congress, speaking through Section 6 of the Clayton Act declared public policy to be "That the labor of a human being is not a commodity or article of commerce,"⁵ the NAM "unqualifiedly" opposed the act both before and after its passage.⁶

In 1946, Raymond Smethurst, NAM counsel, termed the phrase "labor is not a commodity" a "platititude" which has been

¹Proceedings, 1903, p. 122.

²Ibid., p. 123.

³Ibid., p. 167.

⁴Ibid.

⁵38 U.S. Statutes 731 (1914).

⁶Proceedings, 1914, p. 193; New York Times, May 21, 1914, p. 1; Proceedings, 1919, pp. 334-338; 1919, pp. 285, 334-337.

used to develop unrealistic law.¹ He backhandedly denounced the concept in 1947: "I know the argument is made that labor is not a commodity, as so stated in the Clayton Act; nevertheless, there is no denying that labor costs are the biggest single element in the price the consumer pays."² Positive evidence of a shift from this belief appeared in the report of the Economic Principles Commission³ and was reinforced by Clarence Francis' broad admission in 1947 that the basic cause of periodic disruptions of industrial expansion was "because too many employers somehow fell into the grave initial error of treating labor as a commodity."⁴

Such expressions reasserted the fundamental assumption of individualism--that all persons are individuals regardless of difference in economic position. Only recently has this principle been reaffirmed. A. W. Hawkes (NAM member) said in 1938: "If we can proceed on the basis that the laboring man is just as good a citizen as the Capitalist or those engaged in Management

¹Raymond S. Smethurst, "Settlement of Industrial Disputes by Peaceful, Legal Process" (Address before the Twentieth Annual Meeting of the Federation of Bar Associations of Western New York, Jamestown, New York, September 7, 1945), p. 8. (Mimeographed.)

²NAM News, March 8, 1947, p. 5.

³"The laborer himself is not a commodity, but the service he renders is" (The Economic Principles Commission of the National Association of Manufacturers, The American Individual Enterprise System [New York: McGraw-Hill Book Company, Inc., 1946], I, 118).

⁴Clarence Francis, The Causes of Industrial Peace (New York: National Association of Manufacturers, n.d. [ca., 1947]), unnumbered.

(and I believe he is), we will make tremendous progress."¹ Colby M. Chester (President, 1936) asserted in 1944: "An employee is a human being and as such is entitled to the respect and consideration which one honorable persons automatically extends to an equally honorable person."² In 1946 Walter B. Weisenburger (Executive Vice-President, 1933-1947) called attention to the NAM's deficiency:

Labor leaders, despite their lack of knowledge (or expedient twisting) of some of the basic laws of economics, know a whole lot more about human nature, about the contemporary opinions and desires of the people than business executives.³

The NAM proceeded to apply this more enlightened approach to human relations within their own jurisdiction. In 1940, President Prentis admitted that an applicant for a job in the Law Department of the Association had been informed that he must be a gentile. This occurrence he regretted. It had resulted from a department assistant's violation of the Association's policy; steps were taken to guard against any recurrence.⁴

The 1947 Congress of American Industry resolved: "The principles of sanctity and dignity of the individual and freedom

¹A. W. Hawkes, Equity for Labor and Capital (New York: National Association of Manufacturers, 1938), p. 8.

²Francis, The Causes of Industrial Peace, op. cit., unnumbered, quoting Colby M. Chester, when he was chairman of the Board of Directors.

³Walter B. Weisenburger, "Management's Responsibility--to Itself!" Three Keys to Industry's 1946 Job (New York: National Association of Manufacturers, 1946), p. 21.

⁴New York Times, October 20, 1940, p. 47.

of opportunity in work relationship are corner stones of the American way of life."¹ Carroll French elaborated upon this resolution:

[C]ompany labor policy and practices must be purged from any taint of discrimination and, so far as humanly and practically possible, all obstacles standing in the way of the achievement of the maximum freedom and opportunity for the employee as an individual must be removed. This means the elimination of not only discrimination, in terms of race, religion and nationality, but discrimination from whatever source, whether it be membership or non-membership in a union, favoritism, nepotism, sex, age or straight seniority.²

Freedom and Liberty

The NAM's concept of freedoms and liberties is, on one hand limited, and, on the other hand, expanded. The NAM restricts its understanding of freedom by distinguishing between major, or basic rights, and minor rights. In case of conflict, the minor rights give way to the basic rights. H. W. Prentis explained: "It is our habit, and our institutions give us opportunity, to resort to regulatory laws to provide redress of wrongs, to safeguard individual rights, and to promote the general welfare; but we wish to do this without sacrificing major liberties to protect minor ones and without destroying the balance of rights essential to a democratic society."³ Making this distinction, the NAM

¹National Association of Manufacturers, Industry Believes (New York: National Association of Manufacturers, 1947), p. 3.

²Carroll E. French, "The Score in Labor-Management Relations" (Address before NAM Industrial Relations Institute, Chandler, Arizona, April 5, 1948), p. 7. (Mimeographed.)

³H. W. Prentis, Jr., "Liberty under Law" (Address before NAM regional meeting, Philadelphia, Pennsylvania, April 8, 1940), as cited by Byron R. Abernethy, Liberty Concepts in Labor Relations (Washington: American Council on Public Affairs, 1943), p. 10.

asserted that freedom from fear and freedom from want are "not an inherent right of the individual."¹ Prentis concurred when he related how individualism produced such notable results in America. The men who settled this country, he explained, did not worry about security when they found they could have freedom in the new world--"they valued a free mind and a free soul more than a full stomach."²

On the other hand, the NAM expands the number of basic freedoms to which others must give way. The fundamental freedoms include, in addition to the political freedoms of religion, speech, press, assembly, and universal suffrage, the economic right of free enterprise. "There is no literal warrant for this interpretation in the Constitution," Clarence Francis concluded, "but I happen to be one of those who believes that you cannot put freedoms in separate compartments or maintain one kind of basic freedom without the other."³ The Secretary of the Association agreed: "Economic liberty cannot be separated from any other kind of liberty."⁴

Capitalism is based upon free enterprise and, the NAM

¹Making America Strong, p. 6, as cited by Blackwood, op. cit., p. 49.

²Prentis, Competitive Enterprise versus Planned Economy, op. cit., p. 7.

³Francis, The Causes of Industrial Peace, op. cit., unnumbered.

⁴Noel Sargent, "Organization and Activities of the National Association of Manufacturers" (Address at Springfield College, February 15, 1949), p. 5. (Mimeographed.)

reasons, is synonymous with democracy. It is the only system which recognizes and preserves the values of individualism and natural order in society. In 1938 the NAM abandoned the reference to the American economic system as capitalism.¹ Since that time the Association prefers to call it "the incentive system," "the profit system," the "system of free enterprise," the "individual enterprise system," the "competitive enterprise system," the "private enterprise system," or the "American individual enterprise system."²

The free enterprise system has four attributes, according to the NAM: (1) individual enterprise, combining the right to manage and freedom from outside interference; (2) the right to own and use private property without arbitrary external control; (3) free competition as the regulating force; and (4) profits as the incentive.³

Individual Enterprise

A fundamental right of individual enterprise is the right

¹New York Times, December 10, 1938, p. 2.

²Ibid. Each term, except "American individual enterprise system," has shortcomings according to the Economic Principles Commission: "Free enterprise" might be interpreted as absolute freedom. "Private enterprise" might suggest disregard of necessary public enterprises and public regulation. "Competitive enterprise" seems to ignore the many non-competitive features of a modern economic system. "American system" is not sufficiently specific or descriptive. The American Individual Enterprise System, op. cit., pp. 3-4. Although not discussed, "incentive system" and "profit system" might be dismissed because of the undue emphasis on the economic motivation and not enough on other aspects of the economic system.

³Goslin, Primer for Americans, op. cit., p. 33.

to manage. The Association disapproves of the term "management's prerogatives" and prefers to use "rights," "functions," or "responsibilities."¹ The functions of management include "why an enterprise is undertaken (or should not be undertaken), when and where to undertake it, by whom and with what means it is to be undertaken."² The significance of the right to manage in terms of labor policy is the principle, "Industrial relations policies should stem from top management."³

Being burdened with the functions and responsibilities of management, the employer possesses, as a corollary to the right to manage, the right to run a business as he sees fit without interference from any source: "No authority outside of the individual enterprise, be it industrial cartel, labor union, government bureau or economic dictator, can . . . substitute its dictates for those of responsible management."⁴

Organized labor, the NAM fears, has plunged sacrilegiously into grounds where only management should tread. Labor, through

¹Industrial Relations Department, National Association of Manufacturers, Should Labor Be Given a Direct Share in the Management of Industry? (New York: National Association of Manufacturers, 1946), p. 4.

²National Association of Manufacturers, Men against Time (New York: National Association of Manufacturers, 1944), p. 23.

³National Association of Manufacturers, Good Industrial Relations (New York: National Association of Manufacturers, 1943), p. 7.

⁴National Association of Manufacturers, Declaration of Principles Relating to the Conduct of American Industry (New York: National Association of Manufacturers, 1939), p. 2.

creeping aggrandizement, threatens the ramparts of management's rights. Management-labor cooperation is a "worthy and essential goal" but it "should not be translated into that dangerous substitute--joint management responsibility."¹ Labor participation in management is condemned because promptness in making important decisions is necessary and would be severely disturbed if management has to consult with labor prior to making any decisions; it would promote rigidity and lessen competition; unions might seek to transform its suggestions into demands by threatening to strike to compel their acceptance; and union representatives in a joint industrial council would not bear the responsibility for a faulty decision.² Management has the skill and know-how and is selected for its ability to direct the business. Few union negotiators are competent to participate in management decisions. Management has a responsibility not only to employees, but also to stockholders, customers, and the community. Stockholders would be unable to replace incompetent union leaders. It would be basically unsound to subject management decisions to the vagaries of collective bargaining.³

The Association concludes metaphorically:

¹William P. Witherow, New York Times, December 3, 1942, p. 14.

²American Individual Enterprise System, op. cit., I, 235-236.

³Should Labor Be Given a Direct Share in the Management of Industry? op. cit., pp. 18-19.

Two drivers at the wheel can never steer industry toward maximum production and employment. . . . Anything that would deprive management of the ability to make decisions promptly and carry them out effectively would be a most serious blow to industry's ability to produce needed goods at lower prices.¹

Right to Property

The right to own and use private property gives one a sense of security and a feeling of responsibility--a stake in society, the NAM maintains. The possibility of ownership is a major incentive to one's labor.² Even more important, "Property rights are in their very essence human rights. . . . [They] contribute to the enrichment and dignity of life."³

The value of the private ownership of property has always been a central thesis of the NAM's ideology, "a necessary feature of individualism and of present day civilization."⁴ It has been called "the cornerstone of our economic system,"⁵ "the cornerstones of modern civilization";⁶ and "the principal way to enrich the human race."⁷ "To abrogate or interfere with the legitimate rights of private ownership is to knock the props from under human progress."⁸

¹Ibid., front cover.

²Goslin, Primer for Americans, op. cit., p. 33.

³New York Times, December 8, 1944, p. 16.

⁴Proceedings, 1905, p. 37.

⁵American Industries, August, 1930, p. 4.

⁶Proceedings, 1904, pp. 122-123.

⁷Ibid., p. 18.

⁸Ibid., 1906, p. 13.

The right to property encompasses the right to acquire, possess, and use property without excessive outside hindrances. Property is conceived of being not only individual private property but also finance and corporate property. The courts have granted, and the NAM concurs, that business legally is property. A man's business, as a property right, is considered to be on a par with political liberties and therefore deserving of as much protection as life itself.¹

Interference with the determination of how property shall be used is deemed a restraint of property rights. Crusades to eliminate child labor, union organizing drives, the closed shop, strikes, picketing, and boycotts have been accused of being interference with and therefore an infringement of the owner's right to use and protect his industrial property.² If the right to strike, the right to picket, and the right to organize and bargain collectively--means by which the worker has attempted to improve his status--are in conflict with free industrial property rights; and if the power of government to control and restrict the use of property in the interest of the general welfare destroys freedom of property, then are not property rights in conflict with employees' rights and the welfare of society? If they are, which takes precedence? Clarence Randall (prominent NAM

¹Proceedings, 1909, p. 108.

²Proceedings, 1903, pp. 17-18; 1908, p. 316; Abernethy, op. cit., pp. 24 ff.; Albion Taylor, Labor Policies of the National Association of Manufacturers (Urbana, Illinois: The University of Illinois, 1927), pp. 95, 162-163, 165.

member and official) has replied that the protection of property is essentially the protection of a fundamental civil liberty since property represents the savings from the products of work. "To work without the right to possess," he said, "is slavery."¹ Evidently, the business executive must protect property or be derelict in his duty to protect liberty.

The right of contract is fundamental to the enjoyment of property. This freedom has lent legal support to the Association's values of management's right to manage free from outside interference and managerial determination of the use to which property may be put.

The clearest use of the freedom of contract doctrine to support a labor policy came not from the NAM but from the United States Supreme Court in Lochner v. New York.² By this decision, in the estimation of the NAM, "The United States Supreme Court has performed its greatest service in recent years. . . ."³

Right of Competition

Coupled with individual enterprise and the right to own and use property as essentials of the free enterprise system is the necessity of competition (what Herbert Hoover has called "the

¹ Clarence B. Randall, "Management and Mass Activities," in Roger N. Baldwin and Randall, Civil Liberties and Industrial Conflict (Cambridge, Massachusetts: Harvard University Press, 1938), p. 98.

²198 U.S. 45 (1905).

³American Industries, May 1, 1905, p. 8.

free-running mills of competition")¹ in every phase of life, not just the economic. The NAM asserts that competition, more than anything else, has prevented this nation from becoming stratified into rigid non-competing classes; it has encouraged the development of specialized skills and has spurred enterprise to satisfy people's wants. "Competition," the NAM's Economic Principle Commission wrote, "is the best possible guarantee for the development of the most efficient units, for having goods offered at the lowest possible prices, and for assuring the greatest benefit at the least cost for everyone concerned."²

As the regulatory force in the free enterprise system, free competition must be safeguarded if free enterprise is to be preserved. "Free competition is democracy's way of regulating the economy without tyranny."³

But, in the days when the Supreme Court was attempting to distinguish between "good" and "bad" trusts under the Sherman Act, a President of NAM felt that "the literal enforcement of the Sherman anti-trust act operates to break to pieces policy which, when not abused, is the mainspring of our national greatness."⁴

¹Herbert Hoover, American Individualism, cited by Albert R. Chandler, The Clash of Political Ideals (New York: D. Appleton-Century Co., 1940), p. 132.

²American Individual Enterprise System, op. cit., I, 8-9.

³National Association of Manufacturers, Victory for Freedom (New York: National Association of Manufacturers, 1944), p. 8.

⁴Kirby, American Industries, November, 1911, p. 7.

In 1920 the Association concluded: "Thirty years of drastic business restriction through the Sherman Act demonstrate that competition should not be compelled where regulated co-operation more beneficially promotes the public interest."¹ In 1947 the NAM deplored a recommendation by the House Committee on Small Business that the Federal Trade Commission be authorized to establish rules forbidding corporate mergers and acquisitions above a specified size. If the test of bigness was to be determining, the action would amount to "witch hunting."² However, in the previous year A. W. Prentis (President, 1940) proposed to curtail union's "monopolistic power" by limiting the size of unions. Using the "bigness" test he asserted: "Big unions are far more dangerous to the future of the American Republic than big business ever was."³

Right to Profit

The profit motive is the final characteristic of the free enterprise system. The American way is for businessmen and industrialists "to call upon their neighbors to put their money behind the idea, to put their money into a business and to get a profit out of it. These men got their rewards in money. Yes, money. Let us blink at the simplicity of it."⁴

¹Proceedings, 1920, p. 232.

²New York Times, February 25, 1947, p. 43.

³NAM News, June 22, 1946, p. 7.

⁴U.S. Congress, Senate, Committee on Education and Labor, Violations of Free Speech and Rights of Labor, Hearings pursuant

The amount of profit, the Economic Principles Commission felt, should be enough "to offset possible losses, to allow for 'rainy days,' to provide for necessary modernization and expansion of the plant, and still have something left as earnings on the capital investments."¹

Although other fundamentals of the free enterprise system have motivated key NAM labor policies, the right to profit seldom has been used, in print, as justification for particular labor policies. One such reference to the profit motive was made in 1904:

But while we are for peace we cannot afford to purchase peace by the surrender of constitutional rights. Our policy is not one of aggression, but one of defense. We are not looking for strife and we wish to avoid strife, but if strife is forced upon us by organized labor we cannot be expected to hand over our profits and the management of our affairs in order to have peace.²

In 1946 Robert Wason, President of NAM, assailed the administration wage policy. He charged that the wage-price formula would curb production by denying profit for increases in volume.³

The alternatives to free enterprise are recognized to be Fascism and Communism. "[U]nder neither one of these systems as they exist in the world today does the worker have anything like

to S. Res. 266 before a subcommittee of the Committee on Education and Labor, U.S. Senate, 75th, 76th Cong. (Washington: Government Printing Office, 1937-1939), Part 35, pp. 14, 245-14, 246 (hereinafter referred to as La Follette Committee, Hearings).

¹American Individual Enterprise System, op. cit., I, 6.

²Parry, Proceedings, 1904, p. 17.

³New York Times, March 14, 1946, p. 30.

the privileges of liberty, individual security, education, leisure,¹ standard of living or opportunity that he enjoys under the present capitalistic system in the United States."²

Such insight, especially with regard to Fascism, did not always permeate the NAM's pronouncements. Mussolini was hailed by a party of NAM members who met him in 1923 as "without a question of doubt one of the big men of Europe today."³ James Emery, long-time NAM General Counsel, explained his greatness:

There is one aspect of the foreign situation that must be encouraging to the American observer--the spectacle of a radical socialist, and extreme leader, not only converted by the lightning stroke of intelligence and falling from his error like Saul of Tarsus from his horse, but leading through the streets of reunited country a great body of citizens who were determined to restore its institutional government and to relieve it of the blighting hand of radical socialism tending toward anarchic control.

¹Edgerton's views on leisure are unique:

"They [the working masses] have for the most part, been so busy at their jobs that they have not had time to saturate themselves with false theories of economics, social reform, and of life. They have been protected in their natural growth by the absence of excessive leisure and have been fortunate not only in their American-made opportunities to work, but in the necessities which have compelled its reasonable indulgence. . . .

...
 "Nothing breeds radicalism more quickly than unhappiness unless it is leisure. The greatest problem of civilization to-day is to accomplish a proper balance between employment and leisure. . . . I do not, therefore, share the view that leisure as an end is a worthy or desirable aspiration or that it has in it the economic advantages imagined by some, who seem to hope for the day when everybody can retire from work altogether and spend the rest of their lives riding around in automobiles and cultivating new wants which they can not satisfy." (American Industries, October, 1929, p. 23.)

²C. Donald Dallas, Let's Get the Record Straight (New York: National Association of Manufacturers, n.d.), p. 23.

³Proceedings, 1923, p. 188.

The picture of Mussolini rallying the citizenship of Italy to the restoration of their threatened Government, ought to encourage every man who believes that reason will ultimately dominate in the social and political affairs of Europe.¹

The Association has always regarded the protection of free enterprise as its special task. American Industries, NAM's first official magazine, was advertised as "the true gospel of free industrial conditions."² Noel Sargent, Secretary of the NAM, conjectured recently that the activities of the NAM in the promotion of free enterprise "are perhaps greater than those of any single organization in the world."³ But it has seldom occurred to the NAM that there might be differing interpretations of free enterprise or that democracy and free enterprise are not synonymous. An answer given to the La Follette Senate Committee investigating violations of free speech and the rights of labor is revealing. When asked about the Association's practice of sometimes not identifying itself as the author of its propaganda material, Walter B. Weisenburger, Executive Vice-President of the NAM, responded:

They were upon the American Way, and the conditions that surround our industrial life, because we felt it was important that the American people commence to have some full appreciation of the industrial system as presented from the manufacturer's standpoint, and there we were presenting the American Way as being superior to any other industrial system in the rest of the world, and did not necessarily think at that time that it was necessary to identify a "hurrah for America."⁴

¹Ibid., p. 289.

²American Industries, October 15, 1904, p. 14.

³National Association of Manufacturers, "Significant Highlights of the Organization and History of the National Association of Manufacturers" (1948). (Mimeographed.) Hereinafter referred to as "Significant Highlights."

⁴La Follette Committee, Hearings, Part 35, p. 14,413.

The American Government

Nature of the American Government¹

The NAM's values of individualism, natural law, and free enterprise have conditioned its conception of the nature and functions of American government. A philosophy similar to that which motivated the framers of the Federal Constitution to lay restraints upon the powers of government characterized the NAM's attitude toward government. These restraints constituted the expression of eighteenth century individualism and represented the effort to make secure against executive or legislative invasion such rights as were considered essential to the preservation of life, liberty, and property. Eighteenth century liberalism reflected: that government is best which governs least. Twentieth century NAM conservatism agreed: "By our American form of government we mean a representative, constitutionally limited government with the emphasis on the word limited."²

The individual is viewed as a self-government unit possessing certain natural rights; society is pictured as being ordered by a higher law. "[L]aw," a general counsel of the NAM propounded, "originated in established custom and usage and thus grew out of the lives of the people and not out of the arbitrary will of an

¹Most fantastic, perhaps, of all NAM writings about the American form of government and its alternatives was a novel written by David Parry that ran serially in American Industries. See Appendix XVIII for a synopsis of this work.

²Victory for Freedom, op. cit., p. 9.

individual or a Parliament."¹ This law was embodied in the Federal Constitution and thereby restrained government from infringing upon natural rights. The high regard which the NAM has for the fundamental law, and the faith reposed in the power of that law to serve adequately without amendment, was recognized by President Kirby:

We must guard well the sacred temple of our institutions. Emphatically must we insist upon the preservation of the structure of government handed down as a cherished tradition. Never must we forget that government under our Constitution is adequate to express the real needs of our people, and that once we cut the Gordian knot our course will be toward chaos and uncertainty.²

The NAM has been vague in formulating its understanding of the relation of the individual to government and how he may exercise his sovereignty. A pamphlet entitled The American Way implied that the individual could assert his sovereignty at his own discretion, regardless of the will of the rest of the people:

The American system is individualistic. All powers of government are granted voluntarily by the citizen. The citizen is supreme. He merely agrees to set up a central state for the purpose of convenience and protection. He reserves the right to withdraw government powers if he sees fit, or to grant more!³

The Economic Principles Commission took the approach that the individual's power, in regard to government, has to be exercised in the "aggregate." "Our system is based upon the thesis that the individual is an entity in and of himself and in the aggregate

¹Proceedings, 1914, p. 14.

²Ibid., 1913, pp. 74-75.

³Cited by La Follette Committee, Hearings, Part 17, pp. 7,472-7,473.

is all-powerful. It assumes that the government has the right to exercise only such powers as we see fit in the aggregate to confer upon it."¹ However, the decisions of the "aggregate," presumably the majority, may not contravene the personal rights of other individuals. The conflict that arises is one between majority rule and minority rights and it conditions the NAM's understanding of American government. A distinction is drawn between a republic and a democracy.

At the time the American government was established the common description of it was that it was a "republic" or representative government. The term "democracy" applied only to a pure, or direct, democracy which was not feasible in a large and complex society; it also connotated a rule of the mob and the tyranny of a demagogue. Not until the era of Theodore Roosevelt and Woodrow Wilson did the word "democracy" come into popular usage, both as a slogan and a principle.²

Although different in meaning, both words had something in common--government by the consent of the governed. But there developed a school of thought which differentiated between a republic and a democracy by alleging that a republic was an indirect, representative form of government which did not necessarily possess all the characteristics of a democracy, particularly the device by which the governed expressed their consent--majority rule.

¹American Individual Enterprise System, op. cit., I, 1.

²The first reference this writer has found to the word democracy in NAM proceedings and publications was in 1918--a year after the United States had been engaged in a war to preserve democracy. Proceedings, 1918, p. 257.

This distinction arose out of a fear of a "tyranny of the majority"--a fear that property rights would be imperiled by the majority vote of the propertyless citizens. So persuasive has this theory become that many Americans, the NAM included, have come to believe that our constitutional system of limited government is not, in fact, based upon the principle of majority rule.¹ "The idea that the sovereignty of the people means absolute and unrestricted rule over the whole people according to the immediate will and pleasure of fifty-one per cent of the people" was termed by NAM a "crude error" which "lies at the bottom of the whole direct-rule propaganda."² Primer for Americans, published under the imprimatur of NAM in 1940, contended that:

American democracy does not mean mere rule by the current majority. The form of government which we enjoy in this country is not, and never was intended to be, pure democracy. It is actually a republic or a representative democracy, under a written constitution which protects the personal rights of all minority groups and individuals. For it is important to remember that majority rule which fails to take account of honest differences of opinion among minority groups can become as oppressive as a one-man dictatorship.³

The Association has found continued support and consolation in the notion that the government of the United States was never intended to be a democracy, but was designed as a republic or representative democracy. Spokesmen for the NAM have frequently

¹See Henry Steele Commager, Majority Rule and Minority Rights (New York: Oxford University Press, 1943), passim.

²"The Tyranny of the Majority," American Industries, February, 1914, p. 19.

³Goslin, Primer for Americans, op. cit., p. 29.

referred to it as such¹ and the word "republic" is still being given currency in recent literature.² "Representative democracy" was included as one of the legs of the "tripod of freedom" the NAM endeavored to sloganize in regional meetings during 1940. H. W. Prentis, the Association's President that year, offered this explanation:

Nowadays men speak constantly of our American democracy, although the word democracy does not appear anywhere in either the Declaration of Independence or in the Constitution of the United States. 'A Battle Hymn of the Democracy' by Julia Ward Howe would certainly have mystified our Civil War grandfathers. For a democracy is a form of government in which all important public questions are determined by the direct will of the current majority. Such government has never proved successful, as our forefathers knew. So they took great pains to set up a republic instead--in other words, a representative democracy, in which the expression of the popular will was everywhere cushioned by representative rather than direct action.³

"Hope for the future of our republic," concluded Prentis in an address to a Congress on Education for Democracy, "does not lie in more and more democracy."⁴

As "pitfalls of democracy" Prentis listed the direct election of senators, the primary, initiative, referendum, and recall.⁵

¹American Industries, February 1, 1904, p. 9; February 15, 1906, p. 8; May 1, 1906, p. 1; May 15, 1909, p. 19; Proceedings, 1908, p. 84, 281; 1924, p. 229, 148.

²New York Times, January 22, 1943, p. 16; Goslin, Primer for Americans, p. 50.

³Cited by Abernethy, op. cit., pp. 89-90.

⁴Cited by Robert Jackson, "Democracy under Fire," The Law Society Journal, November, 1940, pp. 303-304.

⁵Ibid.

Other NAM spokesmen in the past have held similar views toward these, and other techniques, of popular participation in government.

At the 1912 Convention one speaker asserted:

Chief among the alluring problems of today are the initiative, the referendum and the recall. . . . They are the pet hobbies of socialism and the labor unions, who have insidiously and studiously been at work for many years trying to secure their adoption.¹

George P. Bent wrote in 1913:

[R]ampant labor men, socialists and demagogues will be our undoing. All these new fangled ideas about the initiative, referendum and recall, and all these attacks on capital, no matter how honestly obtained, are for the sole and only purpose of putting more power into the hands of the [news]papers and politicians.²

President Edgerton ventured the opinion that the "plethora of legislation proposed and sometimes enacted in the selfish interest of some bloc, section, or class" was caused by:

. . . that unhappy day when the direct primary law became a tragic fact. If there shall be a Gibbon to write the Rise and Fall of the American Republic, he will undoubtedly open the first chapter of the second part of his gloomy story with a citation of that portentous event. . . . By means of the direct primary and other devices it has almost transformed the legislative department of our government into a mere sounding board to catch and throw back the babel voices of the mob.³

Concerning the direct selection of Senators Edgerton told the 1924 Convention:

[T]he ablest and wisest body of men who ever met for a political purpose [the Framers of the Constitution] intended,

¹Proceedings, 1912, p. 82.

²American Industries, August, 1913, p. 18.

³Proceedings, 1924, p. 114.

by the very manner of their creation, that the Senate branch of our Congress should forever be an effective check upon the House of Representatives. The members of the higher body were to be selected in equal numbers from the various states by a process that would lift them above the popular clamor, and they were to be the representatives only of the sovereign powers of their states. . . . [T]his carefully drawn line of demarkation between the two houses of Congress has been almost blotted out by the gloved hand of the socialist. . . .¹

The women suffrage movement also drew NAM fire. The Committee on Industrial Betterment, Health, and Safety reported:

There can be no question that we have in our own country at this time, large numbers of vicious propagandists who would not only make all property but even our American womanhood the common dividend among them, as is generally reported to have been officially done by governments in Russia.²

The Functions of Government

The NAM's attitude toward the role of government in the free enterprise system is conditioned by the belief that politics and economics are two separate and independent spheres of action. The free enterprise system is an economic system. "The function of our government is political--not economic."³ Consequently, the role of government in the nation's economic life, the NAM concludes, should be reduced to the minimum. "The Federal Government should confine itself to its constitutional duty to keep open the channels of interstate and international commerce."⁴ Government

¹Ibid., 1924, pp. 113-114.

²Ibid., 1919, p. 11.

³Ibid., 1924, p. 149.

⁴Platform and Resolutions, 1934, as cited in La Follette Committee, Hearings, Part 17, p. 7,736.

should neither own or operate industry, engage in competitive enterprise with its citizens, administer the tasks of production and distribution, nor substitute the judgment of its agents for that of responsible and experienced management in the direction of business operations.¹

Government should be the servant, not the master of the citizen. "It was established by him, under definitely limited authority, to protect and promote the pursuit of his chosen effort, assuring his security in the fruit of his endeavor."² Government should, by way of promoting the welfare of the individual, protect and support the legitimate development of industry under private ownership and management.

Government also exists to promote the welfare of the community. In its early history the NAM took a limited view of how government might promote the public interest: "A government cannot fulfill the purpose for which it is created unless it serves the individual interests as a means of promoting the public welfare."³ More recently the Association has asserted the principle that "what is good for the country is good for industry."⁴ Consequently, the NAM has tended to modify its interpretation of laissez-faire: it does not mean:

¹Proceedings, 1920, p. 232; 1924, p. 149; American Industries, December, 1925, p. 5.

²Proceedings, 1924, p. 149.

³Ibid., 1908, p. 83.

⁴Leo Teplow, "Labor Relations and the Future" (Address at NAM Regional Conference, Atlanta, Georgia, April 5, 1946), p. 1. (Mimeographed.)

. . . unrestrained economic freedom. And it does not mean that government should not pass safety and health legislation, or enact statutes designed to protect the public against fraud. It merely means that special privileges should be prevented, and that reliance should be put upon competition.¹

"The Business Program seeks no return to 'laissez-faire,'" NAM announced in 1943. "It does not deny to Government a very important part in the creation of the Better America of the future. But it insists that it is for the Government to lay down and enforce the rules, rather than itself to play the game."²

The Association distinguishes three functions that government might perform for the purpose of promoting individual as well as the general welfare: (1) protection and promotion of the economy, especially industry; (2) regulation of the economy; and (3) control of the economy. The protection of the economy is absolutely necessary and desirable; under certain circumstances regulation may be necessary; but control is a threat to the American way of life.

Promotion of industry.--In 1900 President Theodore C. Search acknowledged that American industries had developed amazingly "with protection that has been given to them by legislation." "I think it is very generally recognized that without the encouragement which the government had judiciously given in years past they never would have attained their present magnitude."³ In

¹American Individual Enterprise System, op. cit., I, 29.

²National Association of Manufacturers, Industry Has a Program for a Better America (New York: National Association of Manufacturers, 1943), p. 9.

³Circular of Information, No. 38 (1900), p. 7.

that year the NAM concluded that "the time must now be at hand for the American people to work along a different line" from dependence upon a negative government "while all [other governments in the world] have been positive."¹ In 1908 the Association declared: "An unchanging national commercial policy, rightly applying the correct economic principle of legislative protection for American industries, is the only stable foundation for national commercial independence."² The NAM unanimously resolved in 1916: "To secure . . . freedom of action for our commercial growth, we urge that the Government encourage by all proper means the development of our vast industries, in order that paramount prosperity may become the common possession of our people."³ But in 1929 President Edgerton, while attributing the steady rise in American imports and exports to the protective tariff as the prime factor,⁴ paradoxically asserted: "The industry needs no privileges and requires no favors at the hand of government or society."⁵

Regulation of the economy.--In recent years the NAM has broadened its view of the legitimate functions of government in regard to the economy and approves certain regulations which will preserve individualism and promote free enterprise. The 1939 Declaration of Principles stated:

¹Ibid., p. 14.

²Proceedings, 1908, p. 79.

³Ibid., 1916, p. 295.

⁴American Industries, October, 1929, p. 16.

⁵Ibid., p. 18.

Regulations thus provided should be designed to stimulate, and not to stifle, the efforts which are made by all elements of the national economy--including industry--to pursue their legitimate ends. If regulation goes beyond the prevention of abuses and the protection of the rights of individual citizens, and moves into the field of affirmative control and direction, it becomes serious obstacle to the effective functioning of enterprise.¹

The boundaries of state regulation, NAM's Economic Principles Commission wrote, should be fixed at the point where it can:

. . . preserve order, protect the citizenry from foreign oppression, maintain a contractual system which makes complex dealings between individuals possible, insure universal validity of weights and measures, lay down rules for public health. The State also is well fitted to conserve natural resources in the interest of the whole population, to check monopolistic practices and monopolistic concentrations of private power, and to establish and enforce fair rules of competition. Probably, too, the state is the best guarantor of mass education which provides a way for discovery and social utilization of the capacities of the individual.²

Control of the economy.--The Association continues to guard against government action which does not specifically aid or promote industry or does not preserve and promote the traditional values. Such action constitutes control and is undesirable and dangerous because (1) it requires legislative action which adds to the growing bulk of legislation and (2) because of the impropriety and incompetence of government control of industry.

(1) Legislation in general has been opposed on the grounds that the proliferation of laws and the expansion of government powers has advanced so far in the United States that, as an associate counsel of the NAM described, a condition of despotism

¹Quoted by Goslin, Primer for Americans, op. cit., p. 34.

²American Individual Enterprise System, op. cit., I, 12-13.

exists in which the government is attempting "to control by law, rule, or regulation, every activity of the citizen."¹ A Special Report on Hours of Labor maintained:

Industry is continually harassed by new restrictive measures proposed or adopted. Every Legislature is flooded with bills to impose some new burden upon the manufacturer. . . . Fundamental principles of society are attacked. New experimental ideas are brought in from every foreign country under the sun and urged for adoption as ideal for America.²

The Association subscribed to the analysis of Alexis de Tocqueville, who considered a multiplicity of legislative requirements to be a depressing cover thrown over society through which original minds and energetic characters cannot penetrate, enervating and stupifying the people until they become "nothing better than a flock of timid and industrious animals, of which the government is the shepherd."³ The NAM traditionally has displayed little desire to create new legislation, while it has attempted to lessen the volume of new statutes and to prevent the reshaping of fundamental law. Besides, "There are a great many ways of making people good, but you cannot do it by law."⁴

(2) The Economic Principles Commission stated that the very characteristics of state action have made it undesirable to serve some social ends.

¹N. B. Williams, "Laws and Law Making," Pennsylvania Manufacturers' Journal, May, 1926, as cited by Taylor, op. cit., p. 120.

²Proceedings, 1917, pp. 40-41.

³Taylor, op. cit., p. 120.

⁴Proceedings, 1909, p. 163.

[I]n ruling by blanket authority the State is unable to make the local social adjustments that are needed to satisfy local needs. In communities as close as 20 miles, wage scales, working conditions, and living habits may vary significantly. The blanket rules of the State can fix these conditions only crudely and in terms of maxima and minima. It remains for individuals and groups of individuals to establish the myriad of relationships that take proper and satisfactory account of these differences.

Since the State influences and affects every person in the community, it has no right to take the risks that other organizations can take. . . . [I]f the State dominates a market and fails on a process or product, the whole community suffers. . . . [T]he State is less well equipped to do experimental work than organizations with restricted and specialized responsibilities.

The State, since it relies ultimately on the principle of force for its sanctions, is also ill equipped to organize the more intimate and personal interests that require spontaneous and variable expression. . . .

Thus, the State, like other associations, has distinct capacities and limitations as an organizer of society. When it stops within its proper realm, it serves an indispensable function; but when it invades the sphere of other associations, it affords poor service to the community.¹

Conclusion

The values of individualism, natural rights, and free enterprise have been used to rationalize the NAM's solutions to changing economic and political problems. They satisfy the Association's understanding of the expectations of society.

Great importance is placed on the continuity of values. A recent interview of the philosophy of the NAM by the Assistant Secretary stressed that "essentially the basic philosophy formulated in 1905 remains the guiding principle of NAM."² One explanation of this fact is that the NAM conceives one of its functions

¹American Individual Enterprise System, op. cit., pp. 13-14.

²Horsch, "History and Philosophy of the NAM," op. cit., p. 11.

to be the defense of these traditional values: "The National Association of Manufacturers is at the present time the greatest bulwark of individualism in the country."¹ To alter these ideals would destroy one of the Association's principal appeals.

Officials of the NAM offer another reason. Changing the values would amount to admission that the NAM was wrong at one time in defending them.

Although the traditional values have remained constant and unchanged, the NAM has altered its conception of the best means of promoting and preserving them. Government has been traditionally regarded as an alien intruder in the free enterprise system. Recently, however, the Association has been expanding its view of the amount of government regulation of the economy is necessary and legitimate. The purpose for which government regulation is urged remains the same, nevertheless; i.e., stimulation of industrial welfare and promotion of the general welfare by preserving traditional values.

The evolution of the NAM's conception of changing social needs and the gradual accommodation to external pressures in its concept of government-economy relations can be traced concretely by an analysis of the Association's developing labor policies.

¹Proceedings, 1905, p. 42.

CHAPTER III

EVOLUTION OF NAM'S OBJECTIVES AND POLICIES

As the political and economic climate of the country evolved, the specific policies by which NAM sought its objectives varied. From 1903 until 1933 industrial employers were relatively unhampered in assuming the responsibility for formulating industrial policies and promoting employee welfare in a manner that would be favorable to employers. Between 1933 and 1937 industrial employers lost the initiative to an emerging power group, organized labor, and the NAM, as spokesman for industry, was forced to retreat to a defensive position of opposing policies and actions that threatened employers' established position. After 1937, while retreating from the concept that opposition was sufficient to achieve satisfactory labor policies and position that government's role in labor relations should be held to the barest minimum, the NAM undertook to alter national labor policy by proposing alternative policies of government intervention. These policies crystallized after World War II into a comprehensive program of legislative recommendations that led in less than two years to the Labor-Management Relations Act of 1947.

The Period of Industrial Individualism
1903-1933

Industrial Betterment

The Association viewed the employer as being obligated to assume the leadership for establishing employment conditions that would promote employee welfare. Leadership could be exercised, however, only if industry were free from the compulsion of organized labor and government.¹ The NAM helped the employer "not only to make profits, but to bring betterment of conditions to the worker as well as the owner and to make its product or service available to the public at a cost as low as possible through efficiency, cooperation, and unrestrained effort."²

Thus, after some initial resistance and not without internal opposition, the Association came to support (1) industrial safety and accident prevention, (2) workmen's compensation insurance, (3) industrial education, and (4) employee representation. Such policies were not in conflict with free enterprise or the profit motive, for by careful attention to the human element in industry heightened productive efficiency and profits would result. At the same time, the NAM's policies of industrial betterment not only had the effect of maximizing employer responsibility

¹Proceedings, 1923, pp. 199-200; see chap. II for a discussion of the leadership principle; also see, Robert A. Brady, Business As a System of Power (New York: Columbia University Press, 1943), pp. 259-293.

²Proceedings, 1923, pp. 199-200.

for conditions of industrial employment, but also provided a more sophisticated argument for minimizing organized labor's participation and staving off government action.

Accident prevention.--The NAM formed an Industrial Betterment Department in 1901,¹ but it was not until 1910 that the Association directed its efforts in a positive way toward the prevention of accidents.² Industrial safety and accident prevention were the main considerations at the 1911 and 1914 conventions.³ For a number of years the Association published Preventive Appliances as a supplement to American Industries, devoting it to methods for preventing accidents, and also issued many bulletins on the subject. In this supplement the NAM urged that the preservation of industrial good will, and harmony and cooperation among owners, superintendents, foremen and workmen was far more essential to safety than any physical appliances that could be installed.⁴

Workmen's compensation insurance.--⁵In common law an employer was held responsible for injury of a workman only if he was guilty of negligence. By an appeal to one or more defenses--the fellow servant doctrine, the doctrines of contributory

¹Ibid., 1901, p. 62.

²Ibid., 1910, pp. 160-167.

³Ibid., 1911, pp. 105-112; 1914, pp. 57-67.

⁴Preventive Appliances, January, 1913, p. 1; cf. Proceedings, 1916, p. 214.

⁵For the discussion in this section the writer relies on Taylor, op. cit., pp. 151-154.

negligence, of occupational risk, or of assumption of risks--the employer placed the burden of the accident upon the worker and his family. Under the system of employers' liability before 1906, the injured worker had recourse only through the courts, in case an agreement could not be reached outside of the court.

The AFL urged the passage of workmen's compensation legislation to replace the system of employers' liability. After a quarter of a century of agitation, the first federal act was passed by Congress in 1906, applying only to government employees in the Philippines.

In 1910 James Emery, Chief Counsel for the Association, stated the position of the NAM in regard to compensation legislation: "It is well established that the general power to fix the relation of master and servant, in the present state of our law, is one of a domestic nature resting entirely with the several states."¹

The Association's Chief Counsel could see no justification for Congressional action in the matter of workmen's compensation outside of the District of Columbia and the federal territories, nor would he accept the Supreme Court's recognition of the power of Congress to fix employers' liability in interstate commerce. While recognizing the right of any state to regulate the relation between master and servant, Emery criticized any system of indemnity framed by statute, as compared with the meritorious system of voluntary indemnity. In fact, he challenged

¹Proceedings, 1910, p. 124.

the power of a state to compel the employer to accept liability as great as that which he believed the employer would by voluntary agreement assume. He argued that a voluntary system of indemnity

does not deprive the injured workman of his remedy at law, but would merely compel him to elect, after a liability had been created, the acceptance of a fixed compensation or the pursuit of damages by litigation. . . . [S]uch a plan does not under any circumstances lessen the employer's liability or diminish the employee's right. . . . The strength of such a system lies in its simplicity. Its innate fairness and the speed with which it adjusts claims can alone maintain it.¹

President John Kirby agreed with this view, but, because of the legislative progress made by proponents of workmen's compensation up to 1911, he urged manufacturers to interest themselves "in the matter of shaping legislation, to the end that justice may be done to all parties interested, rather than sit idly by and permit it to follow a course in which there is neither justice nor reason."²

Seeking to forestall undesirable laws the NAM became aggressive in guiding and supporting compensation legislation. After sending representatives to Europe to study compensation laws and their practice under the various systems there, the Association prepared extensive studies on their findings and a model workmen's compensation act.³ Other research reports appeared in

¹Ibid., pp. 130-131.

²Ibid., 1911, p. 71.

³American Industries, April, 1913, p. 16; Proceedings, 1911, p. 69; "Digest of Workmen's Compensation Laws," NAM Bulletin, 1912, 1913; "Model Workmen's Compensation Act," NAM Bulletin, 1912.

subsequent years.¹ In 1914 the Committee on Accident Prevention and Workmen's Compensation expressed satisfaction in its attainments and the influence of its model law.² The Committee on Industrial Betterment, Health, and Safety rendered a detailed report in 1920 on the relative efficiency and economy of various systems of workmen's compensation,³ and in 1922 epitomized the Association's stand on the problem of compensation insurance:

The theory of compensation for accidents received in industry under the general heading is sound. . . . That compensation for accidents in industry has gone a long way toward alleviating unrest is well known to us all. There are dangers, however, in compensation insurance which have to be faced. Among these we might mention malingering and the endeavor of the injured to magnify his injury so as to receive compensation far beyond what he is justly entitled to. . . . However, the benefits far outreach its dangers and your Committee feels that compensation insurance should be welcomed and efforts made to wisely control it in every state.⁴

Industrial education.--The importance of a nation-wide system of industrial education was first recognized by the NAM in 1900. The convention that year was devoted to a discussion of the problem. The result was a resolution advocating "the establishment of free public commercial and technical schools, or commercial and technical departments in high schools, colleges, and educational institutions, and comprehensive courses of study."⁵

¹"Workmen's Compensation Acts in the United States--The Legal Phase," National Industrial Conference Board Bulletin, Research Report No. 1, April, 1917; revised, August, 1919.

²Proceedings, 1914, p. 62.

³Ibid., 1920, pp. 72-79.

⁴Ibid., 1922, p. 7.

⁵"The Nation's Industry in Convention," NAM Bulletin, p. 12.

A Committee on Industrial Education was appointed in 1904.¹ Again in 1909 the annual convention was given over largely to the problem of better training of the nation's youth in order to meet successfully the competition of other nations whose educational systems were in advance of the United States. The Association voted to gather statistical information showing the need for more extensive industrial training in our schools and to ascertain methods which had proven successful at home and abroad.² The action resulted in the preparation of several bulletins for the "Educational Literature Series" of the NAM.

The Association, in addition to its advocacy of increased facilities for vocational training in public schools, continuously urged the manufacturer to make his shop a training school.³ Vestibule schools were recommended as a means of reducing labor turnover. During World War I, members were encouraged to employ and train women and disabled soldiers to meet the shortage of skilled labor.⁴

Industrial education was considered a vital factor in checking radical tendencies among workers, as well as a means of rapidly indoctrinating the immigrant with our national ideals.⁵

¹Proceedings, 1904, p. 34.

²"The Nation's Industry in Convention," NAM Bulletin, p. 16.

³Proceedings, 1919, pp. 44-51, 107.

⁴Ibid., 1918, pp. 43, 50-56, 198-200.

⁵American Industries, December, 1919, p. 18; October, 1920, pp. 22-23.

The Industrial Betterment Committee, in its minimum wage report of 1915, concluded that a minimum wage "operates to cause injustice to both the inefficient and the very efficient workers-- by depriving the former of opportunity, and the latter of ambition." In the place of statutory remedies for which "we find no prevailing demand . . . on the part of either the employer or the employee" the report proposed "the extension of industrial education, through industrial continuation schools and other practical forms of training."¹

After 1920 the Committee's recommendations were confined to suggestions for greater education as a solution of industrial evils.

Employee representation.--President George Pope, in 1914, sought to supplement purely militant opposition toward trade unionism with some form of employer leadership or influence over labor groups.² "I believe that by tolerance, and encouragement in working out new remedies for our industrial problems," he explained, "a better understanding will ultimately take place, not only with ourselves and our co-workers, but with the public."³

The employee representation movement was the "new remedy," but it did not receive whole-hearted support from the Association at its inception. The movement was greatly augmented during and

¹Proceedings, 1915, p. 122.

²Ibid., 1914, pp. 4-15; American Industries, December, 1916, p. 15.

³Proceedings, 1915, p. 9.

after World War I under government encouragement, when shop committees came into existence. These "shop committees," "works-councils," "industrial councils," or "company unions," as these organizations were variously known, were made supplementary to unionism by the War Labor Board and the Shipbuilding Labor Adjustment Board.¹ Shop committees were organized in large numbers during the war in industries where the workers had no organization of their own.

By 1919 the movement had progressed to the point that the NAM found it necessary to take a definite position upon the issue. The Industrial Betterment Committee reported out an employee representation plan after the model of the Rockefeller companies. The Committee's report had a cold and unresponsive reception at the convention. Henry M. Leland, protested: "I say it is a trap and you will regret it just as sure as God made little apples, and I think He made them all." His remarks were received with great acclaim. It was moved and agreed that the report should be received and filed.²

This indifference was short-lived. In 1922 the Committee on Industrial Betterment, Health, and Safety censured employers who, having established and operated works-councils successfully, had dissolved them when the depression hit, especially after they had "served their purpose" in the days of prosperity. The fear was expressed that such action would lead to trouble in the

¹Taylor, op. cit., p. 157.

²Proceedings, 1919, pp. 28, 36-38.

future. At the same time, the Committee emphatically disapproved of "the radical departure made by some companies in placing employee representatives on the board of directors."¹

Industrial betterment--rejected plans.--The objectives of NAM's Industrial Betterment projects were to reduce industrial accidents, promote workmen's compensation legislation, expand industrial education, and provide for a system of employee representation.

Other plans for bettering the status and security of employees were either rejected or received with indifference.

The 1917 special report of the Industrial Betterment Committee on old-age pensions decried the system as a poor solution for the problem of the living wage--"a counsel of despair." "To contend that it is necessary to take this course, is to assume that members of the working class either cannot earn enough or cannot save enough to take care of themselves in old age."²

Reports on hours of work were similarly negative: "We do not believe that there is any reason or necessity for the legal determination of what shall constitute a day's work."³ "The hours-of-labor problem will not be solved until we reverse our thought of putting labor first and hours second. Then it will not read 'How many hours per day must we labor?' but 'How much labor can we put into the hours?'"⁴

The report on sickness insurance in 1916, on the other

¹Ibid., 1922, p. 9.

²Ibid., 1917, pp. 52-53.

³Ibid., 1922, p. 7.

⁴Ibid., 1917, p. 18.

hand, was favorable. But, when the presiding officer at the convention, Mr. John Kirby, asked the assembly, "What will you do with the report?" it was moved and agreed that it be received and simply placed on file.¹ The next year the committee reported that it was not convinced from its study of available data on the subject "that the creation, establishment, and operation of a state-governed system of compulsory sickness insurance is either necessary, wise, or desirable."²

The report of the Committee on Industrial Betterment, Health, and Safety in 1920 referred to state insurance as "one of the vicious German ideas yet existent in this country."³ In 1922, in delivering its final report, the Committee expressed its disapproval of sickness and old age insurance, condemning it as "unnecessary and unwise" and "unsound economically, placing an unknown burden upon the healthy." The Committee advocated health surveys in the place of sickness insurance, with the ultimate aim of reducing and preventing sickness.⁴

The Open Shop

The Association asserted the natural leadership of employers for the purpose of preserving the welfare of society and the fundamental freedoms of employer and employee. The open shop policy complemented Industrial Betterment projects in satisfying this objective: "Public welfare must be the paramount consideration

¹Ibid., 1916, p. 38.

²Ibid., 1917, p. 21.

³Ibid., 1920, pp. 77, 86.

⁴Ibid., 1922, p. 8.

and it is the duty of American employers continually to make known to the public the community advantages of the open shop."¹

For a definition of the open shop the NAM accepted the labor principle enunciated in an unanimous report by the Anthracite Commission, appointed by President Roosevelt in 1903: "No person shall be refused employment, or in any way discriminated against on account of membership or non-membership in any labor organization, and there shall be no discrimination against, or interference with, any employee who is not a member of any labor organization by members of such organization."²

The NAM's open shop drive had roots in the declaration for the open shop made by the National Metal Trades Association in 1901.³ In 1904 a provision was inserted in the NAM's 1903 Declaration which approved the open shop and declared that the Association was unalterably antagonistic to the closed shop.⁴

An intensive campaign to establish the open shop was launched immediately. Speaking at the 1904 convention on the

¹Ibid., 1924, p. 85.

²Noel Sargent (ed.), Open Shop Encyclopedia for Debaters (3d ed.; New York: National Association of Manufacturers, 1922), p. 7. See also Open Shop Department, National Association of Manufacturers, Evidence in the Case for the Open Shop (New York: National Association of Manufacturers, 1923), p. 3.

³E. F. Du Brul, then a commissioner of the NMTA, assisted in drafting its open shop statement. He was also a member of the NAM's Committee on Resolutions and, with former Presidents Van Cleave and Kirby, shared in preparing NAM's open shop declaration in 1923. Taylor, op. cit., p. 83.

⁴Proceedings, 1904, pp. 172-173.

topic "Insurance Against Strikes" one employer-member described the results of the new open shop policy. Apparently, during his absence at the 1903 convention, his factory had been unionized. Encouraged by the NAM program, he proceeded to shut down the plant until, after five weeks, "one by one, as his employees' money and credit ran out, seeing their jobs waiting for them and their lives protected the men dropped their unions and came back. . . . No bad blood, no bitterness, no more unions, for a while, anyhow (Applause)."¹ He was proud to announce that he "actually put out of business . . . four powerful unions; and that too in a hotbed of unionism like Chicago, in perhaps the most favorable year for union operations ever known."²

The open shop policy was periodically reaffirmed in 1905, 1910, 1914, and spelled out in a five point Open Shop Declaration by the 1923 Convention,³ for, in the words of President Edgerton, the open shop was "a sine qua non of our industrial safety, advancement, and supremacy."⁴

A second open shop drive was initiated in 1919. The failure of the 1919 labor-management conference appeared, to one student, to have been the proximate cause in launching the new drive.⁵ Shortly thereafter American Industries, the Association's

¹Ibid., p. 126.

²Ibid., p. 127.

³See Appendix V for the open shop declaration of 1923. See also Proceedings, 1903, p. 165; 1904, p. 24; 1905, p. 172; 1910, p. 133; 1923, pp. 199-200; 1926, p. 318; 1914, p. 193.

⁴Proceedings, 1926, p. 62.

⁵Alfred H. Kelly, "A History of the Illinois Manufacturers' Association" (Unpublished Ph.D. dissertation, Department of History, University of Chicago, 1938), p. 145.

official magazine, began to publicize the evils of the closed shop and to urge upon manufacturers everywhere the necessity of resistance.¹ The following year saw the NAM establish an Open Shop Department.² Under the guidance of Noel Sargent the Department, which in recent times has come to be known as the Industrial Relations Department, sought to preserve and defend the right of open shop operations--"an essential part of our nation's heritage of liberty."³

President Stephen C. Mason regarded the subject of the open shop as "a matter of . . . vital and urgent importance at this critical time in the history of our economic and industrial evolution." It was a matter in which there could be no compromise between right and wrong. The open shop was right, the closed shop wrong.⁴

Opposition to Employee Self-Help

Right to organize.--The efforts of employees to help themselves through labor organizations were regarded as attempts to sever the bonds of mutual interest that held employer and employee together. "[W]e have for our employes and for the working men of the country the highest respect; and we only regret that they are misled by agitators and demagogues."⁵ "Samuel

¹American Industries, November, 1919, p. 6.

²Proceedings, 1921, p. 33.

³Ibid., 1923, p. 200.

⁴Ibid., 1920, pp. 110, 288.

⁵Ibid., 1904, p. 239.

Gompers," the Secretary of NAM contended, "is the worst enemy honest labor has."¹ It was the duty of the employer to rescue the worker from the clutches of organized labor. Parry petulantly prescribed: "The workmen of the country must be shown that the creed of organized labor endangers their own freedom, and that if the policies of their organization were successful it would result disastrously not only to their independence but also to their material prosperity."² Friendship to the workingman, the NAM argued, required that the employer oppose organized labor: "In opposing the efforts of organized labor to destroy industrial freedom, the manufacturers and employers of this country are proving themselves to be better American citizens and truer friends of labor than the leaders of labor themselves."³

Officially, the NAM endorsed the abstract right of labor to organize. In 1903, decades before Congress declared the right to organize a matter for governmental protection and the Supreme Court recognized it as a "clear right" and an "essential condition of industrial peace"⁴ the NAM announced that it "is not opposed to organized labor as such. . . ."⁵ The year after the 1903 Declaration was adopted a speaker assured the convention: "Any

¹Ibid., 1912, p. 100.

²Ibid., 1905, p. 48.

³Ibid., 1904, p. 21.

⁴National Labor Relations Board v. Jones and Laughlin Steel Corporation, 301 U.S. 1 (1937).

⁵Proceedings, 1903, p. 165.

crusade having for its object the grinding down of labor would meet with the determined opposition of practically the entire membership."¹ And an early general manager asserted alliteratively that NAM was "not primarily a labor-busting organization" but "a boosting organization."²

"I do not think that there is anybody of moderate intelligence that denies to labor the abstract right of unionism," President Edgerton told the 1920 convention, "but the virtuous exercise of that right depends up on the purpose for which it was organized."³ If the purposes for which a union was organized

¹Ibid., 1904, p. 17.

²Speech by J. Philip Bird, General Manager of NAM, cited by La Follette Committee, Hearings, Part 17, p. 7547.

Labor organizations were considered to be "eminently proper" if restricted to "right and honorable limitations" (Proceedings, 1904, p. 75).

"We believe in organized labor. It is the methods of organized labor that we oppose, and some of these methods are damnable" (Director Anthony Ittner, ibid., 1909, p. 38).

"The National Association of Manufacturers is not fighting labor unionism as such. It is only fighting the vices and follies which have crept into some of the unions through their ignorant, corrupt, and autocratic leaders" (Editorial, American Industries, August, 1915, p. 19).

"That labor has the right to organize nobody denies or has denied. As far as it uses its organization constructively and in the right manner, it is a good thing and ought to live" (Edgerton, Proceedings, 1923, p. 117).

"[T]he inalienable right of workers, non-workers or any other class or group to organize in a lawful manner for lawful purposes, to be pursued in lawful ways, has not to my knowledge ever been challenged by any employers' or other organizations, nor interfered with by anybody" (Edgerton, American Industries, August, 1930, pp. 3-12).

³Proceedings, 1920, p. 290.

were: (1) un-American, (2) illegal, (3) un-Christian, (4) conspiratorial, (5) immoral, (6) monopolistic, (7) socialistic, (8) Bolshevistic, or (9) to assault the liberties guaranteed by the Constitution and the Bill of Rights the union was not a legitimate organization worthy of recognition.¹ Organized labor in

¹"We are not opposed to good unionism, if such exists anywhere. The American Federation brand of unionism however is un-American, illegal, and indecent" ("Boycott Supplement," American Industries, August 15, 1904).

"The American Federation of Labor is engaged in open warfare against Jesus Christ and His cause" (Cited in La Follette Committee, Hearings, Part 17, p. 7547).

"Labor pacts and conspiracies among labor leaders, entered upon for the direct purpose of restraining, controlling, harassing and persecuting other workmen or citizens in general, are so clearly lawless, anarchistic and dangerous that the great body of people who love liberty and hate tyranny must perforce rise up and prepare for combat" (Proceedings, 1911, pp. 264-265).

"[O]rganized labor has not the moral character or the moral force required to establish itself upon its merits. Hence, organized labor, as at present conducted, must go" ("Editorial," American Industries, September 1, 1904, p. 8).

"The membership of the American Federation of Labor is made up largely of socialists" (Kirby, American Industries, February, 1910, p. 15).

"Gompers, though not in theory a socialist, is practically the most dangerous fomenter of socialism in the country next to William Randolph Hearst" (American Industries, November 1, 1906, p. 10).

"They claim that the Reds have gotten in and impregnated the organization with Bolshevism and I.W.W.-ism. Why, there have never been anything but Reds at the head of that organization," said Kirby speaking of the AFL. Proceedings, 1920, p. 51.

"The spirit of Sovietism is abroad in the land. Every word in its behalf spoken by Socialistic preachers and by church organizations such as that of the Federated Council of the Churches in America, claiming to represent Protestantism, is a blow to Christianity itself." [The Federated Council had undertaken to criticize the open shop movement.] American Industries, March, 1921, p. 30.

"The greatest danger lies in the recognition of the union. You are then a responsible body in collusion with an irresponsible body of robbers of personal liberty. It is manifestly to the interests of the people at large that organized labor be denied recognition everywhere until its past blackened record is blotted out" (Proceedings, 1903, pp. 199-200).

general, and the AFL in particular, were regularly accused of each of these indictments.¹ Other purposes for which labor could not legally exercise the right to organize were to raise wages, shorten hours, and teach men disloyalty to their employers.² Therefore, the NAM concluded that its purpose was "to prevent . . . [unions] from working injury to the common welfare."³ "It is pleasing to me," an ex-President announced in 1920, "to feel that I have done my bit in the effort to retain this country's industrial equilibrium against the forces which are constantly at work trying to break down our system of industrial liberty and substitute therefor a system of industrial slavery."⁴

During the era of industrial individualism a consistent thread of antagonism toward organized labor is discernable in the utterances of NAM Presidents from Parry to Edgerton. Parry was convinced that the paramount question before the manufacturers and employers of his day was that of "lawless and socialistic unionism."⁵

James W. Van Cleave, who succeeded Parry, acknowledged

¹Words of scorn, derision, and denunciation were heaped upon labor. A study of the terms used to condemn labor and their frequency of occurrence during Kirby's administration, 1909-1913, ascertained that epithets such as "unprincipled" were hurled 52 times; "radical," 49 times; "illegal," 41 times; "corrupt," 34 times; "irresponsible," 30 times; "anti-Christian," 20 times; etc. Blackwood, op. cit., pp. 58-59.

²Proceedings, 1920, p. 290; 1925, p. 40.

³Ibid., 1906, p. 16.

⁴Ibid., 1920, p. 51.

⁵Ibid., 1904, p. 15.

that the labor question must be dealt with "through a vigorous and persistent assertion of the principles proclaimed by D. M. Parry in the New Orleans convention."¹ He contended that any effort at conciliation with labor leaders would be interpreted by them as a confession of fear on the employers' part.²

The presidential gavel next passed to John Kirby, Jr., who in his inaugural address, left no doubt about his policy:

Tariff is an important issue, banking and currency are important, and so are many other things, but the question that is uppermost in our minds is the labor question. . . . That is why I have been selected as President of this organization; not on account of my particular ability, not on account of my national reputation, but simply because you know where I stand on the labor question.³

"My policy is the policy of David M. Parry and J. W. Van Cleave."⁴ Again conciliation was dismissed. "To temporize with, or to yield one jot or one tittle, to the demands of organized labor . . . is to share in the responsibility for the criminal conspiracies in which such organizations are engaged."⁵ Yet, Kirby avowed that he would resign if he believed that the NAM was fighting organized labor!⁶

Kirby's influence in the NAM persisted for almost a quarter of a century. In 1920 he was still convinced that:

¹Ibid., 1907, p. 43.

²Ibid., 1909, p. 58.

³Ibid., 1909, p. 204.

⁴Ibid., p. 207.

⁵Kirby, "The Issue Re-affirmed," American Industries, May, 1911, p. 14.

⁶Proceedings, 1913, p. 132.

Organized labor is just the same today as it was in 1884, during the Missouri Pacific trouble, and in 1887, in Pittsburgh. There is no difference. They claim that the Reds have gotten in and impregnated the organization with Bolshevism and I.W.W.-ism. Why, there has never been anything but Reds at the head of that organization.¹

Kirby's successor, George Pope, proclaimed in his 1914 keynote address to the annual convention that the best union was a union between employer and employee. The salvation of the industrial order depended upon getting rid speedily of the "reckless, mercenary, and malevolent labor leader, with his gospel of distemper and his inflated ideas of phantom power," upon clearing the deck of "political medicine men, with their noisy demagogery and blatant claims," and upon awakening "in the minds of the selfish, revisionary type of employer a quickening sense of God-enlightened responsibilities." He concluded that "it is, therefore, the employers' time and opportunity to demonstrate beyond all cavil, that the best friend, the wisest protector is the American employer. That is the real, the ideal union."²

John E. Edgerton, who served as President longer than any other man in NAM history (1922-1932), proclaimed:

I do not hesitate to say and I am not afraid to say, and I would not be if I knew that my business would go to wreck in 24 hours if I did say it, that I am unalterably opposed to the present form in which so-called labor is organized.³

It was his deep-seated conviction that the wage-earners were misled by a "ravenous band of pretenders":

¹Ibid., 1920, p. 51.

²Ibid., 1914, pp. 14-15.

³Ibid., 1920, p. 290.

The palatial temples of labor whose golden dome rises in exultant splendor throughout the nation, the millions of dollars extracted annually by the jewelled hand of greed from the pockets of wage-earners and paid out in lucrative salaries to a ravenous band of pretenders, tell the pitiful story of a slavery such as this country never knew before. It is your duty to break the shackles that have been forged upon the wrists of those who labor with you by showing them in your daily contact and attitude that you are their best friends and that it is not necessary for them to follow the false leadership of designing pirates who parade in the guise of the workingman's friends.¹

Right to bargain collectively.--Although its use was qualified, the abstract right of labor to organize was accepted by the NAM. However, the right of employees to bargain collectively was never recognized as an abstract or universal right during the period of industrial individualism. Unlike the negotiatory employers' associations, the NAM was untouched by traditions of collective bargaining and considered the practice an infringement of the employers' rights to manage his business free from outside interference. "Employers must be free to employ their work people at wages mutually satisfactory," the 1903 Declaration read, "without interference or dictation on the part of individuals or organizations not directly parties to such contracts."²

Stop arbitrating as to the rate of wages, as to hours, or as to any part of the lawful conduct of your business, unless you are ready to say that you can and feel that others will join you in arbitrating as to the price of your product or as to the price of anything else which you buy or sell. Get rid quickly of the fool idea that you can arbitrate as

¹Ibid., 1923, pp. 116-117.

²"Declaration of Principles," Proceedings, 1903, pp. 165-166.

to prices of things. Let supply and demand decide prices of labor and of all else, as has been, and will continue to be the case for ages.¹

A member at the 1919 convention concluded: "Collective bargaining has yet to be proved a cure for labor unrest."²

Right to engage in concerted action.--Organized labor has resorted to the strike, the picket line, and boycotts to win its objectives. Such action by unions has been continuously condemned by the Association. The strike was described as further evidence that the "outsider" was the worst enemy of the workingman and was destroying the natural harmony between him and his employer. The NAM demonstrated how the strike was often, if not almost entirely, labor's fight with labor; a fight that "is just as much and even more against nonunion laborers as it is against the employer." Therefore, the employer owed it to every nonunion man in his employ to see that they were not displaced by union men.³

David Parry described the strike as:

. . . a blow at the social order, trampling into the dust individual and property rights and substituting the terrorism of the mob for legal and orderly government. Properly defined, it should be termed insurrection.⁴

The Association advocated a strong militia and a large army and navy, not only for national defense, but "to squelch the rebellion that springs into existence with every strike."⁵

¹Ibid., 1904, p. 82.

²Ibid., 1919, p. 35.

³American Industries, July, 1914, p. 9.

⁴Proceedings, 1903, p. 35.

⁵Ibid., 1913, p. 71; cf. ibid., 1911, p. 264; American Industries, March, 1915, p. 8; April, 1915, p. 11.

Peaceful picketing was termed an "abstract conception and metaphysical sophistry."¹ All picketing was pictured as having as its sole purpose coercion and intimidation of both the operators and the nonunion workmen, with the conclusion that "peaceful picketing" is a misnomer.²

The boycott received probably more censure than any other union practice. The NAM condemned both the primary and secondary boycott.

When any man concludes, without modification, that the primary boycott is a permissible thing, he concedes a thing for which there is no legally defined justification. . . . The boycott rests at the base of nearly every abuse and excess of organized labor.³

Moreover, unions were accused of utilizing the "social" boycott in the attempt to maintain a monopoly of skilled labor. Manifestations of a "social" boycott were said to be apparent in the refusal to work with one who was not a member of the union, exclusion from the union, and ignominious treatment accorded the worker and his family. Picketing, labor union conspiracy, intimidation, and violence were characterized as handmaids of the "social" boycott.⁴

Demand for union responsibility.--To protect the rights of property, contract, and free enterprise from what were

¹American Industries, November 1, 1905, p. 7.

²Proceedings, 1910, p. 93.

³Ibid., 1909, pp. 107, 108.

⁴Ibid., 1909, p. 107.

characterized as "evil, unjust, and damnable policies and practices of the American Federation of Labor and its allied union,"¹ the NAM demanded that organized labor be made legally responsible for its acts. Labor unions, being voluntary associations, were not, in their collective capacity, recognized in common law as having any legal existence distinct from their members. In the absence of conflicting statute or court interpretation an unincorporated union could not be sued or sue, legal action being possible only by or against individual members of the organization. The Supreme Court decisions in the Danbury Hatters case and the Coronado Coal case altered the legal status of unions by adjudging them financially liable for the acts of their agents and suable independently of statute law "for torts committed by such unions in strikes."² But employers continued to urge that labor unions be brought completely within the reach of the law through incorporation.

A major objection to the closed shop was that it asked employers to make agreements with organizations which were not financially responsible for the agreements they signed. Collective bargaining with unions was opposed because "the very absence of power to enforce the contracts means that the unions will not be so scrupulous about keeping them."³

¹"Where Do You Stand?" NAM Bulletin, p. 20, as cited by Taylor, op. cit., p. 60.

²Loewe v. Lawlor, 208 U.S. 274 (1908); United Mine Workers v. The Coronado Coal Company, 259 U.S. 344 (1922).

³Open Shop Encyclopedia, op. cit., p. 69.

The strategy of NAM opposition.--In periods of expanding unionism and growing pressure from organized labor the NAM and its members occasionally resorted to extreme measures to defend the employer's freedom of enterprise. In a few instances the NAM itself turned its policies of opposition toward organized labor into direct action. Action has ranged from the refusal to hire union men to use of the black-list, industrial spies, strike-breakers, vigilantees, and the riot gun.

John E. Edgerton, NAM's most hostile President toward labor since David Parry, apprised the members of how he exercised his right to manage:

I have always had access to all of the non-union labor that is needed to operate my plant, and I do not hesitate for one moment to say to you that if it comes to choosing between a union and a non-union man, all other things being equal, I will select the non-union man every time. . . .

I not only reserve the right, but I believe that I am in justice bound to exercise my inherent right of choice as between people who apply to me for positions in my plant. That in short is my own conviction with reference to this great question.¹

American Industries, official publication of the NAM under the editorship of the Association's Secretary, did not print blacklists but did reprint union boycott lists under a column headed, "Of Interest to all Employers."² This was to aid members in selecting the firms they would patronize. Any company worthy of the union boycott deserved NAM member patronage.

A sense of rugged individualism pervaded George P. Bent's

¹Proceedings, 1922, pp. 25, 27.

²American Industries, July 1, 1904, p. 15; September 1, 1904, p. 4; December 1, 1904, p. 15.

admonishment to "Stop advertising your goods as union-made. The union label is the badge of slavery, and you build your own destruction in the use of it. Advertise your goods, rather, as non union made."¹ An NAM Committee on the Union Label, in 1915, condemned the use of such an emblem because "it stands for the same coercion, illegal compulsion, misrepresentation, and self-centered law defying lordly skulduggery as the parent."²

The fact that it was the policy of American Industries to accept advertisements of detective and strikebreaking agencies³ might have little significance were it not for the announcements the editors made. Readers (and prospective advertisers) were assured that "before an advertisement is admitted to its [American Industries'] columns, the advertiser is known to be able to keep his promises."⁴

In addition to publishing several advertisement of detective and strikebreaking agencies American Industries carried detailed descriptions of the use of industrial spies and strikebreakers.⁵

¹Proceedings, 1904, p. 82.

²Ibid., 1915, p. 256.

³American Industries, September 15, 1906, p. 16. See also: ibid., October 1, 1906, p. 16; October 15, 1906, p. 16; November 15, 1906, p. 18; December 15, 1906, p. 18; January 15, 1907, p. 22; February 1, 1907, p. 19; February 15, 1907, p. 14; March 15, 1907, p. 20; May 1, 1907, p. 19; May 15, 1907, p. 20; July 1, 1907, p. 21; July 15, 1907, p. 19; August 1, 1907, p. 20.

⁴Ibid., January 2, 1905, p. 14.

⁵Ibid., April 1, 1905, p. 3. See also: "Idaho Springs, like Tampa, Drives the Agitators Right Out," ibid., August 15, 1903, p. 3; "Industrial Defense in the United States as Seen by English Eyes," ibid., November 1, 1904, p. 11; "How the Community Organization Restores the Industrial Equilibrium," ibid., p. 13.

The extent of the NAM's active participation in these tactics of preserving management's freedom of enterprise is difficult to determine. Only occasionally did the officers claim or receive credit for actual assistance in breaking strikes--as was received during a Grand Rapids strike of 1912. The boldest commitment was given when Van Cleave asked: "[W]hen I cry 'wolf' I want you to come out with your riot guns and your shotguns if necessary. Will you do it? (Applause. 'Yes.')¹

Opposition to Labor Legislation

Labor legislation.²--Legislation which encroached upon the liberty of the employer was interpreted as an attack upon society and the unorganized worker as well. Consequently, the demands of organized labor for specific legislation that would improve its power and position were regularly denounced as "class legislation" which strengthened unions at the expense of the employer and the community.

The NAM opposed laws which would shorten the work day, lessen the power of courts to issue injunctions in labor disputes, exempt unions from prosecution under the Sherman Anti-Trust Act, fix minimum wages, outlaw child labor, guarantee the right of railway workers to organize and bargain collectively, and guarantee the right of unions to use the unfair list, the boycott, and the picket line. The Association contended that "at every session

¹Proceedings, 1908, p. 329.

²For a more complete discussion see chap. IX.

of Congress, and in every session of every state legislature, the insidious and artful minds of the labor trust leaders are represented in bills of socialistic and dangerous character."¹

Child labor legislation and amendment.--Of special interest, because of its nature and intensity, was the NAM's opposition to federal action to outlaw child labor. Even before President Van Cleave had advocated the use of manual training for boys as soon as they could "hold tools . . . say, at the age of 9 or 10," in order that they could "begin leaving school to become breadwinners at 10 or 11 years of age,"² the Association had resisted federal bans on the employment of children. Senator Albert J. Beveridge, in 1906-1907, presented a dramatic exposé of the evils of child labor in the United States and urged the use of Congressional power over interstate commerce to limit child labor in place of what seemed to be wholly impracticable at the time--uniform action by the states. James Emery appeared against the bill.³

¹"The Disadvantages of Labor Unionism," NAM Bulletin, pp. 15, 16, as cited by Taylor, op. cit., pp. 59-60.

²Van Cleave, Let Us Send the Whole Boy to School, Pamphlet No. 1 (New York: National Association of Manufacturers, n.d.), pp. 4-5.

³The House Committee on the Judiciary made a scathing report, criticizing the bill on grounds of unconstitutionality. It was not until 1916 that the report was discredited to some extent by the discovery that the chairman of the House Committee had been in consultation at the time with an officer of the NAM in regard to campaign funds to bring about his reelection. Congressional Record, 64th Cong., 1st Sess., 53 (February 24, 1916), Part III, . 3044-3045.

The NAM's cure was:

. . . to strike at the root of the evil, and the root of the evil lies in the home with the father and with the mother. No boy under age is at work in this city without the knowledge of his parents. If they are willing he should work, what fault can be found with the employer who puts him on his pay roll? If the parents will not protect their children how in the name of common sense are we to secure the enforcement of a law for their protection when the parents will swear to a lie to secure work for their children?¹

By formal resolution the NAM recommended a policy of "rest and quiet":

We have had excess of agitation under the guise of moral crusade, such as child labor, . . . which are excellent and desirably in reasonable measure, but not so when pressed to the hazard of vested interests and property. We, therefore, recommend rest and quiet upon such questions, at least until normal business is restored.²

A policy of rest and quiet on child labor legislation would protect the child from "idleness":

We must be careful about legislating young people out of work into idleness, temptation and crime. For many children there is one thing worse than long hours or hard work--that is no work at all. Evidence is coming to hand from all quarters that some of our recent child labor legislation has destroyed the lives and souls of many children in the last few months and years.³

The Association was heartened by the overthrow of two child labor laws by Supreme Court decisions in 1918 and 1922.⁴ In the face of these legal reverses, labor, education, and

¹American Industries, January 1, 1907, p. 13.

²Proceedings, 1908, p. 316.

³Ibid., 1912, p. 175.

⁴Hammer v. Dagenhart, 247 U.S. 251 (1918); Bailey v. Drexel Furniture Co., 259 U.S. 20 (1922).

humanitarian forces organized to press for a child labor amendment to the Constitution which provided that Congress should have power "to limit, regulate, and prohibit the labor of persons under eighteen years of age."¹

The NAM immediately denounced the proposed amendment, because the age limit of eighteen years "includes plainly not merely all who may be described as children, but all who are commonly regarded as youths."² By formal resolution the NAM declared it to be a "revolutionary grant of power to Congress."³ The NAM admonished: "Never do something you do not approve of in order more quickly to accomplish something you do approve of."⁴

During the ratification fight effective use was made of arguments based on (1) states' rights, (2) family rights, (3) human rights, and (4) the Red menace:

(1) States' rights were invoked on the principle that when the American people desire to regulate industry, the States were the proper instruments of regulation. "The states should refuse to surrender in this instance their right to guard, protect, and regulate the lives of their children in a manner not to interfere with the natural processes of education and religion."⁵ If the

¹43 U.S. Statutes 670 (1924).

²Emery, An Examination of the Proposed Twentieth Amendment to the Constitution of the United States (New York: National Association of Manufacturers, 1924), p. 6.

³Proceedings, 1924, p. 215.

⁴American Industries, March, 1925, p. 5.

⁵Proceedings, 1924, pp. 116-117.

states were left free to act "harmful and unwise junior employment" would be steadily undermined by the efforts of enlightened individual industrialists who were guided always by conditions prevailing in their own localities.¹

(2) The conviction was constantly reiterated that the sacred confines of the family circle would be invaded by nationwide application of child labor laws.²

(3) In the interests of human rights, the NAM alleged that schools were failing in their tasks, and, therefore, children would be better off in industry. "It has been found . . . that the children of the land could not get on without a way of life that showed them definite opportunities of industry and self-support."³

(4) The Red scare was turned to use when Edgerton cautioned that "evangelists of de-Americanization . . . Russia-inspired or Russia-fed" were responsible for the amendment.⁴

The NAM turned its attention, in 1927, to compulsory education laws and argued for a sixth grade instead of an eighth grade minimum for work permits.⁵ However, thirty-two states at

¹American Industries, November, 1925, p. 40.

²Pamphlet No. 18, Facts versus Platitudes and Sophistry; Pamphlet No. 28, Industrial Education, 1913.

³Report of Committee on Junior Education and Employment, Proceedings, 1926, p. 116. Cf. Frances D. Pollak, "Manufacturers as Educators," Nation, CXXVI (January 4, 1928), p. 13.

⁴American Industries, November, 1925, p. 10.

⁵See Dorothy Kenyon, Manufacturers' Child Labor Program (New York: National Consumers' League, 1927), pp. 4-8.

the time already possessed school grade standards, eighteen of which and part of two others were higher, seven and part of one equal to, and only five and part of one lower than the NAM recommendations. A minimum of four hours a week of continued education was advocated, but twenty-seven states possessed continuous school systems, fourteen having higher standards. Twenty-six states already had the requirement of a physical examination by a physician before a work certificate could be issued, as the NAM suggested. The employment of children over fourteen was considered advisable by the NAM, except in manufacturing, mining and transportation where a sixteen year limit was advocated. Thirty-five states already forbade mining under sixteen, and sixteen, rail transport work under sixteen. Thirty-nine states possessed hours standards as high or higher than the forty-eight hour week NAM proposed. Forty-two possessed night-closing standards higher than the suggested prohibition on night work before 7:00 A.M. or after 7:00 P.M.¹

A more moderate view was put forth in 1928 when a shorter work day was proposed. The closing-hour recommendation of 9:00 P.M. was changed to one of 6:00 P.M.² And further: "The rising standard of living and the general ability to support children to a higher year of age, coupled with the rapid changes that have been going on in industry itself, have brought about a condition in which parents do not wish their children to go to work until they are sixteen years of age and employers do not in the main

¹Ibid., p. 9.

²Proceedings, 1928, p. 36.

want to receive children until in the average they are sixteen years of age."¹

In 1929 the NAM had an opportunity to prove their belief in state action to eliminate child labor. In that year forty-four state legislatures were in session. Some one hundred and three bills were introduced in thirty-seven states to eliminate child labor. The NAM did not openly endeavor to secure passage of any of these laws.² Rather, the NAM preferred to point to statistics in the census of manufacturers to show a steady shrinkage in the percentage child workers were of all workers engaged in manufacturing; e.g., they pointed out, of the children between ten and fifteen, 1,750,178, or 18 per cent, worked in 1900, whereas in 1930, 667,118, or 4.7 per cent were employed. Condemning the employment of persons under sixteen years of age in manufacturing operation, the NAM called attention to the fact that fewer than 70,000, or less than 1 per cent, of all employees engaged in manufacturing were under sixteen years of age. In 1920, 1,712,648, or 45 per cent, of the children aged sixteen or seventeen were employed, whereas, in 1930, 1,478,841, or 32 per cent, worked.³

These census figures were not an accurate gauge, because

¹Ibid., p. 341.

²The Long Road, Fortieth Anniversary Report of the National Child Labor Committee (New York: National Child Labor Committee, 1944), pp. 22-23.

³At School, . . . Not at Work, Booklet No. 6 in You and Industry series (New York: National Association of Manufacturers, 1940), p. 3.

the 1930 census did not count the workers under ten years of age. For Colorado, for example, the census listed 2,051 children under sixteen employed, but one of the large beet sugar companies estimated 6,000 children between six and sixteen years of age were employed in the one section of the state where the company operated.

The percentage, moreover, was bound to shrink because the greatest industrial expansion was in industries where children lacked capacities to do the jobs--steel, automobiles, body plants, shipbuilding, airplane manufacture. By fixing attention on percentages the human factor was forgotten. As late as 1930 there were more than two million persons between ten and seventeen, inclusive, working for wages in the United States, or one child out of every nine was gainfully occupied.¹

The Period of Defensive Opposition 1933-1937

From 1903 until 1933 the NAM sought to achieve its objectives through policies which emphasized the ability of employers to work out industrial policies and provide for the employees' welfare, if left free from outside intervention. Its policies were to establish the open shop and promote industrial betterment through a series of plans and projects. The initiative for these programs was in the employer's hands, for he was regarded as the natural leader. The attempts of unions to organize workers into

¹Malcolm Keir, Labor Problems from Both Sides (New York: The Ronald Press Co., 1938), p. 256.

association for the purpose of bettering employees' welfare through negotiations with the employer and by use of concerted action, if the negotiations failed, was openly opposed. Almost all legislation which sought to guarantee employees the right of self-help techniques or to improve the workers' welfare was also opposed. Some legislation was supported if it appeared to protect the employers' interests or to weaken the power of organized labor. But since a relatively small amount of legislation regarding conditions of industrial employment and employer-employee relations was introduced during this period, the NAM did not devote a major portion of its time and energy to legislative opposition. Rather, it concerned itself with policies that would preserve and strengthen the established power position of industrial employers.

The Democratic victory in 1932 significantly altered the political scene and compelled the NAM to abandon the policies of industrial individualism. The new Congress was willing to enact labor legislation guaranteeing the right to organize and bargain collectively. Labor unions, protected by this guarantee, emerged as an influential power group which challenged the leadership of employers in industrial relations.

Between 1933 and 1937, unable to assume the initiative in the determination of policies of industrial relations, the NAM resorted to the tactics of defending employers by opposing the enactment of the labor provisions of the National Industrial Recovery Act and the National Labor Relations Act and by resisting the interpretation and application of these laws that would

establish genuine collective bargaining. During this period, except for encouraging company unions, the Association seldom asserted the alleged natural leadership of employers by proposing positive programs for the solution of employer-employee problems.

Only in its attitude toward child labor legislation did the NAM reverse its previous policy and propose regulation of child labor. In 1934 the NAM was still adamant in its objection to the amendment, pointing to the negligible number of children employed as a result of the NIRA: "Voluntary action and state regulations have brought about this continuing decrease."¹ The Child Labor Amendment continued to be opposed because the language was so broad as "to permit the national government to dominate both public and private education, supervise religious instruction, prohibit as well as regulate any work not only by children but by young persons up to the age of 18 years, including assistance in the home and on the farm, and control other activities of youth."²

By 1937 federal action against child labor could no longer be withstood. President William Warner, testifying before a Senate Committee on Interstate Commerce, supported mild federal regulation that would exclude from commerce the products of child labor which had been manufactured in violation of the law of their state, with the further provision that the instrumentalities

¹Congress of American Industry, Platform and Resolutions, 1934, p. 45.

²Ibid.

of commerce should not be employed to introduce the products of child labor into any state in violation of its law.¹

The next year Congress passed an act concerning fair labor standards which prohibited shipment or delivery for shipment in interstate commerce of any goods produced in an establishment in connection with which "any oppressive child labor" had been employed.² The Fair Labor Standards Act, as a whole, was opposed by the NAM as "economically unsound."³

With this exception, the NAM's objectives were little different than they had been before 1933 although the verbal expressions were far less vitriolic. Reiterating the theme of basic harmony between employer and employee, the NAM resolved: "The workers' 'right to organize' properly interpreted refers to voluntary action on the part of the workers concerned, and does not include or justify a mass attack against a peaceful establishment by an outside union or group of unions for the purpose of 'organizing' the establishment along regular union lines."⁴ The employer and employee formed the "real" union: the very term

¹U.S. Congress, Senate, To Regulate Products of Child Labor, Hearings before Senate Committee on Interstate Commerce on S. 592, S. 1976, S. 2068, S. 2226, and S. 2345, U.S. Senate, 75th Cong., 1st Sess. (Washington: Government Printing Office, 1937), p. 150.

²52 U.S. Statutes 1060-1067 (1937).

³New York Times, April 11, 1938, p. 6; November 29, 1939, p. 12.

⁴Platform and Resolutions, 1934, p. 43.

"collective bargaining," as used in 1934, the NAM maintained, denoted to many the idea of two private parties each with a separate and distinct interest, endeavoring by bargaining to obtain what he considered an advantage over the other. Proper relationships could not be established on such misconceptions. The common interest of the two parties lay in joint and cooperative action to achieve useful production which could be marketed to consumers at prices which would insure continued operation and employment. "Where collective bargaining, however, is necessary or desirably, then the works council plan is probably the best medium."¹

Again, by reliance upon the argument of common interest and mutual good the NAM attempted to forestall the organization of unions freed from company domination and to avoid legislation promoting reliance upon genuine collective bargaining as a principle of industrial relations.²

¹Ibid., p. 42; cf. Proceedings, 1914, pp. 14-15.

²The most extreme position was taken in a Law Department Bulletin early in 1935. It was never formally adopted:

"The plan here proposed has for its immediate object the curtailment of the power of craft unions, and ultimately to destroy them; . . .

.
 "Collective bargaining is here to stay. It cannot be defeated because it is sound industrially, economically and sociologically. In the hands of the craft unions it is a vicious menace even when it is not in evil effect. In the hands of employers and their own workers it is the most effective tool for preventing strikes and labor troubles that ever has been invented.

"If craft unions are torn down some machinery must be set up in its place. This would be what is now called the company union but it must be developed on vastly different lines than those now existing" (La Follette Committee, Hearings, Part 35, p. 14, 376).

National Industrial Recovery Act

From the day the NIRA was introduced in Congress the NAM objected to its labor provisions. On the ground that it tended to identify collective bargaining with trade unionism, James Emery scored section 7 (a) before the Senate Finance Committee. Furthermore, he thought that the rights of employers were made subject to the discretion of the NRA.¹

In testimony before the same committee, Charles R. Hook, Chairman of the NAM Finance Committee, objected to 7 (a) on the ground that the provision did not prohibit non-employees from interfering with the employees of a corporation. He proposed an amendment, which, if adopted, would have prevented organizers from meeting with employees.²

Forced to withdraw to new positions after the measure became law the NAM adopted an active and vigorous policy of resisting any interpretation of section 7 (a) which would give encouragement to the organization of independent trade unions, or which would give employees the idea that employers were required to recognize and bargain with unions. This defiance took the form (1) of impressing upon workers the notion that they really did not have to belong to a labor union and (2) of advising member

¹Cited ibid., p. 7,565.

²U.S. Congress, Senate, Committee on Education and Labor, Violations of Free Speech and Rights of Labor, Senate Report No. 6, Part 6, Part III, The National Association of Manufacturers, U.S. Senate 76th Cong., 1st Sess. (Washington: Government Printing Office, 1939), p. 77. (hereinafter referred to as La Follette Committee, Report).

organizations and employers on the methods of counteracting union organization activity.

The "open shop principle of employment" was reaffirmed. Every employer was urged "the necessity of advising workers in his plant that the National Industrial Recovery Act does not destroy or affect their mutual right to operate on an open shop basis, and that he will endeavor to protect them in that right."¹

To that end the NAM issued a bulletin to its members on August 8th, which included a copy of a:

. . . bulletin board notice being used in some industrial plants to advise employees as to their rights under the Recovery Act. Our Open Shop and Employment Relations Committees suggest the use of some similar appropriate poster or placard. Our counsel advises us that the poster reprinted herein is a correct interpretation of the law. This poster is being placed on the back of this bulletin so it can be detached and used immediately.

The poster informed employees that:

. . . there is nothing in the bill that compels, or even encourages, employees to join any organization.

It makes no discrimination between the organized, or unorganized, employees because the government guarantees that the codes that are set up to control industry will not discriminate against, or favor, any class of employees, whether organized or unorganized. They all will receive equal protection and benefits.²

The Labor Relations Bulletin of November, 1934, offered detailed advice on how employee representation through systems of works councils could be provided.³ In answer to the charge

¹La Follette Committee, Hearings, Part 17, p. 7,571.

²Cited ibid., p. 7,566, 7,570; cf. Part 35, p. 14,056. (Italics added.)

³Ibid., Part 35, p. 14,292.

that works councils were favored by employers because they would prevent the growth of trade unions,¹ the NAM replied:

If the employer considers trade union collective bargaining undesirable from the standpoint of productive efficiency and company earnings, then the employer surely has a right to consider the welfare of the bondholders and stockholders of his company. . . . [H]e possesses the right to weigh the relative merits of the different kinds of collective bargaining and to favor and propose the one he believes best suited to bring about and maintain mutually satisfactory and harmonious relationships between company management and workers--and that is the kind which management truly desires even if only from a selfish viewpoint.

As for the charge that they were financed by employers: "If we recognize, however, that there is a real community of interest between the employer and employees, then it may be assumed that any duties inherent in the carrying out of the purposes of any plan to develop that community of interest, are a legitimate and necessary part of the company's business."²

Works councils were deemed more desirable than negotiations with independent labor organizations because the latter were not legally responsible for violations of contracts.³ The Association also argued that they permitted the settling of industrial disputes at the plant level on considerations of local concern.⁴

¹A study of one hundred and twenty-six companies revealed that in 41.6 per cent of the cases company unions were introduced because trade unions were making headway in the particular plant or locality (U.S. Department of Labor, Bureau of Labor Statistics, Characteristics of Company Unions, Bulletin No. 634 [Washington: Government Printing Office, 1935], p. 81).

²Cited by La Follette Committee, Hearings, Part 35, pp. 14,290-14,291.

³Platform and Resolutions, 1934, p. 42.

⁴"Basic Principles of Sound Employment Relations," 1934, cited in La Follette Committee, Hearings, Part 17, pp. 7,734-7,735.

On June 16, 1934, Congress passed Public Resolution No. 44, which gave the President power to appoint a board or boards to investigate violations of section 7 (a). These boards could hold elections to determine representatives for collective bargaining. The NAM insisted that individual bargaining was not affected by the new resolution.¹ Coupled with the defense of individual bargaining was the argument that the Board's majority rule principle for the determination of collective bargaining representatives was invalid:

. . . [I]t is our opinion that the majority rule is invalid by virtue of the 5th amendment to the Constitution. By denying to an individual employee his fundamental right to bargain or contract with his employer, without associating with a group,² we believe the majority rule principle is invalid. . . .²

The Board of Directors of the Association advised its members to disregard the majority ruling of the NLRB "until there had been a court decision in the matter."³

The NAM platform for 1934 argued that "National Labor Boards have ignored the rights of employers by compelling them to recognize as employees those who have voluntarily quit work."⁴ The reference was to strikers. It was further alleged that the labor boards were "distorting language and usurping the legislative

¹Law Department Bulletin, June 17, 1934, cited in La Follette Committee, Report, p. 87.

²Law Department Bulletin, July 23, 1935, cited in La Follette Committee, Hearings, Part 17, p. 7,596.

³Annual Report, 1934, cited ibid., Part 35, p. 14,045.

⁴Ibid., Part 17, p. 7,557.

powers vested in Congress."¹ These powers even Congress should not exercise, for the "Federal Government should not assume or attempt to control local relationships between employees and employers."²

National Labor Relations Act

The legal protection that the National Labor Board and the first National Labor Relations Board attempted to extend to collective bargaining between 1933 and 1935 was largely thwarted by activities approved or sponsored by the NAM, in collaboration with the National Industrial Council, the American Iron and Steel Institute, the Associated Industries of Cleveland, the National Metal Trades Association, and similar groups acting under the leadership of the NAM. The second Board had proved powerless to enforce the provisions of section 7 (a) of the NIRA. Investigative powers were nullified by employers who refused to appear before the Board.³ Employers' associations fostered company unions and questioned the Board's right to disestablish them. Obstacles were encountered in the attempt to conduct certification elections for the purpose of collective bargaining. Outright

¹Ibid., Part 18, p. 7,874.

²Platform and Resolutions, 1934, p. 13.

³U.S. Congress, Senate, Committee on Education and Labor, To Promote Equality of Bargaining Power between Employers and Employees, to Diminish Causes of Labor Disputes, to Create National Labor Relations Board, and for other purposes. Hearings before Committee on Education and Labor) on S. 1958, U.S. Senate, 74th Cong., 1st Sess. (Washington: Government Printing Office, 1935), Part 1, p. 94.

frustration of the majority rule principle was rampant. The need for a new law with effective enforcement provisions was apparent to Congress.

The NAM fought a rear-guard action as it opposed the enactment and subsequent execution of Senator Robert F. Wagner's National Labor Relations Act.

The NAM vehemently denounced the bill for a variety of reasons: (a) it was unconstitutional; (b) it was an attempt on the part of the federal government to arrogate to itself jurisdiction over purely local employment relations far removed from interstate commerce; (c) it amounted to federal regimentation of employment relations by establishing a centralized bureaucracy which would harass employers in their delicate relations with their employees; (d) it would disestablish company unions which had proved very satisfactory to the NAM; (e) it would encourage unionization; (f) it did not provide for means by which the employer could curb Communism in his own plant; and (g) it would retard industrial recovery.¹

Less than two weeks after Senator Wagner's bill became law the Law Department Bulletin of the Association proclaimed flatly: "We are therefore of opinion that, in the light of the definitions in the National Labor Relations Act and the uniform

¹To Promote Equality of Bargaining Power, op. cit., Part III, pp. 243-244, 271, 785-786; La Follette Committee, Hearings, Part 18, p. 7,869; Part 35, pp. 14,199-14,200; "NAM Positions on the Wagner Act" (National Association of Manufacturers, n.d.), unnumbered, (mimeographed); National Association of Manufacturers News Release, March 13, 1935.

decisions of the Supreme Court of the United States, the relations between a manufacturer and his employees engaged in manufacturing are not subject to Federal control and are not within the jurisdiction of the National Labor Relations Board."¹ With regard to the argument that manufacturing operations have a direct or substantial effect on commerce, the Bulletin stated: "It is our opinion that this concept of commerce as a constant flow does not warrant Federal jurisdiction over labor disputes in manufacturing." With regard to majority rule: "Without undertaking an elaborate analysis of the issue, it is our opinion that the majority rule is invalid by virtue of the 5th amendment to the Constitution."² These views were generally a reiteration of the Association's attitude toward the previous National Labor Relations Board under Public Resolution No. 44. The NAM's interpretation of the narrow coverage of the Wagner Act, however, was a reversal of its attitude before passage when the NAM was attempting to bestir employers to active opposition. In a Labor Relations Bulletin for April, 1935, the Association had advised that "practically every employer in the United States would be directly affected if this bill becomes law."³

Counsel John C. Gall adopted the attitude that the powers of enforcement of the National Labor Relations Board were limited.

¹La Follette Committee, Hearings, Part 17, p. 7,593.

²Ibid., pp. 7,589-7,596; this bulletin was given a circulation to members amounting to about 4,000; additional printings gave it a circulation of between 10,000 and 12,000.

³Ibid., Part 35, p. 14,175.

In a speech delivered on December 18, 1935, he explained: "[T]he important thing is that no employer can incur any penalty of any kind for refusing to do anything that the National Labor Relations Board orders him to do or that a regional board orders him to do, and the only penalty that attaches is after the order of the board has been translated into an order of the court."¹

In plant bulletin board posters intended to inform workers of their rights, the NAM called attention to rights that protected workers from discrimination if they did not join a union. Workers were assured that they did not have to join unions in order to obtain or retain a job and that company unions were not outlawed by the act. There was no mention of the rights employees gained to join unions and bargain collectively, nor were they informed that they could not be discharged or discriminated against because of the exercise of these rights. Walter Weisenburger aptly referred to these posters as an "ounce of prevention" which would not only serve to forestall unjustified labor disputes by fostering some intelligent self-thinking employees, but would also serve notice on the outside agitators that the employer would not, through ignorance, be coerced into agreement with unwarranted demands backed by unenforceable threats.²

By the end of the year in which the law was enacted the attitude of the NAM was distinctly recalcitrant on the legal side. It advised its members that the act was unconstitutional.

¹Cited in La Follette Committee, Report, p. 127.

²La Follette Committee, Hearings, Part 17, p. 7,598.

Politically, it was committed to repeal of the act; and in employer-employee relations, it stood firmly in favor of the company unions established in the period preceding the passage of the act.

During the following year leaders of the NAM continued to find inadequacies in the National Labor Relations Act and with organized labor. Emery found a lack of "social responsibility" in organized labor. And President C. M. Chester discovered faults in the act: "We are hampered by labor legislation which is likely to increase labor disputes and to lessen competence in plant management."¹ In April of 1936, the NAM announced that the act was "unpopular."²

The extent of the NAM's official acceptance of collective bargaining one year after the passage of the NLRA was indicated when an Employment Advisory Committee proposed to the Employment Relations Committee a provision which advocated: "No discrimination in either employment, training, promotion, retention, discipline or discharge on account of membership or non-membership in any organization."³ This provision was eliminated in the Committee's final draft of Employment Principles and Procedures.⁴ The only provision by which the NAM here implied a tolerance of workers' organizations for collective bargaining was a paragraph

¹La Follette Committee, Report, p. 132.

²Ibid.

³La Follette Committee, Hearings, Part 17, p. 7,551.

⁴Ibid., pp. 7,552-7,553.

(Number Four) which provided that "Opportunity should exist in each plant for the consideration and adjustment of all complaints, . . . " Even this implied recognition of workers' organizations was limited by an interpretation of President Chester, who wrote: "I understand, however, that statement #4 was not intended to imply definite acceptance of the principle of 'Employee Representation Plans,' but it was felt that in some cases firms could handle their employee relations through direct managerial contact and in other cases by managerial contact through foremen, etc."¹

Thus, the NAM's official acceptance of collective bargaining in 1936 did not even imply complete acceptance of employee representation plans, let alone collective bargaining by trade unions.

An extensive body of evidence indicates that espionage and related interferences by many employers, some of them members of the NAM, were common practices between 1933 and 1937, especially after 1935. Was the NAM negligent in not criticizing the use of labor espionage and industrial munitions by many of its most prominent members, or was not its leadership in promoting good industrial practices as effective as the Association would have one believe? The NAM did not deliberately foster or condone the use of these techniques. But at no time did it formulate a policy declaration that was critical of them. When asked by Senator La Follette whether labor spies, tear gas, and other methods had proved useless, Noel Sargent, Secretary of NAM,

¹Ibid., p. 7,547.

testified: "The Association has taken no position either advocating that or condemning their use in general, and my personal opinions would not be worth anything to the committee, Senator."¹ Robert Lund, President of the Association in 1933, replied that he had no moral convictions on the subject of labor espionage.²

The lack of concern NAM displayed for the use by its members of industrial espionage and munitions becomes more understandable by investigating the labor policies of some of the companies which made the greatest contributions for the support of NAM and the policies of some of the companies which were directed by men who sat high in NAM's inner circles. On the one hundred and twenty-five companies that had representatives on the Board of Directors at some time during the years 1933 to 1937, fourteen used detective agency services, six purchased industrial munitions, and fourteen resorted to both at some time during the period. Of the two hundred and sixty-two companies and their subsidiaries which contributed 50 per cent of the income of the Association during the period 1933 to 1937, fifty-eight companies used labor espionage services, sixteen purchased industrial munitions, and thirty-one others had both at some time during 1933-1936. The companies among the large contributors that purchased industrial munitions accounted for \$335,000 worth, or 61 per cent,

¹Ibid., Part 18, p. 7,765.

²Ibid., Part 17, p. 7,422.

of the amount sold to industrial concerns in the United States from January, 1933, to July, 1937.¹

The NAM may not have approved of the actions of all its member concerns. However, at no time during this period did the NAM forthrightly denounce the practices related. In a few cases of unusual company performance the NAM did choose to comment. When James Rand, who had long been active in the inner circles of NAM, devised an ingenious method of ending a prolonged strike at the Ilion, New York, Remington-Rand plant, the NAM's Labor Relations Bulletin carried an approbative reference to the Mohawk Valley formula² as a "real contribution to civic dignity."³

On another occasion the NAM prepared a pamphlet, Industrial Strife and the Third Party, describing local citizens' committees, or vigilante movements, throughout the country. This report grew out of a request from affiliate organizations for such information. It was prepared for submission to the National Industrial Council.

At the Council meeting held in Chicago on June 16, 1937, it was unanimously agreed that a manufacturers' or industrial organization should have no part in trying to create a national

¹As a result of practices such as these Senate Resolution 266 was passed by the Senate, and the La Follette subcommittee of the Senate Committee on Education and Labor was created to investigate violations of free speech and the rights of labor.

²For an explanation of the Mohawk Valley formula see Appendix VI.

³La Follette Committee, Hearings, Part 18, p. 7,928.

organization or trying to set up vigilante movements in advance of overt acts. For that reason the pamphlets were not to be generally distributed. Yet, between seven thousand and seven thousand five hundred copies were sent to the NAM membership through normal distribution channels. The normal practice had been to indicate the source of such a pamphlet somewhere on the literature. "We tried to identify all of our material." Despite the decision of the Council, the NAM distributed the pamphlets to its membership--and without identifying the source. Both actions were termed a "slip."¹

The decisions of the Supreme Court on April 12, 1937, to uphold the constitutionality of the National Labor Relations Act shocked organized industry. In "Industrial Press Service" the NAM expressed its reaction to the Court's action: "Washington literally was stunned with surprise at the breadth of the Supreme Court decisions upholding the Wagner Labor Act."²

But the Association's attitude toward the NLRA continued to be recalcitrant and resistant. Within two weeks after the high court's decision, the NAM issued a press release giving its interpretation of the act in practically the same negative terms as its bulletin board poster of July 25, 1935.³

The right not to organize was held to be equally as basic

¹Ibid., Part 19, pp. 8,551-8,569.

²La Follette Committee, Report, p. 134.

³La Follette Committee, Hearings, Part 35, pp. 14,360-14,361.

as the right to organize and it protected the right to organize. "That negative right," James Emery wrote, "safeguards the reciprocal right of which it is the complement."¹

As a method of avoiding the full effects of collective bargaining as guaranteed by the NLRA the NAM took cognizance of:

. . . a new form of collective bargaining or negotiation [that] has risen in many plants--the so-called 'employee representation' method. Under this plan the employer deals with his own employees on a collective basis but refuses to deal with organizations dominated by employees of other employers.²

The Association sent to its members model plans for "independent unions" and displayed a marked eagerness to encourage resistance to "outside" nationally affiliated unions. On July 23, 1937, an explanation in the Association's Labor Relations Bulletin entitled "How Can Employee Representation Plan Group of Employees Transform Itself into an Independent Union?" detailed the procedure. It listed methods whereby a transformation from company unions to "independent" unions could be achieved by the elimination of financial support and joint employee-management councils. This advice, it may be emphasized, was addressed not to employees, but to employers. In addition, the NAM supplied a sample general statement of purposes, membership application, application receipt, constitution and by-laws, and articles of incorporation.³

¹James Emery, "Labor Responsibility," NAM Labor Relations Bulletin, July 23, 1937, cited by La Follette Committee, Hearings, Part 17, pp. 7,624-7,625.

²NAM Labor Relations Bulletin, April 12, 1937, cited ibid., p. 7,557.

³Ibid., pp. 7,627-7,628, 7,448-7,450.

Since the constitutionality of the Wagner Act was upheld by the Supreme Court, the Association was convinced that the justification for the right to strike as a weapon in the hands of labor had been removed.¹ Further, just as the employee's right to organize could not obstruct the employee's right not to organize, likewise, the right to strike could not interfere with the employee's right to work. Emery concluded that "The moment a strike is accompanied by a violent effort to compel others who desire to remain at work or take the place which strikers have abandoned, from doing so, it violates the law from the beginning."² The strikers, once the work stoppage was over, did not possess a similar right to work, however. They were employees "who have voluntarily quit work," which, therefore, implied that employment relations between employer and employee had been permanently severed.³

Agitation for Alternative Policies of
Government Intervention: 1937-1947

Objections and Alternatives to the
National Labor Relations Act

In 1937 industry, business, and some labor groups launched a protracted campaign for repeal or amendment of the Wagner Act

¹"Statement of Employment Relations," 1937, cited in La Follette Committee, Hearings, Part 17, p. 7,557.

²James Emery, "Labor Responsibility," NAM Labor Relations Bulletin, No. 23, July 27, 1937, cited in La Follette Committee, Hearings, Part 17, p. 7,625.

³Platform and Resolutions, 1934, cited ibid., p. 7,736.

that culminated ten years later in the enactment of the Taft-Hartley Act. Within Congress some two hundred and thirty bills to amend the Wagner Act were introduced during this decade. By far the largest portion of the proposals constituted an attack upon the principles of the act. The campaign in Congress was directed by a small minority of legislators who were eventually successful in winning over enough of their colleagues to pass Taft-Hartley and then to override the President's veto.¹ Outside Congress the NAM was a leader among industrial interests in organizing opposition to the Wagner Act.

The NAM's Platform of American Industry for 1935 asserted: "In opposing unsound economic and social measures, it is unnecessary to propose alternatives."² But intransigent opposition between 1933 and 1937 proved futile. When the Supreme Court sustained the constitutionality of the NLRA, the Association concluded that it was necessary to propose alternatives. The alternatives involved federal government intervention in industrial relations to help industry regain its lost power and position.³

¹Seymour Mann, "Developments in Congress, 1936-1946" (Unpublished research project, 1948), p. 32.

²National Association of Manufacturers, Platform of American Industry (New York: National Association of Manufacturers, 1935).

³Twice before, in 1934 and in February, 1937, the Association had urged "prompt and effective government protection" of the right to work. In the former instance the request was for federal action; in the latter case, for state action. Platform and Resolutions, 1934, op. cit., p. 41; "Extracts from Board of Directors' Minutes," February 17, 1937, cited by La Follette Committee, Hearings, Part 18, p. 8,017. See also, New York Times, March 26, 1939.

The need for amendment was pressing, for the NAM viewed the Wagner Act as "the most unconstitutional law ever made constitutional"¹ "bringing America dangerously close to open revolution."² "[I]t had brought in its train abuses far worse than those it has sought to cure."³

The abuses the NAM complained most about were not primarily injustices born in the train of applying and administering the act, but were inherent in the policies of the law. The Association's criticisms and proposals for change generally coincided with a classification of the two hundred and thirty pieces of legislation that were introduced in Congress between 1937 and 1947 to amend the Wagner Act.⁴ Only one category related primarily to administrative matters. These criticisms and proposals were concerned with: (1) the desirability of a national policy that recognized the legal right of employees to organize and encouraged the practice of collective bargaining rather than individual bargaining as a means of settling industrial disputes; (2) problems of representation for purposes of collective bargaining; (3) the right to engage in concerted action; (4) inequalities of the act and proposals for redefinition of unfair

¹NAM News, December 7, 1946, p. 3.

²Walter B. Weisenburger, Challenge to Industry (New York: National Association of Manufacturers, 1947), p. 6.

³Leo Teplow, "Implications of the Labor-Management Relation Act of 1947" (Address at Tenth Southern Tier Industrial Conference, Binghamton, New York, October 26, 1947), p. 2. (Mimeographed.)

⁴Mann, op. cit.

labor practices; (5) regulation of unions and the imposition of legal obligations and responsibilities; and (6) procedure, organization, and jurisdiction of the NLRB.

The right to organize and bargain collectively.--The desirability of a national policy that recognized the legal right of employees to organize was questioned by the NAM. During the middle thirties the NAM never advocated the right of workers to unionize as seriously and strenuously as they supported independent action. After 1937 the right of independent action and the right not to organize continued to be stressed by the Association.¹ Employers were urged to make employment available to workmen on the basis of their merit and service without reference to either membership or non-membership in any labor organization.² In supporting impartially the rights to organize and not to organize, the NAM urged that the employee be protected by law against coercion from any source. Compulsory union membership and interference with voluntary union membership both should be prohibited by law.³

The Association no longer persisted in condoning company unions. But it is doubtful that the NAM wholeheartedly approved

¹"An elementary part of the voluntary right of association is the right not to associate" (James Emery, "A National Public Labor Relations Policy for Tomorrow" [Address before National Founders Association, November 17, 1943, mimeographed]).

²La Follette Committee, Hearings, Part 17, p. 7,558.

³National Association of Manufacturers, Industry Believes (New York: National Association of Manufacturers, 1946), pp. 5-6, 8.

of workers exercising the right to organize, for unionization was considered equivalent to disloyalty to management. In 1946 the Industrial Relations Program Committee recommended that the NAM do everything possible to alert employers to the urgent and immediate need for reappraising the status of white collar, technical, and professional workers as compared to that of hourly employees. It was agreed that these groups of workers had lagged behind the hourly employee in improvement in their hours, wages, and working conditions. "This comparative reduction in the status of salaried employees," the committee concluded, "creates the danger of loss of loyalty to management and created conditions favorable to unionization."¹

Foremen, the "first line of management," were specifically to be denied the right to organize.²

The NAM was also initially critical of the Wagner Act because it encouraged the practice of collective bargaining rather than individual bargaining as a means of settling industrial disputes. It infringed upon the right, indeed, "the responsibility of the management in each individual plant" to determine arrangements governing employment relations.³ Although Charles R. Hook, at the 1939 Congress of American Industry, urged employee

¹Appendix VIII.

²New York Times, April 1, 1943, p. 12.

³National Association of Manufacturers, Declaration of Principles Relating to the Conduct of American Industry (New York: National Association of Manufacturers, 1939), p. 12.

enlightenment and "collective cooperation" to replace "the current fetish of collective bargaining,"¹ some modification of the NAM's intransigence toward collective bargaining was already evident in 1938. A few members attending the 1938 Congress of American Industry wanted to advocate complete revision of the Wagner Act as the cause of all labor disputes. These members wanted to tell government to cease regulating industry. The 1937 Congress of American Industry had voted without dissent that progress could be had only if industry were "unshackled" by government and labor, so the 1938 Platform for American Industry proved to be victory for those who thought compromise was a better way to approach industrial relations. The Resolutions Committee, headed by W. L. Batt, submitted seventeen drafts before the final draft, referred to by the New York Times as a "liberalized labor program," was accepted. It read:

Industrial management recognizes that employes who wish to bargain collectively are entitled to do so, in whatever form they determine, through their own freely chosen representatives, and without intimidation or restraint from any source.²

While accepting the principle of collective bargaining,³ the NAM continued to insist that it constituted only one means

¹"Progressive Guide for Industry Set up by NAM Platform," Newsweek, December 18, 1939, p. 51.

²New York Times, December 9, 1938.

³Secretary of Labor Frances Perkins viewed this position with pleased astonishment: "I rubbed my eyes. . . . Could it be true that such an organization was saying all these things about . . . sound industrial relations being based on negotiations between employes and employer?" (New York Times, December 9, 1939).

of handling industrial disputes. In 1939 the NAM maintained that the government should protect the right of workers to bargain collectively or individually through representatives of their own choosing.¹ Paradoxically, while opposing federal action which guaranteed the right of collective bargaining in local relationships between employers and employees, the NAM did advocate governmental protection of the right to work, protection for individuals and minorities among workers who did not want to join unions, protection for employees from being coerced or intimidated into joining a union, protection for employers who wished to confer with employees on labor problems, and protection of the freedom of employee and employer to bargain either collectively or individually.²

The first unqualified acceptance of collective bargaining did not come until 1940:

The National Association of Manufacturers does not oppose collective bargaining, nor does it seek abandonment of any sound social advance. Rather, it seeks to correct unsound legislation so that it may operate for the benefit of the whole people.³

But the next year the NAM reaffirmed its belief in individual bargaining as well as collective bargaining:

¹"Report of Committee on Employment Relations," 1939, as quoted by Armand J. Brisette, "Epitome of National Association of Manufacturers' Positions" (mimeographed, 1939), unnumbered (hereinafter referred to as "Epitome").

²New York Times, March 26, 1939; Brisette, "Epitome," op. cit.

³New York Times, June 17, 1940.

Protect the right of individual employees to join any labor organization or none at all, as the employee himself may deem best in his own interest, of his own free will and choice, without coercion or intimidation from any source.¹

In 1942 the NAM quoted with approval as still its position a statement from its 1935 platform to the effect that harmonious cooperation in industry required "that employer and employee be free to bargain collectively or individually in such forms as are mutually satisfactory to them without coercion from any source."²

H. W. Prentis, in 1944, reiterated that employees had the right to represent themselves in dealing directly with their employers, if they desired, and when they wished others to represent them, they were entitled to choose without coercion.³

A member of the staff of NAM's Industrial Relations Department believes that the NAM never accepted the principle of collective bargaining until 1946 when an important new policy declaration (to be discussed below) was framed.⁴

In acknowledging the advantages and desirability of collective bargaining as one means of handling industrial relations,

¹National Association of Manufacturers, Industry's National Program for 1941 (New York: National Association of Manufacturers, 1941), p. 10.

²National Association of Manufacturers, Employer-Employee Cooperation (New York: National Association of Manufacturers, 1942). (Italics added.)

³H. W. Prentis, Jr., Government's Place in Postwar Labor-Management Relations (New York: National Association of Manufacturers, 1944), p. 5.

⁴Personal interview with David Malthrop, June 8, 1948.

the NAM did not sanction it as an universal and abstract right of labor. The Economic Principles Commission of NAM reported in 1946:

From the standpoint of economics there is nothing inherently good or inherently bad about collective bargaining per se. It is difficult to judge it in the abstract; the results in a particular case might be either good, bad, or of no significance.¹

Consequently, the NAM has been extremely explicit regarding the use to which collective bargaining may be put. "Collective bargaining, where it is carried on, is a vital part of managerial responsibility and is not intended to infringe upon management prerogatives."² Its use should be limited to the determination of wages, hours, and conditions of work. Welfare and health plans should be outside the scope of collective bargaining.³ Genuine collective bargaining was alleged to be limited, prevented, or destroyed by the closed shop,⁴ compulsory arbitration,⁵ and

¹The American Individual Enterprise System, op. cit., I, 190.

²Industrial Relations Department, National Association of Manufacturers, Collective Bargaining, A Management Guide (New York: National Association of Manufacturers, 1943), p. 6.

³NAM News, March 1, 1947, p. 5.

⁴"A Statement approved by the National Association of Manufacturers, Congress of American Industry on December 7, 8, 9, 1937," cited by La Follette Committee, Hearings, Part 17, p. 7,558.

⁵National Association of Manufacturers, The Public Be Served (New York: National Association of Manufacturers, n.d. [ca., 1947]), p. 17; Ira Mosher, Testimony before Senate Committee on Education and Labor, U.S. Congress, Senate, Committee on Labor and Public Welfare, Labor Relations Program, Hearings before the Committee on Labor and Public Welfare, U.S. Senate, 80th Cong., 1st Sess., on S. 55 and S. J. Res. 22 and all other bills and

industrywide bargaining.¹

Collective bargaining, H. W. Prentis admonished, should never be used to compel either party to surrender basic principles, or to permit them to establish collusive agreements between themselves to the disadvantage of the public.²

Representation for purposes of collective bargaining.--

The NAM's proposals to solve problems of representation for purposes of collective bargaining would, if adopted, allow frequent representation elections and approve individual bargaining, even where collective bargaining had previously been the accepted practice. In 1939, the NAM suggested that employer petitions for election should be acted on by the NLRB, and that such action should be mandatory where the employer was confronted by two or more groups when one of the parties claimed to represent a majority of the employees. The Association further advised that the Board should not be permitted to make compulsory multiple-unit certifications, combining in one unit the employees of a number of employers. A plea for the elimination of the majority rule provision was reiterated. The NAM maintained that if the rule were retained, other amendments would have to be passed to make

resolutions referred to the Committee having the object of reducing industrial strife in the United States (Washington: Government Printing Office, 1947), Part II, pp. 952-955. (Hereinafter referred to as Labor Relations Program.)

¹Mosher, "Testimony before the House Committee on Education and Labor, March 7, 1947," op. cit., p. 4.

²H. W. Prentis, Jr., Government's Place in Postwar Labor-Management Relations, op. cit., p. 6.

it effective and at the same time to protect those who did not wish to affiliate with the majority group.¹

In a letter to the executive secretary of the NLRB the NAM Counsel outlined a procedure the Association proposed for representation elections: the ballot should offer employees the choice between all competing labor organizations and no union at all. If a simple majority of all employees eligible to vote (not just of those voting) does not approve of one union, or none at all, a run-off election should be held. On the second ballot employees can decide between the top two choices of the first election. In any event no union should be recognized which does not receive a simple majority of all employees eligible to vote.²

The right to engage in concerted action.--The approach of the NAM to problems of strikes was contradictory. On one hand, the Association would deny access to the NLRB to those unions which had engaged in the variety of strikes listed below. Further, H. W. Prentis (President, 1940) proposed that the Wagner Act be amended so that, in effect, any resort to concerted action by employees would be completely forestalled. Recognizing that while employees had the right to quit work, he maintained that either individually or collectively, they had no right to prevent others from working nor any right to intimidate customers or their employers.³

¹Brissette, "Epitome," op. cit.

²Letter from Raymond Smethurst to Bent, NLRB executive secretary, dated August 2, 1943, cited in NAM News, August 7, 1943, p. 5.

³Prentis, Government's Place in Postwar Labor-Management Relations, op. cit., passim.

On the other hand, the Association announced in 1941: "We do not favor enactment of legislation to forbid strikes and lock-outs in defense industries,"¹ and the official 1946 policy stated that "employees should be free to strike."² In principle, this last statement, taken out of context, represents a basic and important deviation from the policy that was laid down in 1903. The right to organize has always been accepted in theory; the right to bargain collectively has never been recognized as an absolute principle of employment relations. By official proclamation the Association put itself on record as recognizing the right to strike. But, as with each of the other rights, the right to strike has been so surrounded by qualifications that its value to labor has often been meaningless.

The NAM asserted that employees could engage in strikes only if they were legal and did not jeopardize the welfare of society. To be legal a strike should involve issues relating to wages, hours, or working conditions only. Employees' demands should be formally presented and a reasonable time allowed for settlement by peaceable means. Bargaining between unions and employer should be conducted in good faith. If differences cannot be reconciled and mediation fails, the majority of employees in the bargaining unit, by secret ballot under impartial supervision should vote on the job for a strike in preference to acceptance of the latest offer of the employer. That impartial

¹Industry's National Program for 1941, op. cit., p. 9.

²Industry Believes, 1946, op. cit., p. 7.

third party may be an appropriate arm of the federal government or of the state or municipal government. It may also be a local person or group identified in the collective bargaining agreement.

The following strikes were judged not to involve legitimate issues; therefore, the Association suggested that they be forbidden by law: (1) sit-down strikes; (2) jurisdictional strikes; (3) sympathy strikes; (4) political strikes; (5) strikes of government employees; (6) strikes against the government to coerce public officials into a course of action; (7) strikes involving essential public services; (8) strikes affecting public health or safety; (9) strikes to force employers to ignore or violate the law; (10) strikes to force recognition of an uncertified union; (11) strikes in violation of agreements; (12) strikes to enforce featherbedding and secondary boycotts; (13) strikes to compel establishment of the check-off; (14) strikes to compel an employer to deal collectively with supervisory officials; (15) strikes to bring about establishment of the closed shop; and (16) strikes which do not protect the rights of the minority of employees. To protect rights of minorities one suggestion was to separate employees into two groups--those with five years' service or more and those with less than five years' service. Before any strike could be called majority approval of both groups must be had.¹

¹"Minutes of Employment Relations Committee," May 20, 1937, quoted by La Follette Committee, Hearings, Part 35, pp. 14,072-14,076; Press Service Release, April 21, 1937, quoted ibid., p. 14,096; "A Statement Approved by the National Association of Manufacturers, Congress of American Industry on December 7, 8, and 9, 1937," quoted ibid., Part 17, pp. 7,556-7,558; Industry's National Program for 1941, op. cit., pp. 10-11; National Association of Manufacturers, National Defense and

A strike that affected the public interest was also to be ruled illegal. Raymond Smethurst, testifying before the Senate Labor Committee in 1947, said:

I think any strike above a certain size is almost bound to affect the public interest; that is, a strike that completely cuts off the supply of coal or steel certainly is going to affect economic activities throughout the country.¹

He would make any industrywide strike that affects public interest illegal; and he would completely prohibit nationwide strikes.²

The NAM was convinced that only by changes in the labor policy as reflected in federal law could sufficient encouragement be given to local law enforcement agencies and respect for the law by labor leaders be compelled. The Norris-La Guardia Act, specifically, should be amended to permit federal injunctions against acts involving violence, force, or coercion.³

The NAM favored amendments to state anti-injunction laws too which would enable courts of equity to dispense "preventive justice" in labor disputes.⁴

America's Future, Program adopted by 46th Congress of American Industry, December, 1941 (New York: National Association of Manufacturers, 1941), p. 7; H. W. Prentis, Jr., Government's Place in Postwar Labor-Management Relations, op. cit., pp. 5-6; Labor Relations Program, op. cit., Part II, pp. 937, 940; Part IV, p. 1,789; Industry Believes, 1946, op. cit., p. 7; The Public Be Served, op. cit., pp. 16-17; "Statement of Ira Mosher before House Committee on Education and Labor, March 7, 1947," pp. 21-22. (Mimeographed.)

¹Smethurst, Labor Relations Program, op. cit., Part IV, p. 1,789.

²Ibid., p. 1, 792.

³NAM News, March 29, 1947, p. 12.

⁴"Report of Committee on Employment Relations," 1937, cited by Brissette, "Epitome," op. cit., unnumbered.

It was proposed that mass picketing and acts of coercion be outlawed and unions which permitted or encouraged such activities be subject to legal penalties, injunctions, and loss of Wagner Act protection. Federal laws should regulate picketing to insure that it would be resorted to only in case of a legitimate labor dispute, and under conditions of non-interference with the rights of others.¹

Ira Mosher, in testimony before the House Labor Committee in 1947, asked that secondary boycotts be declared contrary to public policy, that unions which so engaged should lose their rights before the NLRB, that persons damaged by a secondary boycott should have the right to sue those instigating the boycott, and that the provisions of the Norris-La Guardia Act be inapplicable to secondary boycott activities.²

Inequalities in the Wagner Act and its administration.---
 Approving, as the NAM did, of individual bargaining as a technique of adjusting employer-employee relations, the Association viewed the guarantee of the right to organize and bargain collectively as evidence of inequalities in the Wagner Act. In fact, the whole act and its administration were regarded as being weighted in favor of unions; consequently, the individual worker and the employer suffered many injustices from this one-sided act:

¹NAM News, March 29, 1947, p. 12.

²"Testimony before House Committee on Education and Labor, March 7, 1947," op. cit., p. 16; see also: Mosher, Testimony before Senate Committee on Labor and Public Welfare, 1947, Labor Relations Program, op. cit., pp. 958-959.

(1) The act failed to protect employees against any and all coercion. The Association asked protection of the right of individual employees not to associate if they so chose.

(2) The act sought to destroy independent unions not affiliated with either the CIO or AFL, notwithstanding the fact that such organizations were lawfully initiated many years ago.

(3) The act exhibited hostility toward employers and their associations while championing the rights of unions. (a) When employees choose to be represented by unions, management was required to bargain collectively. But unions had no legal obligation to bargain collectively. They short-circuited collective bargaining by pulling a strike first and negotiating afterwards. (b) Unions could not be sued at all in some states, and their capacity to be sued in others was severely restricted. (c) Unions had the full right of free speech, "including departure from the facts, when it suits them"; management was limited in the things it could say to employees. (d) Unions might, and did, accuse the NAM, engage in racketeering. The Supreme Court had decided that anti-kick-back laws did not apply to unions. (e) Unions might, and did, engage in monopolistic practices clearly in restraint of interstate commerce, that were prohibited to the employer. Yet the use of the injunction as a valuable device for the protection of citizens and management was virtually destroyed.

(4) The NLRB was one-sided in that it assumed that only employers could be guilty of unfair labor practices. In its administration hostility was exhibited toward the employers and their associations while the rights of employees to organize was

championed. It denied the right to ordinary provisions of a fair trial, including full statement of charges, equal rights to subpoena witnesses, and equal rights to introduce evidence.¹

To adjust these inequalities the NAM asserted that Congressional action amending the Norris-La Guardia and Wagner Acts was imperative. For the employers the NAM asked that free speech be guaranteed to employers in connection with all labor matters "as long as they do not threaten or intimidate employees."² Since unions failed to adopt self-regulation, they should be compelled to meet certain standards of conduct, such as being obligated to bargain with employers in good faith and being equally answerable for conduct in violation of contract or legal requirements. Unions should be subject to suit.³ A listing of unfair union practices would correct the injustices done by merely listing unfair employer practices.⁴ Principal among these unfair union practices were the above listed strikes that the NAM proposed be outlawed.

¹Prentis, Government's Place in Postwar Labor-Management Relations, op. cit., p. 5; "Report of Committee on Employment Relations," 1939, cited by Brissette, "Epitome," op. cit., unnumbered; American Individual Enterprise System, op. cit., I, 215; Raymond S. Smethurst, "Settlement of Industrial Disputes by Peaceful, Legal Process" (Address before the Twentieth Annual Meeting of the Federation of Bar Associations of Western New York, Jamestown, New York, September 7, 1945), pp. 5-7 (mimeographed); Leo Teplov, "Labor Relations and the Future," op. cit., pp. 2-3.

²Industry's National Program for 1941, op. cit., p. 11.

³James Emery, "Labor Responsibility," quoted by La Follette Committee, Hearings, Part 17, pp. 7,624-7,635.

⁴New York Times, March 26, 1939, p. 1.

For employees the NAM asked protection of the right not to associate. Illegal action, intimidation, coercion, or violence should be prohibited. The injunction should be made available to protect individual and property rights.¹

There can be no permanent solution of labor problems," the NAM explained, "so long as the law places restraints upon one party to the employer-employee relationship and leaves the other party free of all restraint."²

With these adjustments accomplished, collective bargaining should proceed on a voluntary basis free from government direction or interference. Undertaken in good faith with each party exerting self-restraint in the interests of the public welfare, and the government restricted to the encouragement of cooperation, making available its services in the form of impartial and competent conciliation, the solution to industrial relations should be at hand. Conciliation should be undertaken only after reasonable time and full effort to reach agreement was made by direct negotiation. If direct negotiations and conciliation have not been successful, voluntary arbitration might be considered only to settle such issues as both parties voluntarily agreed could be properly resolved in that manner. Compulsory arbitration

¹"Report of Committee on Employment Relations," 1939, cited by Brissette, "Epitome," op. cit., unnumbered; American Individual Enterprise System, op. cit., I, 215; Smethurst, "Settlement of Industrial Disputes by Peaceful, Legal Process," op. cit., pp. 5-7; Teplow, "Labor Relations and the Future," op. cit., pp. 2-3.

²New York Times, March 26, 1939, p. 1.

should never be considered for it would sound the death knell of the free-enterprise system, as well as of collective bargaining."¹

Regulation of unions.--Among the proposals the NAM advanced to provide for equality of bargaining strength which would make for an atmosphere more conducive to "mutual respect" were amendments to regulate unions and impose legal obligations and responsibilities.

It was suggested that no labor organization should be certified as qualified to represent employees or to claim rights under the act which: (1) did not submit audited financial reports to its membership and to the public; (2) made political contributions; (3) requested the employer to deduct union dues from payrolls without the written consent of the individual employee; (4) permitted aliens to hold office or be employed in any capacity; (5) did not regularly elect union officers at reasonable intervals by secret ballot; (6) did not place and keep on file with the NLRB, subject to inspection, reasonable information about themselves and their responsibility; (7) denied legal responsibility for the acts of its officers and agents, in accordance with the established rules of agency which governed all other persons and organizations; (8) did not comply with anti-monopoly, anti-trust, or anti-racketeering laws, just as all other groups must comply.²

¹Ibid., January 20, 1947, p. 1.

²James Emery, "Labor Responsibility," NAM Labor Relations Bulletin, No. 23, 1937, quoted by La Follette Committee, Hearings, Part 17, pp. 7,624-7,635; "Minutes of Employment Relations Committee," May 20, 1937, quoted in La Follette Committee, Hearings, Part 35, p. 14,072; "Report of Committee on Employment Relations," 1939, as cited by Brissette, "Epitome," op. cit.; Prentis,

The monopolistic power of unions was blamed for such "injustices" as industrywide bargaining, the closed shop, and the secondary boycott.¹

One proposal to curtail union's monopolistic power was designed to limit the size of unions. Using the "bigness" test H. W. Prentis expounded: "Big unions are far more dangerous to the future of the American Republic than big business ever was."² The following year the NAM deplored a recommendation by the House Committee on Small Business that the Federal Trade Commission be authorized to establish rules forbidding corporate mergers and acquisitions above a specified size as "witch hunting" if the test of bigness was to be determining.³

The National Labor Relations Board.--The Board established under the National Labor Relations Act, its procedure, organization, and jurisdiction were denounced. President (in 1940) Prentis excoriated it as a "body with more offices than Poo Bah himself, having rolled into one the functions of lord high detective, lord

Government's Place in Postwar Labor-Management Relations, op. cit.; pp. 5-6; National Association of Manufacturers, For Industrial Peace (New York: National Association of Manufacturers, 1945).

¹National Association of Manufacturers, Americans Won't Stand for Monopolies (New York: National Association of Manufacturers, n.d.), pp. 7-11; NAM News, January 18, 1947, pp. 5, 10; Industry Believes, 1947, op. cit., p. 5.

²NAM News, June 22, 1946, p. 7.

³New York Times, February 25, 1947, p. 43.

high inquisitor, lord high prosecutor, lord high chief justice and lord high executioner.¹

The NAM proposed that the complaining party in any proceeding before the Board should have the burden of substantiating its charges, the Board's function being merely that of determining the issues presented by the parties. A definite statute of limitations should be provided so that employers could not be proceeded against long after the occurrences to which the complaint was addressed.²

In 1944 Prentis suggested that a high court of labor-management relations be established in which would be concentrated the "authority and responsibility for handling all postwar labor-management problems in one governmental body." Under it should come functions performed by the National Labor Relations Board, the Conciliation Section of the Department of Labor, and administration of the Fair Labor Standards Act and the Walsh-Healey Act. It should be a "small body in which no factor but the public interest would be officially represented." This body would have "more to do with the preservation of our free institutions in the critical years ahead than any other governmental commission that I know of." It would have to decentralize its activities by district and regional bodies. States should be encouraged to take their due share of the burden in this field. And Prentis added: "I am of the hope that there may gradually be some reversal of the

¹Ibid., April 9, 1940, p. 20.

²Brissette, "Epitome," op. cit.

Supreme Court's action in stretching the interstate commerce clause to the point where virtually every labor dispute comes under the jurisdiction of the federal government."¹

Testifying before the Senate Committee on Labor and Public Welfare in 1947 Raymond S. Smethurst, NAM Counsel, recommended the separation of prosecuting and judicial functions within the NLRB.² (The Administrative Procedures Act of 1945 had already required this of all government agencies.) He suggested following the pattern of Minnesota law and require all unfair labor practice cases to be tried directly in District Courts without intervention of NLRB with each side being required to bear the expense of their own litigation.

Interruption of the Campaign Problems of Defense and War

The attention of the NAM was partially diverted from their campaign to alter national labor policy by the defense program and the prosecution of World War II. For the first time since Roosevelt's inauguration, no mention was made of the New Deal at the 1940 Congress of American Industry.³ When the war was at its peak the 1944 Congress omitted completely any discussion of labor problems.⁴ But the study of labor problems by NAM committees

¹Prentis, Government's Place in Postwar Labor-Management Relations, op. cit., p. 7.

²Labor Relations Program, op. cit., Part 4, p. 1,795.

³New York Times, December 3, 1940, p. 18.

⁴Victory for Freedom, op. cit., unnumbered.

continued and, in fact, expanded as the war progressed. From 1937 through 1942 only one NAM committee studied labor affairs and drafted labor policy statements for the consideration of the Board of Directors. In 1943 there were five such committees with a Committee on Industrial Relations Policy setting the goals for each of the committees.¹ The Committee on Industrial Relations Policy carved out the scope and jurisdiction for seven committees in 1944² and for four in 1945.³

Interest in maintaining the NAM labor line was not forgotten. A representative of NAM lodged "terrific objections" with conferees on the Air Corps Expansion bill against a Barkley amendment to the effect that national defense contracts should be denied to employers adjudged by any department head to be violating the National Labor Relations Act.⁴

In 1940 a labor policy for defense was drafted which called for a maintenance of the status quo in bargaining relations.⁵ The 1941 Congress of American Industry heard a demand from delegates for federal legislation to curb or control strikes in defense industries. Charging that strikes represented "a national menace" and a "gift to Hitler" the Resolutions Committee submitted a proposal that was unanimously approved. Again, as the

¹Roster of committees, 1943.

²Ibid., 1944.

³Ibid., 1945.

⁴New York Times, March 11, 1939, p. 8.

⁵Ibid., December 5, 1940, p. 16.

year before, the adoption of a status quo policy like that adopted in the first World War was advocated. The resolution urged that no work stoppage be permitted until both employer and employee had attempted settlement by negotiation and until all available machinery for adjustment had been employed. It was proposed that strikes to enforce closed shops and settlements in jurisdictional disputes be prohibited.¹

War came the day after the NAM concluded its 1941 Convention. In 1942 the NAM formulated its war production labor program: (1) labor must stop all strikes hindering war production; (2) jurisdictional disputes, picketing, and boycotts must be stopped; (3) work permit fees and excessive initiation fees should be prohibited; (4) the right of a worker not to join a union or to withdraw from one must be guaranteed and enforced. If these evils were not voluntarily removed, the NAM was prepared to ask Congress to take action.²

The following year saw the NAM urge immediate enactment of a definite federal labor relations policy with the Smith-Connally bill as a beginning. The prohibition of strikes without thirty-day notice and secret strike ballot in government supervised elections should not incur labor's opposition, maintained the NAM, if its no-strike pledges had been given in good faith. The prohibition of closed shop decrees by the War Labor Board

¹Ibid., December 1, 1941, p. 37; December 3, p. 1; December 5, p. 1.

²War Program, 1942, op. cit., pp. 9-10.

simply reinstated the law as written in the Wagner Act, the Association explained.¹

As the war moved swiftly towards its close there were signs of trouble ahead on the industrial front. In 1945 an effort was made under the leadership of Eric Johnston, then president of the United States Chamber of Commerce, to obtain agreement by industry and the major union federations on a charter of principles to promote full production and industrial peace. The charter included recognition of the right to organize and bargain collectively without hindrances.² Late in March Johnston, Philip Murray, and William Green initialed the statement which was then ratified by the boards of their respective organizations. On March 28, 1945, Ira Mosher announced to the press the impossibility for the NAM "to join in an immediate submission of the proposed 'code' of principles to the President."³ A full explanation was released later in April. Objection centered around the clause which provided that labor's rights to organize and bargain collectively should be exercised "free from legislative enactments which would interfere with or discourage these objectives." The belief was that this clause might interfere with management's attempt to seek amendment to the "one sided" Wagner Act: ". . . the present legislative status is decidedly contrary to the public's interest, and it would be improper for management to conspire

¹New York Times, May 24, 1943, p. 17.

²NAM News, March 31, 1945, p. 16.

³Ibid., p. 7.

with labor to perpetuate it."¹ Rather than approve the code Mosher proposed: (1) establishment of a committee for the purpose of planning a labor-management conference to explore areas of agreement or disagreement; (2) or, in agreement with labor, appointment of a small commission of outstanding national figures to study relationships between labor and management and submit their findings and recommendations for consideration and action as their respective groups desired.²

Crystallization of a Legislative Policy

A few months later the NAM had an opportunity to participate in such a joint conference. When the war ended President Truman appointed a National Labor-Management Conference to allow labor and management to meet together in a government sponsored forum and attempt to resolve their differences that had been accumulating through the war years. Labor and management failed to reach any basic agreement through this exchange of views. NAM's representative to the conference, Ira Mosher, accused the labor delegates of refusing to reach an agreement because they were satisfied with the current legislative situation and did not want to see it changed.

The only affirmative actions of the conference were to accept the reports of the three working committees (out of six) on conciliation services, initial collective agreements, and existing collective agreements; to adopt a resolution urging

¹Ibid., April 21, 1945, p. 7.

²Ibid., March 31, 1945, p. 7.

non-discrimination in employment opportunity; and to express approval of the formation of an informal committee, composed of representatives of all the participating groups, which would meet from time to time at its pleasure to discuss problems of mutual interest.¹

The three reports which were adopted, together with management's proposals in the other three committees, were endorsed by NAM membership at the 1945 Congress of American Industry and became the core of NAM's "over all legislative program" to alter national labor policy.² These views were condensed and printed in the pamphlet The Public and Industrial Peace,³ which was given wide circulation.

Whereas President Truman expressed disappointment over the failure of his Labor-Management Conference, the NAM hailed the recommendations of half the delegates as offering "more promise of solving the problem than the Administration has yet recognized."⁴

At the close of this unsuccessful conference President Truman called upon Congress to enact urgently needed labor legislation.

¹United States Department of Labor, Division of Labor Standards, The President's National Labor-Management Conference, Bulletin No. 77 (Washington: Government Printing Office, 1946), pp. 38, 39.

²National Association of Manufacturers, "Resolutions adopted at 1945 Congress of American Industry on Budget, Taxes, Labor," p. 2. (Mimeographed.)

³National Association of Manufacturers, The Public and Industrial Peace (New York: National Association of Manufacturers, 1946), p. 4.

⁴NAM News, January 5, 1946, page A.

Two similar bills that incorporated the President's proposals,¹ a substitute measure for these bills,² and a fourth bill,³ very different in scope from the President approved bills, provided elements that were incorporated into the controversial Case bill. Concerned with any legislation that would enact the proposals the Association forwarded in The Public and Industrial Peace, the NAM approved certain provisions in the first of three versions of the Case bill. These provisions would make it a duty for both parties to bargain in good faith; make collective agreements mutually binding and enforceable by law or by suit for damages or by injunctive relief for breach of peace; deny NLRA "employee" or "representative" status to any person engaging in violence or intimidation; remove supervisors from the scope of the act; and outlaw coercive boycotts in organizing and jurisdictional disputes.⁴ While subscribing to the Case bill the NAM hoped for "more adequate legislation," because the bill omitted legislation with regard to jurisdictional strikes, monopolistic practices of labor unions, political strikes, and other inequalities in the Wagner Act.⁵

The Senate Labor Committee majority reported out a watered

¹Congressional Record, 79th Cong., 1st Sess., 91 (December 5, 1945), Part IX, 11,523; (December 6, 1945), 11,525.

²Ibid. (December 10, 1945), p. 11,706.

³Ibid. (December 3, 1945), p. 11,368.

⁴NAM News, February 2, 1946, section 2, p. 1.

⁵New York Times, February 26, 1946, p. 18.

down second version of the Case bill which NAM termed "emasculated." It reflected, the Association said, a continuation of governmental interference in the settlement of labor disputes.¹ The committee minority, led by Senators Robert A. Taft (Republican, Ohio) and Joseph H. Ball (Republican, Minnesota), offered amendments² which retained the provisions the majority had eliminated, clarified them somewhat, and made them less drastic than the House had conceived them. This third version of the Case bill was its final form. It passed the Senate, was accepted by the House, and was heartily defended by NAM.³

President Truman's veto of this bill shocked the NAM. NAM News headlined his action: "Case bill veto assures nation periodic paralysis as Truman aligns himself irrevocably with CIO."⁴

This setback spurred NAM's efforts to alter national labor policy. Looking to 1947 and the possibility of a new Congress, the Industrial Relations Program Committee conducted a series of meetings throughout 1946 "to consider and recommend an over-all labor policy for the N.A.M. on the national level, with particular reference to legislation."⁵ The work of the committee

¹NAM News, March 16, 1946, p. 4.

²Congressional Record, 79th Cong., 2d Sess., 92 (May 9, 1946), Part IV, . 4,695.

³NAM News, June 8, 1946, p. 5.

⁴Ibid., June 15, 1946, p. 1.

⁵Appendix VIII; a detailed account of the formulation of the 1946 policy is related in chap. VI.

extended from February through November during which time it formulated a comprehensive draft of the NAM's labor principles. It was approved by the Board of Directors and adopted by the Congress of American Industry in December, 1946.¹

Stopping short of specific legislative recommendations, the statement was simply an outline of principles. The NAM maintained that by adherence to them labor and management could make collective bargaining effective and eliminate the abuses "which now destroy its benefits."² However, the Declaration concluded that legislation would be necessary to bring national labor policy in accord with NAM principles. Legislation, or amendment of existing legislation, was needed which would (1) extend legal protection to certain rights, (2) require certain practices in employer-employee relations, and (3) prohibit other practices. Specifically, the legislation should include the following provisions:

(1) The right of employees to join or not to join a union should be protected by law. In exercising the right to organize or not to organize, employees should be protected, by law, from any source. The employee should be protected from being required to join, or refrain from joining a union. The right to work at any available job should be protected. The employee, his family, and his property, at home or at work, should be protected from harm or injury.

¹New York Times, December 5, 1946, p..1.

²Industry Believes, 1946, op. cit., p. 6; see Appendix VII for the complete statement.

(2) The union and the employer should be required, by law, to bargain in good faith. Both should be required, by law, to adhere to the terms of collective bargaining agreements.

(3) Monopolistic practices in restraint of trade should be prohibited, by law, to unions as well as employers. Strikes which do not involve wages, hours, or conditions of work should be outlawed; viz., jurisdictional strikes, sympathy strikes, strikes against the government, strikes to force employers to ignore or violate the law, strikes to force recognition of an uncertified union, strikes to enforce feather-bedding, other work-restrictive demands, or secondary boycotts. Mass picketing should be prohibited. Collective bargaining with foremen should be forbidden. Compulsory union membership and interference with voluntary union membership both should be prohibited by law. Compulsory arbitration should be prohibited.

The role of government in industrial relations was defined by the Declaration as follows:

The preservation of free collective bargaining demands that government intervention in labor disputes be reduced to an absolute minimum. The full extent of government participation in labor disputes should be to make available competent and impartial conciliators.¹

Yet, to achieve the objectives in the NAM Declaration of Principles extensive Congressional action was desired to determine and protect rights, require certain practices, and prohibit others. It is significant that the Board of Directors altered the statement (in the Industrial Relations' Program Committee's final

¹Ibid., p. 8.

draft), "government intervention nearly always reduces the willingness or effort of one or the other parties to reach an agreement voluntarily,"¹ to read:

Biased laws and biased administration of laws have made a contribution to current difficulties, and should be replaced with impartial administration of improved laws primarily designed to advance the interests of the whole public while still safeguarding the rights of all employees.²

The NAM's criticism of national labor policy no longer emphasized the evils of government intervention in industrial relations; rather, the Association criticized biased laws and biased administration. Further government intervention was desired if it involved "impartial administration of improved laws."

Among the members and staff of the NAM this policy declaration came to be known as the "new look."³ In appraising the policy, members of the NAM generally took the view that the tactics of opposition had not been enough--they failed to prevent the Wagner Act from being enacted. "How much better if business had met these problems head on and stuck its neck out with practical leadership," Walter Weisenburger reflected, "instead of simply protesting and opposing only to end up with the doubtful satisfaction of saying, 'we told you so.'"⁴

¹Appendix XV.

²Industry Believes, 1946, op. cit., p. 8.

³"Renovation in N.A.M." Fortune, XXXVIII (July, 1948), p. 72.

⁴New York Times, December 5, 1946, p. 3.

Earl Bunting voiced the belief that business had made a mistake in its former "public-be-damned" attitude. By comparison, that was the same mistake that labor was making recently. The new policy was not anti-labor but was based on principles of fair play and impartial laws for everybody, with special privileges for nobody, and the belief that labor's wants could not be met through strikes but only by cooperating to reconcile the interests of labor, management, investors, and consumers.¹

The reaction of the press to this policy varied. The New York Times headlined the story: "Liberal program on labor, economy announced by NAM; Board of Directors adopts new policy, reversing old stand over strong opposition."² Russell Porter wrote for that paper:

Making what appeared to be a clean break with its past record, which often had been labeled reactionary, the National Association of Manufacturers announced yesterday a new liberalized program of constructive action in the public interest on labor and public relations and other national economic problems.³

He considered it significant that Weisenburger was selected to explain the new policy to the public, "as he often has borne the brunt of the most severe attacks on NAM as a reactionary institution."⁴

Robert S. Bird, writing for the New York Herald Tribune, described the program as moderate: "[M]oderate opinion prevailed over extreme conservatism on N.A.M.'s board of directors. . . .

¹Ibid., January 31, 1947, p. 6.

²Ibid., December 5, 1946, p. 1.

³Ibid.

⁴Ibid., p. 3.

The labor relations policy adopted by the board of directors was notable for its restraint in view of the more drastic recommendations which a minority group was said to have demanded." At the same time he expressed the belief that the statement was "gingerly worded" and very definitely in contrast to the speeches which were "replete with denunciations of labor extremists such as John L. Lewis."¹

The standard news magazines agreed. Newsweek appraised the "labor-curbing proposals of the NAM" as the "acme of moderation." They were "public-minded" and "middle of the road."² Time, with staccato adjectives, reported: "Nobody would have been surprised if the NAM had broken out in a rash of anti-Unionism" and for a while it looked as though it would, judging from the speech of Robery Wason, who "cried that the big trouble was that a 'collectivist government' had sold out labor." "But soon it became apparent that a new spirit might be percolating through NAM's hardened arteries. Significantly, the man who first expressed it was hulking, able Walter B. Weisenburger . . . who has often taken the rap for N.A.M.'s reputation." "[C]ompared with how most Americans were feeling about big labor leaders this was moderate and conciliatory. In effect, NAMsters thought that if the scales were better balanced, the Wagner Act could work to the advantage of business also."³

¹New York Herald Tribune, December 6, 1946.

²Newsweek, December 16, 1946.

³Time, December 16, 1946, p. 87.

The Journal of Commerce editorialized: NAM's proposals for a labor policy would "retain the essential framework of the Wagner Act, while correcting its discriminatory character. . . ." ¹

From other wings of the press the response was hostile. George Seldes, long an extreme and bitter critic of the NAM, was curious about this liberal program:

In Fact's reporter went directly to the smooth-functioning \$4,700,000 public relations department and asked for a copy of the new liberal program. . . . He was frankly amazed "What liberal program?" he asked.

"The one the Times frontpages today," the reporter said.

"Oh, that," the NAM replied. "We haven't adopted any program yet."

"Well, what about the Times' story?" the reporter persisted.

"You know Russ Porter (the Times man who wrote the story); he probably just wandered around and picked it up speaking to people," the NAM man said.

IN FACT sought for Mr. Porter, complimented him on his story and informed him the NAM said they hadn't yet adopted a liberal program.

"Well, the copy desk went a little strong on the head," Porter said. "But the story'll stand up," he added quickly. ²

Ben Yablonsky in PM charged the NAM with embarking on a new war against labor unions:

While trying to convince the Nation "that it is not anti-labor," the NAM in its new policy outlined at the convention called for drastic revision of the Wagner Act which would outlaw the closed shop, prohibition of jurisdictional strikes, sympathy strikes, secondary boycotts, mass picketing, and industry-wide bargaining. ³

Victor Riesel warned, "It looks like labor is in for a rough time in 1947. . . ." ⁴

¹Journal of Commerce, December 6, 1946.

²George Seldes, In Fact, December 23, 1946, p. 1.

³PM, December 10, 1946, p. 4.

⁴New York Post, December 6, 1946, p. 80.

In labelling the new policy "liberal" or "reactionary" the press failed to recognize its most significant characteristic--the door was opened to government intervention in labor relations. Government was invited in.

The Taft-Hartley Act

The NAM mobilized its pressure and public relations activities behind the 1946 Declaration, which served as the basis of NAM's efforts to alter national labor policy during the early months of 1947. In April the Labor-Management Relations Act became law. The NAM was "deeply grateful."¹

Except for the omission of bans on industrywide bargaining, the union shop, mass picketing, and a more limited definition of collective bargaining, the Taft-Hartley Act enacted into law principles with which the NAM was in complete and thorough agreement.²

Earl Bunting (NAM General Manager) was convinced that "It will make collective bargaining work and bring a greater measure of industrial peace, and that is certainly in the public interest."³ He extended an olive branch to labor:

Above all, I sincerely hope that we can all forget the name-calling and bitterness which has featured the public debate of this legislature, and that labor and management

¹Carroll French, "The New Labor Law--A Challenge to Management" (Address before the Grinding Wheel Manufacturers Association, Absecon, New Jersey, July 10, 1947), p. 1. (Mimeographed.)

²Appendix XIX.

³New York Times, May 28, 1947, p. 37.

will work together under the new law to usher in a better tomorrow for everybody.¹

Carroll French (head of NAM's Industrial Relations Department) agreed. The new law "has opened up entirely new vistas of employee understanding and cooperation."²

By full page advertisements appearing in the nation's press the NAM resolved: "For its part, the National Association of Manufacturers calls upon management to show, by every word and deed, that it is determined to work with labor under the new law to build an era of general prosperity such as this country has never known."³

The NAM's 16,500 members received communications urging them to do their part to make the Taft-Hartley Act work. Four steps to improve relations with employees were recommended: (1) Announce in writing management's determination to apply this law in a spirit of moderation and restraint. (2) Inform all employees of their rights as individuals and that the law is neither anti-labor nor pro-employer. (3) Review and analyze communications programs with employees strengthening it with personal contact wherever possible. (4) Make sure that the community understands industry's cooperative attitude toward the new law.⁴

National labor policy, which now generally harmonizes

¹Ibid., June 24, 1947, p. 1.

²French, "The New Labor Law--A Challenge to Management," op. cit., p. 6.

³New York Times, August 9, 1947, p. D.

⁴Ibid., June 30, 1947, p. 30.

with NAM labor principles was appraised by the Association as equalizing bargaining rights, eliminating abuses, and protecting public interest. Yet, it was to depend, for its success, upon employers exercising restraint and moderation. When, at the end of 1947, NAM's Counsel asked NLRB General Counsel Denham how the law was being used, he replied that "employers as a whole have made restrained use of the act."¹ The suggestion for a program to inform employees of their rights under the law was reminiscent of the education campaign the NAM advocated after the Wagner Act became law. Again, no mention was made of the right to organize. The program to inform the community of industry's cooperative attitude toward the new law was in direct contrast with the advice NAM offered employers in 1935 and 1936 when they were advised to wait for a decision on the constitutionality of the Wagner Act.

A year after the passage of Taft-Hartley French declared:

The processes of collective bargaining are being pursued under far more favorable conditions than have existed for many years. . . . The new national labor policy as expressed in the Labor-Management Relations Act of 1947 is standing the test of application and undeniably is exerting constructive and beneficial influence in the relations between management and labor in this country.²

Conclusions

Throughout almost half a century of its concern with labor problems the NAM always resisted change. It was never the

¹Ibid., December 5, 1947, p. 21.

²French, "The Score in Labor-Management Relations," op. cit., p. 1.

innovator. When it did strike out in a new direction, the path was already well worn. The Association's conception of social needs was generally five to ten years, sometimes more, behind political and economic developments. Consequently, it resisted social change until it appeared that further obstinance might prove disastrous. Belatedly it adjusted to an evolving environment after a new policy was fully acceptable to society in general and it was apparent that it could be used to achieve the Association's ends.

A major revision in the NAM's labor policies occurred after 1937. The Association no longer considered that the rights to organize, bargain collectively, and engage in certain kinds of concerted action were contrary to the values of individualism, natural rights, and free enterprise. In fact, about five years after the Wagner Act guaranteed these rights the NAM came to the conclusion that they actually contributed to the welfare of both industry and labor--if circumscribed by certain regulations. These regulations necessitated government action and intervention in labor relations in place of industrial self-rule and a policy of traditional laissez-faire. By its own tactics, the NAM admits that the question no longer is, "Should there be an umpire?" but, "What are the rules the umpire shall enforce?"

While pressing for an expansion of governmental influence in labor affairs, the Association still invokes the precepts of an individualistic competitive theory. It continues to worship the form after the substance has disappeared.

CHAPTER IV

INDUSTRIAL COÖRDINATION AND THE NAM'S CONCEPTION OF ITS ROLE IN AMERICAN SOCIETY

Creation of Constituent Organizations

In the pursuit of its objectives the National Association of Manufacturers has been continuously engaged in a far-reaching endeavor to achieve a common front among American employers in all matters touching on labor relations. The motivation behind this effort was expressed by David Parry: "The primary object of every manufacturer and employer in this country is . . . to secure amelioration from present trades union methods, and it should be the common purpose therefore to adopt such means of organization as shall accomplish the best results."¹ James Kirby concurred, for the period of expanding unionism was "an age when but little . . . [could] be accomplished except through organization; an age when organization must cope with organization."²

¹Proceedings, 1904, p. 27.

²Ibid., 1911, p. 65. The movement for the organization of persons concerned with labor problems was not confined to the United States. Cf. Robert Brady, Business As a System of Power, op. cit., p. 276. At the turn of the century Norway, Sweden, and Japan established employers' associations. In 1905 representatives of the governments of Sweden, Finland, and Belgium visited offices of the NAM to study the organization and its work at

In an age of organization, NAM was to serve as the "mother of associations,"¹ in order that all American industry might be organized from center to circumference. At the center was to stand NAM, functioning as a central policy-forming, policy-effectuating body for all organized activity, but particularly in regard to labor. Thus, it could promote "the universalization of those saving principles of American Industry--the right of those who own property to control it."²

In the search for industrial coordination the NAM was instrumental in organizing and establishing the Citizens' Industrial Association of America in 1903, the National Council for Industrial Defense (now called the National Industrial Council) in 1907, the United States Chamber of Commerce in 1912, and the National Industrial Conference Board in 1916.

Citizens' Industrial Association
of America, 1903

At the 1903 convention Parry sounded the clarion call for the mobilization of employers' groups into a nationwide organization to carry on the fight against unionism. It had been suggested

headquarters. American Industries, August 1, 1905, p. 12. The outstanding difference between European and American national organizations of employers, Bonnett reported, was that the former were usually negotiatory, except in France and Finland, whereas the latter were predominantly belligerent. Bonnett, Employers' Associations in the United States, op. cit., p. 512.

¹The NAM still refers to itself by this phrase. See NAM News, April 7, 1945, section 3, p. 3.

²Edgerton, Proceedings, 1929.

to him that the bars of the Association be let down to admit all classes of employers into its membership, so that it might become the national organization of all employers. Parry responded:

. . . good judgment would seem to indicate that this would not be a proper step. The National Association of Manufacturers has a function peculiar to itself--that of directly protecting and fostering the manufacturing interests of the country. Aside from the stand it has taken on the labor question, there is nothing in its service of particular value to other classes of employers. It would seem to me, therefore, that a separate and distinct organization, enlisting under its banner employers of all classes, should be formed and that its one purpose should be to look after the general interests of all employers. The National Association of Manufacturers, however, can well take the initiative in the formation of such a national employers' organization, and it should have a voice in its government, through some system of representation that might be devised for all commercial and industrial organizations.¹

Obediently the convention passed a resolution authorizing President Parry to appoint "a committee on the organization of employers."² "It was recognized at that time that the entire army of employers in the country should if possible be enlisted in the cause against pernicious unionism."³

A committee met in July, 1903, to draft a constitution for the new organization. After a preliminary conference in Chicago, a convention was called for October of the same year. One hundred and twenty-four groups sent two hundred and fifty delegates from state and national trade associations, employers' associations, citizens' alliances, boards of trade, and similar groups. Amidst open shop oratory the Citizens' Industrial

¹Proceedings, 1903, p. 62.

²Ibid., p. 169.

³Ibid., 1904, p. 25.

Association of America was launched and Parry was chosen president at a "most enthusiastic and successful meeting."¹

The roster of men actively participating in the promotion of the scheme revealed the coalescence among belligerent open shop groups. Among those present were D. M. Parry, President of the NAM; Marshall Cushing, Secretary of the NAM; James Kirby, Jr., president of the Dayton Employers' Association and subsequently President of the NAM; E. F. Du Brul, commissioner of the National Metal Trades Association;² Frederick W. Job, secretary of the Chicago Employers' Association; Colonel J. W. Goodwin, president of the Citizens' Alliance of Sedalia, Missouri; J. C. Craig, president of the Citizens' Alliance of Denver; E. G. Hombrooke, secretary of the Employers' Association of Kansas City; and A. D. Meeker, secretary of the Employers' Association of Marshalltown, Iowa.³

An open shop drive was launched. The leadership and force that the campaign of individual employers against unions previously lacked was now supplied by the NAM. Before the public the fiction that the two organizations were separate entities was

¹Perlman, op. cit., IV, 133-137; American Industries, November 16, 1903, p. 3. Theodore Roosevelt was credited by American Industries with being one of the founders. December 15, 1906, p. 7.

²Du Brul assisted in drafting the NMTA open shop declaration of 1901. He was a member of the Committee on Resolutions of the NAM and with J. W. Van Cleave and John Kirby shared in the preparation of the 1923 open shop declaration (Taylor, op. cit., p. 83).

³Perlman, op. cit., IV, 134.

maintained. The NAM continued to pass resolutions approving of the aims and actions of the CIA.¹ But the actual inspiration and leadership came from the NAM. Parry headed both organizations from 1903-1905. C. W. Post became president of the CIA in 1905. He was a wealthy and aggressive opponent of unionism who had been dominating Battle Creek where he published pages of paid denunciation against unions in the daily press of the country.² Post was also a member of the Executive Committee of NAM. D. C. Nunemacher, second vice president of CIA, was a NAM member. J. W. Van Cleave, later the plaintiff in the famous Buchs' Stove and Range case, led Saint Louis into the open shop camp. When he was first vice president of CIA, he succeeded Parry as President of the NAM in 1906. John Kirby and Parry, both members of the executive committee of CIA were also members of the Executive Committee of NAM.³

The official publication of the CIA was the Square Deal, the editorial leadership for which was supplied by James A. Emery. Emery, who had been with the Citizens' Alliance of San Francisco, left the west coast to serve as secretary of the CIA from 1905 to 1908. He joined the NAM in 1907, where his legal talents were much in evidence until his retirement in 1947. The Square Deal, a "magazine devoted to industrial peace" was known as the "national organ of the open-shop movement."

¹Proceedings, 1904, p. 235; American Industries, June 1, 1904, p. 3; June 1, 1905, p. 10.

²Perlman, op. cit., IV, 134.

³La Follette Committee, Report, pp. 9-10.

A bureau of education to publish literature favorable to the open shop was set up in 1904. In the following year the largest number of delegates in the organization's history attended the convention. Four hundred and sixty-eight came from every state in the union. Labor unionism was assailed and the progress of the employers' organizations was viewed with great satisfaction. The concerted campaign of the open shop employers apparently was instrumental in stopping unionism in its tracks. Between 1903 and 1908 the expansion of union membership which had previously been rapid halted and hovered around the two million mark (Appendix III).

After 1908 the Citizens' Industrial Association experienced a decline and was soon superseded by a council formed in 1907 which incorporated more than just local associations.

The National Council of Industrial Defense, 1907,
and the National Industrial Council, 1919

The growing tendency was for legislative bodies, particularly Congress, to attack industrial relations problems by enacting laws. Manufacturers', employers', and other associations recognized this situation and actively presented their views before the legislative bodies. The smaller voices had difficulty being heard. The Citizens' Industrial Association of America included none of the national associations like its parent, the NAM, since it had stressed local open shop action through citizens' alliances and local employers' groups. And, because there was no established contact between the various national associations and the local groups, there was much duplication of

legislative effort. The need was felt for a central office through which these several organizations could be advised about legislative developments.

Parry's successor as President of NAM, James Van Cleave, proposed a more inclusive federation which would provide a permanent unification of employers' associations under a single leadership. Addressing the annual convention of the National Metal Trades Association in 1907 he said:

To a large degree we have organization among employers already, but we do not extend the principle far enough. We must supplement organization with federation. The National Metal Trades Association, the Founders' Association, the National Association of Manufacturers, the United Typethetae and the other organizations of great interests should be brought into constant and intelligent cooperation.¹

Later that year Van Cleave appealed to the NAM at its annual convention to furnish him with a fund of half a million dollars a year for three years to be used "to federate the employing classes of the country into a solid mass" in the work for industrial peace.² A resolution was promptly adopted authorizing the President to invite representatives from all industrial associations to meet in conference. He drafted and sent a circular letter to twelve national employers' organizations³ and four

¹American Industries, April 1, 1907, p. 5.

²Ibid., June 1, 1907, p. 1.

³Among those invited were: American Anti-Boycott Association (League for Industrial Rights), American Cotton Manufacturers' Association, American Hardware Manufacturers' Association, National Association of Implement and Vehicle Manufacturers, National Erectors' Association, National Founders' Association, National Metal Trades Association, United Typothetae of America.

state associations expressing the purposes of such a federation:

In addition to legislative work there are other directions in which greater success can be secured by more systematic cooperation. There should be a carefully organized legal department which will do all the work of the council, advise local organizations, assist interstate business organizations in the prosecution in every part of the country of labor organizations which violate interstate and anti-trust acts, carry on prosecution of every case of lawlessness during strikes, the proper prosecution of attempted boycotts, of assault and intimidation, and a careful compilation and distribution of all work handled by the legal department.¹

Some of the most militant open shop groups were invited to attend the initial conference. After several meetings a permanent organization, called the National Council of Industrial Defense, was formed in January, 1908. Van Cleave was selected chairman and James A. Emery, secretary of the CIA and Counsel for the NAM, became Counsel for the new federation. J. P. Bird, General Manager of the NAM, was designated Secretary. Even after Van Cleave was succeeded as President of the NAM he still kept his office in the NCID.

In 1908, when the NCID supplanted the CIA, it was said to have only eleven organizations in its membership.² By 1927 three hundred and twelve associations located in all sections of the country belonged.³

¹Letter from Van Cleave to S. B. Tanner, president, American Cotton Manufacturers' Association, June 28, 1907, cited in U.S. Congress, House of Representatives, Select Committee of the House of Representatives appointed under H.R. 198, Charges against Members of the House and Lobby Activities, House Report 113, 63d Cong., 2d Sess. (Washington: Government Printing Office, 1913), pp. 6-7.

²Bonnett, Employers' Associations in the United States, op. cit., p. 374.

³Taylor, op. cit., p. 32.

The original purposes of the NCID were matter-of-factly revealed in an early constitution of the Council. It "was established as a separate and specific medium through which constant, watchful attention might be given to the matter of vicious class legislation which is ever being urged in the Federal Congress by organized labor."¹ The President of the NAM informed the 1919 convention: "We have an organization within this organization for the purpose of looking after what I will term bad legislation and eventually to promote good legislation."²

The joint legislative committee of the NAM and the NCID were aptly termed "Siamese twins--you cannot separate them and you do not want to separate them. . . . The Council was organized and exists under the leadership of the National Association of Manufacturers, and this leadership is exercised through the Legislative Committee."³ Emery became the spokesman of the NCID and the NAM when he appeared before Congressional committees. Joint offices were maintained in Washington.⁴

In 1919 the name of the National Council for Industrial Defense was changed to National Industrial Council, which title it now retains. According to the NAM, the word "defense" was of misleading character since the Council was "primarily engaged in

¹Cited by La Follette Committee, Hearings, Part 18, p. 8053. See also, Proceedings, 1919, p. 145.

²Proceedings, 1919, p. 231.

³Ibid., 1910, p. 287.

⁴La Follette Committee, Report, pp. 17-18.

constructive effort." Further, the then existent Council for National Defense was commonly confused with the National Council for Industrial Defense.¹

The New Deal motivated reorganization of NIC for the purpose of further centralizing control and tightening the organization structure. This step, taken in 1935, was made a condition upon which further NAM advice, counsel, and public relations materials would be granted.²

Before closer and more regular cooperation between the NAM and the members of the Council could be achieved, a competing organization had to be forestalled. A prolonged struggle ensued between the promoters of the American Plan Open-Shop Conference led by A. C. Rees, who was manager of the Associated Industries of Utah and chairman of the Conference, on one side, and the proponents of the NIC, on the other. William Frew Long, general manager of Associated Industries of Cleveland, and Homer D. Sayre, commissioner of National Metal Trades Association, opposed Rees' Council of American Industry, which was to be a federation of

¹American Industries, December, 1919, p. 31.

²Reorganization had been contemplated by President Lund as early as September, 1933:

"It will be necessary to go much farther in the consolidation of manufacturers and industrial trade organizations. The National Industrial Council of the Association has been an effective body. Its activities can be greatly increased and can be supplemented by either combination or coordination with the industrial trade association group. The meetings of these groups must be regular instead of occasional, and there must be a frequent personal contact by the staff of the Association with the executives and members of such groups" (La Follette Committee, Hearings, Part 17, p. 7,550).

employers' associations--a united front of industry which would presumably function much like the A.F.L. In place of the Council of American Industry, Long had his own plans for a more effective federation of local employers' associations through the already existing NIC. The NAM retained control of the only national federation of employers' associations in existence when Long and Sayre outmaneuvered the competing organization and the Council of American Industry disappeared from the scene in 1935.¹

Prior to 1936 the NIC had been, in the words of Long, composed "almost entirely of State associations, and those of us in local associations rather resented that fact."² Furthermore, there had been thrown together under the old arrangement miscellaneous associations, large and small, special-purpose trade associations and general employer associations, without any clear grouping by interests, powers, or function. This situation was altered at the annual convention of the NIC in December, 1935, by the establishment of three distinct types of membership: (1) state association groups--to consist of state manufacturing associations; which represented central coordinating associations similar on the statewide basis to NAM on a nationwide basis: (2) labor relations group--to consist of local, state and national industrial organizations, the greater part of whose activities had to do with labor relations; and (3) trade association group--to be

¹For a detailed account of this maneuver see La Follette Committee, Hearings, Part 35, pp. 14112-14123; Part 38, pp. 15249-15250; La Follette Committee, Report, pp. 56-62, 213.

²La Follette Committee, Report, p. 61.

composed of national manufacturers' trade associations in both heavy and light manufacturing fields.¹

The objects and purposes of the Council after the 1935 reorganization were stated to be:

1. The promotion of the industrial interests of the United States, the betterment of the relations between employer and employee, the protection of the individual liberty and rights of employer and employee, the education of the public in the principles of individual liberty and ownership of property, the support of legislation in furtherance of those principles and opposition to legislation in derogation thereof.

2. It is the purpose of the National Industrial Council to provide a means of conference and cooperation between the representatives of the organizations associated with the Council and to afford a basis for cooperation between such organizations and the National Association of Manufacturers in the interest of national industrial unity and leadership.

3. The Council shall serve as a clearing house for industrial opinion and in no manner and at no time shall commit any associated organization without such organizations express consent.²

¹La Follette Committee, Hearings, Part 17, p. 7522. It is significant to note that W. Frew Long was the chairman of the committee of the labor relations group under the new Council plan, and Sidney E. Cornelius, Chester Culver, Dana Jones, and J. D. Manley, all secretaries of local branches of the National Metal Trades Association, and Homer D. Sayre, commissioner of the National Metal Trades Association, were members of this committee. The only other representative, John D. Strain, was manager of the Industrial Association of Utica, New York. Strain in 1920 had been the first manager of the Associated Industries of Cleveland, being succeeded there by William Frew Long. The La Follette Committee concluded: "In light of this committee membership 'who helped to work out the reorganization,' there can be no doubt that the reorganization of the National Industrial Council was engineered by these employer association executives who were well experienced in the most belligerent and militant anti-union techniques ever used in the history of employer and employee relationships" (La Follette Committee, Report, p. 64). The espionage and strike-breaking tactics of the National Metal Trades Association and the Associated Industries of Cleveland were fully described in Parts I and II of the Report.

²Cited by La Follette Committee, Hearings, Part 17, p. 7520.

In 1947 three hundred and forty-five state, local, and manufacturing trade associations were affiliated with the NIC: thirty-five state industrial associations, one hundred and twenty-three local industrial associations, and one hundred and eighty-seven manufacturing trade associations.¹

Since 1935 the Chairman of NAM's Board of Directors has been designated as Chairman of the NIC and the Executive Director of the Council has been the Vice-President in charge of the NAM's Inter-Association Relations Division. The NAM makes available to the Council affiliates its economists, legal staff, public relations materials, and information facilities and assigns from its staff the secretaries for the NIC's various groups and committees. In turn, the NIC participates in the Association by sending liaison advisors to sit on the NAM's Policy Committees, which initiate NAM policy. However, the NAM exercises no direct authority over the making or effectuation of the policies of affiliated groups or their industrial corporate members.²

The Council meets annually for two days immediately preceding the NAM's Congress of American Industry. The platform and resolutions of NAM's Resolution Committee, on which NIC representatives sit, are presented to the NIC for endorsement but otherwise this convention does not engage in policy-making activities. No affiliated organization or member firm may be committed

¹National Association of Manufacturers, The NAM Story and Financial Report for 1947 (New York: National Association of Manufacturers, 1947), unnumbered.

²La Follette Committee, Hearings, Part 17, pp. 7521-7522.

to any policy or program without expressed consent.¹ From time to time the NAM seeks the active cooperation of Council affiliates in the effectuation of particular public relations programs or representation of Association policy before governmental agencies, but such cooperation depends upon the voluntary decision of the NIC.

The United States Chamber of Commerce, 1912

The passage of the Sherman Antitrust Act in 1890, the alleged persecution of business by Roosevelt, as well as the popular clamor for increased business regulation, convinced businessmen that something should be done if the United States was to be made safe for commercial enterprises. One solution to dispel the sense of insecurity, fear, and uncertainty that hovered over the business world came from government itself. What was needed was an organization that would act as a clearing house for the opinions of businessmen.

Government regulations of business gave rise to numerous organizations and associations of businessmen, most of whom sought to prevent encroachments by government upon the realm of private business. As a means of prevention, they organized more and more powerful lobbies in Washington and in the various state capitals to protect their interests. The rivalry of these business groups not only confused the legislators but in the end defeated the

¹Alfred S. Cleveland, "Some Political Aspects of Organized Industry" (Unpublished Ph.D. dissertation, Department of Political Science, Harvard University, 1948), pp. 79-84.

aims of the associations themselves. The need was for an organization, nationwide in scope, to bring order out of this chaos and assimilate the conflicting business desires through the country.

The United States Chamber of Commerce appeared on the scene in 1912 primarily to inform the federal government about what business was thinking. The NAM claimed credit for ushering the Chamber on the scene and for being one of the first, if not the first, organization in the United States to realize the necessity for a clearing house, or "association of associations," covering the whole country: "It will be legislative and constructive in a profound degree and exert a deep and potential influence in developing and crystallizing business opinion in presenting its conclusions to the law-making body, and in consulting with the Administration and Departments along commercial and business lines in the support and development of the departments which are devoted particularly to commerce."¹

Harwood Childs reported that the NAM was only one of six organizations² which sent representatives to a meeting held on February 12, 1912, under the auspices of the Department of Commerce and Labor. This informal meeting resulted in the drafting of a letter to be sent to commercial organizations throughout the

¹Proceedings, 1912, p. 66.

²District Board of Commerce, the San Francisco Chamber of Commerce, the Southern Commercial Congress, the Boston Chamber of Commerce, and the NAM. Harwood L. Childs, Labor and Capital in National Politics (Columbus: The Ohio State University Press, 1930), p. 11.

country and to President Taft, containing suggestions for the creation of a national organization of businessmen. Following the receipt of a statement from President Taft, the Secretary of Commerce and Labor invited about two thousand commercial bodies in the United States to send representatives to a national conference to be held in Washington on April 22, 1912.¹ Such an organization was naturally able to perform many related services for its members, the government, and the public; but its primary task as conceived by its founders, Childs related, "was to establish an organ through which business could speak authoritatively to the government, in order that the government, supplied with this information, could act more 'intelligently'; that legislation and the desires of economic interests could be more closely co-ordinated; and that the sense of fear and uncertainty among business men could be removed."²

Although the NAM cooperated in creating the Chamber and consequently expected much from it,³ the heterogeneous composition of the latter often caused the interests of the two organizations to be at variance with one another.⁴ In 1922 the Association resigned, censuring the Chamber for its liberality in inviting labor and other "leftist" speakers to address its formal meetings.⁵

¹Ibid.

²Ibid., p. 67.

³Proceedings, 1913, p. 81.

⁴Ibid., 1916, p. 216; 1920, p. 131.

⁵Ibid., 1923, pp. 18, 21.

Both the NAM and the Chamber have continued to function side by side, not as competing but rather as complementary organizations. Frequently they have cooperated when interests and objectives harmonized.

The National Industrial Conference Board, 1916

President Woodrow Wilson's administration spurred the NAM to greater organizational heights. Increased legislative control of corporations threatened business and industry. The first World War created such demands upon American industry that the position of labor in the productive scheme assumed increasing importance. The growing challenge of labor again threatened employers, as it had in 1903.

George Pope, President of the NAM, advised employers in 1916:

Capital must take a page out of the book of labor; it must 'unionize.' I believe that an employers' 'union,' nation-wide in its scope, is absolutely essential to the conservation of American industry--as essential to labor as it is to capital.

.....
 In my opinion there should be an organization of employers, not confined to any one craft nor exclusively to manufacturers, but one to which all employers of labor should be eligible. With local organizations throughout the country combining with state organizations, and the state organizations combining with the national organization, its influence would be far-reaching and most effective in all kinds of work for the benefit of the employer.¹

He urged all members of the Association "to lend their aid in a campaign to refocus the industrial perspective of the American people and to give all classes of citizens a better understanding

¹American Industries, September, 1916, pp. 12-14.

of their responsibility to our industries and of the bearing which industrial prosperity has on their own welfare."¹

The 1916 NAM Convention concurred and resolved "that some plan of organization be created, representative of as many local, state, and national industrial organizations as possible, which may agree on certain definite principles and may express, at times, the authoritative opinion of associated industry with respect to measures and policies effected by the Government and the Congress of the United States."² This resolution resulted in the formation of the National Industrial Conference Board, a federation of eighteen national associations of manufacturers.³

The policies of the Board were determined by the delegates of the affiliated associations (two from national associations and one from each state association), but the member associations were not bound by the acts of the Board except when their delegates committed them to the particular policies in special cases. These associations, therefore, might or might not adopt the suggestions of the Board in each instance.⁴

The Board was an "investigating and deliberative body," having for its purpose the promotion of the interest, stability

¹Proceedings, 1918, p. 211.

²American Industries, June, 1916, p. 34.

³Among them were the National Founders' Association, the National Metal Trades Association, the National Erectors' Association, the United Typothetae of America, and the National Industrial Council.

⁴Bonnett, Employers' Associations in the United States, op. cit., p. 475.

and prosperity of industrial America.¹ Its functions were: (1) to supply relevant information to the NAM and other sponsoring and member associations; (2) to secure on this basis joint deliberation and joint action by the manufacturers of the country; (3) to provide the factual background for a convincing program of public relations aimed at the public and conveyed to the government when formulating industrial legislation and policies.²

On the practical side it assisted in, and by spokesmen of the NAM has been given credit for, the formation of the War Labor Board.³ On the ideological front it promoted "unit thinking." As Mr. L. W. O'Leary, president of the National Metal Trades Association, expressed it in 1920: "The National Industrial Conference Board is of . . . great value in that it is bringing about uniformity of thought and action among employers, woefully lacking in the past. We are thinking together."⁴ President Mason of the NAM voiced a similar belief: "[T]he National Industrial Conference Board is a means through which the activities and interests of its constituent members may be coordinated so as to have a voice of cumulative force and potency."⁵

Still in existence, the NICB is now organized into four

¹Proceedings, 1919, p. 142.

²Ibid., pp. 142-144.

³Ibid.

⁴Quoted by Bonnett, Employers' Associations in the United States, op. cit., p. 483.

⁵Proceedings, 1919, p. 144.

divisions: the Division of Business Economics, the Division of Business Practices, the Management Research Division, and the Statistical Division. In 1947, for example, it released two hundred and forty-three publications: six books, twelve research reports, twenty-four regular monthly publications, and many pamphlets--the largest number of which (fifty-nine) were in industrial relations and labor relations. Total expenses for 1947 were \$850,452.60.

Membership increased to 2,817 by 1947. In that year it consisted of fifty-nine individuals, 2,323 business concerns, two hundred and fifteen business and labor organizations, and two hundred and twenty libraries, educational, and other public institutions.¹

Interrelations with Trade, Business, and
Employers' Associations

The fostering of other associations or interorganizations has been only one device by which the NAM has attempted to expand the role of the Association in American society. Interrelations with other industrial groups, trade, business, and employers' associations have also contributed to the achievement of industrial coordination. A network of contacts has been established through: (1) interchange of speakers and the publication of their addresses; (2) cooperative efforts in a recognized common cause; (3) common officers, members, or contribution of funds; (4) joint conferences.

¹National Industrial Conference Board, 31st Annual Report of the Conference Board (New York: National Industrial Conference Board, Inc., 1947), pp. 21, 61, facing p. 55.

Speakers

Leading officials of the Association have delivered many addresses before such bodies as state manufacturers' associations, local employers' associations, national trade associations, chambers of commerce, citizens' leagues, and state bankers' associations. Representatives of these bodies have in turn been accorded a hearing at meetings of the NAM.¹ The body before which the address was delivered usually has opened the pages of its journal for the publication of the speech. Almost every issue of the NAM News has reported one or more speeches that NAM officials have given before other associations. Frequently these addresses have been mimeographed by the Association and put into regular distribution channels.

Cooperation in a Common Cause

There has been distinct cooperation with other associations in what has been regarded as a common cause. In 1901 the NAM resolved:

WHEREAS, There is more strength in union of force and concentration of energy upon any subject, and consequently greater influence is exerted thereby; therefore be it Resolved, That we affirm the policy of this Association in co-operating with other national associations in movements of national interest.²

The area of most common agreement for cooperation has

¹ See Bonnett, Employers' Associations in the United States, op. cit., pp. 362-364, for a comprehensive listing of addresses by NAM officials before other groups.

² Proceedings, 1901, p. 92.

usually been opposition to labor legislation. For example, counsels of the NAM, National Metal Trades Association, and National Founders' Association joined their efforts at Washington in opposing the eight-hour bill before Congress in 1912.¹ Cooperation with the League for Industrial Rights, especially in opposition to labor legislation, was freely given.²

In its fight for the open shop the NAM aided the National Association of Employing Lithographers.³ Support was given to the Oklahoma City Chamber of Commerce⁴ and to many associations on the Pacific Coast.⁵ There was a report that the Association, in 1907, had promised a large sum to San Francisco businessmen if they would in turn raise a large amount to support the leading business interests of the city in a general lockout of the unions. The joint fund then promised was said to be in the millions of dollars.⁶ In 1910 the following associations joined with the Association in the fight for the open shop on the Pacific Coast: Worcester Builders' Exchange, Employers' Association of the District of Columbia, Master Builders' Association of Boston, Metal Manufacturers' Association of Philadelphia, Employers'

¹Proceedings of the Annual Convention of the National Metal Trades Association, 1912, p. 26.

²Proceedings, 1919, p. 112; 1911, p. 67.

³American Industries, August 15, 1906, p. 10.

⁴Ibid., January, 1912, p. 11.

⁵Proceedings, 1910, pp. 288-289.

⁶Bonnett, Employers' Associations in the United States, op. cit., p. 369.

Association of Buffalo, National Erectors' Association, Citizens' Industrial Association of Toledo, Broad Silk Manufacturers' Association, and the Employers' Association of Cleveland.¹ In 1919 the NAM assured the president and members of the American Steamship Association "of the whole hearted and unselfish support of the members of this Association in upholding the open shop."²

The Supreme Court validation of the Wagner Act in 1937 marked a set-back to organized industry, but its forces were not discouraged from attempting to participate in the formulation of national labor policy. On the contrary, the NAM, its members and affiliates, and other sympathetic organizations cooperated closely toward the end of repealing or modifying the National Labor Relations Act. The American Iron and Steel Institute lent direct support in stimulating employee representation plans. The American Bar Association, through its sponsorship of its administrative law bill, the Walter-Logan Bill, was also helpful.³ Through nationwide organizations, such as the National Metal Trades Association, and local employers' federations, such as the Associated Industries of Cleveland, the NAM found support for its policies on the industrial front.⁴ Through the National Industrial Council

¹American Industries, January, 1911, p. 41.

²Ibid., August, 1919, pp. 12-13.

³Donald C. Blaisdell, Economic Power and Political Pressures, Monograph No. 26 in the study made for the Temporary National Economic Committee, 76th Cong., 3d Sess., pursuant to Pub. Res. 113 (Washington: Government Printing Office, 1941), p. 106.

⁴La Follette Committee, Report, Parts 4 and 5.

employer activity was mobilized and directed on the political front. In Washington the NAM and the Chamber of Commerce joined forces in their lobbying activities.¹

Although not always in complete accord, the NAM and the Chamber of Commerce were as one in their opposition to the National Labor Relations Act, in their support of proposed legislation to limit the law enforcement powers of administrative agencies, and in their desire to increase the power of the courts.²

Working behind the scenes to exchange information and to coordinate, so far as possible, their respective labor policies were the representatives of twelve of the country's largest manufacturing and utility corporations.³ Called the Special Conference Committee, they sought to join forces with the NAM and Chamber in their pressure tactics.

Since its organization in 1919 the SCC was active in an unobtrusive way in developing its philosophy of cooperation between employers and employees and in using its influence to keep Congress from adopting objectionable labor legislation. The Committee made no attempt to increase its membership or to give publicity to any of its activities. Thus, it differed radically from the typical employers' association. It had no funds in its own name. Until December 31, 1936, all expenses of the committee were met in the first instance by the Standard Oil Company of

¹Ibid., pp. 57-74.

²Toner, op. cit., pp. 131-132.

³La Follette Committee, Hearings, Part 45, p. 16781.

New Jersey, which was reimbursed by the member companies. The committee had no letterheads carrying its name. It was not listed in the telephone directory.

E. S. Cowdrick, in his capacity as secretary of the SCC and as consultant since 1936, had the task of arranging for meetings, keeping minutes, conducting correspondence, sending out releases, and clearing information among the members on subjects of mutual interest. Beginning in 1934, under Committee instructions, he spent considerable time in Washington, to permit him to follow at first hand legislation and political developments on matters of special interest to the Committee, and to report on such developments to its members.¹

Cowdrick reported to the SCC:

My time in Washington has ranged from one day to three days each week, the average probably being a little less than two days. I have had very useful contacts with individuals and organizations, including the National Association of Manufacturers, U.S. Chamber of Commerce, The National Automobile Chamber of Commerce, and the Washington offices of some of the special Conference Committee companies. For the most part I have dealt through these acquaintances rather than directly with government officials, as it seemed to me best to avoid making myself too conspicuous or doing anything with the impression that I was lobbying.²

Common Officers and Members and Contribution of Funds

Interrelations through common officers, members, and contribution of funds often linked business and industrial associations. A few examples selected from the entire history of NAM

¹Ibid., pp. 16785-16786, 16980.

²Ibid., p. 16877.

illustrate this point. In 1903 it was said that about all the members of the NMTA were also members of the NAM. In 1904 Mr. Ittner of NAM testified, "I am a member of national bodies. I am the ex-president of two."¹ Mr. Philip Bird, General Manager of NAM, was re-elected president of the Manufacturers' Association of New Jersey in 1915,² and was elected member of the Administrative Council of the NMTA in 1907. John Kirby, Jr., a President of NAM, was president of the Dayton Employers' Association at the same time and had been a member of the Administrative Council of the NMTA a short time before. In 1908 he was elected a member of the Executive Committee of the Citizens' Industrial Association of America. David M. Parry was President of the National Association of Manufacturers from 1902 to 1906 and was a Director and member of the Executive Committee until his death in 1915. He was formerly president of the National Association of Carriage Builders and a director in that Association for a number of years. At different times he was president of the Indiana Manufacturers' Association and of the Citizens' Industrial Association of America.³

During the middle thirties collaboration between local associations and the NAM was made possible not only through central coordinating committees of the NIC but also because many prominent companies, particularly large contributors and companies represented on the NAM Board of Directors, were also members and

¹Proceedings, 1904, p. 239.

²American Industries, February, 1915, p. 43.

³Ibid., June, 1915, p. 32.

large contributors of other employers' associations. A sample study of interlocking memberships between the NAM and the employers' associations in Ohio for the years 1933 to 1937 indicated that members and supporters of the former supplied the principal financial support of the local associations (Table 3).

TABLE 3

NAM MEMBERSHIP IN AND CONTRIBUTIONS TO
EMPLOYERS' ASSOCIATIONS OF OHIO
1933-1937^a

Associations	NAM Large Contributors Belonging to Local Assns.--Per Cent of Local Assn. Total		Total NAM Membership Belonging to Local Assns.--Per Cent of Local Assn. Total	
	Members (Per Cent)	Contribu- tions (Per Cent)	Members (Per Cent)	Contribu- tions (Per Cent)
Akron Employers Association ^b	17	56	55	99
Mahoning Valley In- dustrial Council ^c	36	85	64	88
Trumbull County Man- ufacturers Assn. ^c	3-1/2	50	10	52
Associated Industries of Cleveland ^c	3-3/5	18	14	43
National Metal Trades Association: total members in Ohio ^d	4	16	33	62

^aSource: La Follette Committee, Report, p. 71.

^bPeriod, 1933-1936, inclusive.

^cPeriod, 1933-1937, inclusive.

^dPeriod, January 1, 1933, to October 31, 1936.

In 1937 between one-half and three-fourths of the companies represented on the governing bodies of the national and local associations listed in Table 4 were members of the NAM.

About one per cent of the companies were on the Board of Directors of the NAM and about twenty per cent were represented on Standing Committees of the NAM, of which there were eight in 1937. In six out of eight cases a majority of the companies represented on the governing bodies of these national and local associations were members or contributors to the NAM.¹

TABLE 4

MEMBERSHIP IN AND CONTRIBUTIONS TO NAM
BY COMPANIES ON GOVERNING BODIES OF
NATIONAL AND LOCAL ASSOCIATIONS^a

National and Local Employers' Associations	No. of Com- panies on Governing Body	Membership in NAM	NAM Board of Directors	NAM Committees (8)	Contributions to NAM
National Metal Trades Association	24 ^b	20	3	8	\$59,062.50
National Founders' Association	19 ^c	15	2	8	10,900.00
Associated Industries of Cleveland	20 ^d	13	1	3	80,179.00
Mahoning Valley Indus- trial Council	10 ^d	7	2	3	86,850.00
Trumbull County Manu- facturers' Ass'n.	9 ^d	4	3	3	46,500.00
Employers' Association of Akron	4 ^b	4	2	3	8,450.00
Industrial Association of San Francisco	15 ^e	9	0	1	11,875.00
Associated Industries of Minneapolis	30 ^c	12	0	0	11,600.00

^aSource: La Follette Committee, Hearings, Part 19, p. 8573.

^b1936

^d1933-1937

^c1937

^e1934

¹La Follette Committee, Hearings, Part 19, pp. 8198-8208.

The Special Conference Committee reported that the Chamber and the NAM had shown "an inclination to be extremely friendly and accommodating--which is not strange in view of the fact that most of the Special Conference Committee companies are heavy contributors to both organizations." "Probably the closest relationship on the part of the committee was with the NAM," the Committee added, for during the period 1933 to 1936, the number of officers in the NAM representing member corporations of the SCC increased from one to six. Most of the members of the SCC also contributed heavily to the National Industrial Conference Board and less generously to the League for Industrial Rights.¹

Joint Conferences

The practice of NAM representatives conferring with other organizations has been another device by which the NAM has sought to broaden its fields of cooperation to develop wider understanding of and effective action on problems of mutual concern. For example, during the thirties, James Emery, General Counsel of NAM, attended a part of one SCC session at the invitation of the Committee and discussed the governmental and legislative situations relation to labor. At the invitation of the Committee, Noel Sargent, economist of NAM, also attended a part of one afternoon session and participated in a discussion of the social security bill.² In 1945, representatives of the Association conferred

¹Ibid., Part 45, pp. 16788-16789, 16880-16886.

²Ibid., pp. 16880-16881.

with the following: the Chamber of Commerce, AFL and CIO on the Johnston-Murray-Green statement; the National Postwar Conference on postwar problems; the American Bankers Association, Investment Bankers Association, Council of Economic Development, National Association of Security Dealers, and the Chamber of Commerce on industrial financing; the American Legion on the National Employment Conference; and the Institute of Social Order on super-seniority.¹

Affiliation with various boards, commissions, and committees have expanded the area of NAM's contacts in the world of business and industry. It joined with the National Founders' Association, the National Metal Trades Association, and the National Electric Light Association to form a Conference Board on Safety and Sanitation in 1914.² The NAM was also a member of the Conference Board on Training of Apprentices.³ In 1944 the NAM, in cooperation with the Chamber of Commerce, initiated and participated in an International Business Conference which was attended by the National Foreign Trade Council, the United States Associates of the International Chamber, and business representatives of fifty-two allied and neutral nations. Also in 1944 the NAM initiated the Conference of National Organizations which brings together, three times yearly, representatives of twenty-three

¹National Association of Manufacturers, *Achievement for Industry in the Year of Victory* (New York: National Association of Manufacturers, 1945), p. 22.

²Proceedings, 1914, pp. 7, 80.

³American Industries, August, 1916, p. 27.

national groups--manufacturing, agriculture, finance, transportation, veterans, etc.

A principal staff officer in the Association is the Vice-President in charge of Inter-Association Relations.¹

The NAM's Conception of Its Role
in American Society

The web of organizational influence spun by the NAM enmeshed citizens' and local employers' associations by means of the Citizens' Industrial Association and stretched into the halls of state and national legislatures through groups affiliated with the National Council for Industrial Defense. The NCID (called the National Industrial Council after 1919) embraced the employers' associations and the Chamber of Commerce covered the boards of trade and chambers of commerce throughout the country. The National Industrial Conference Board supplied the research data. Through a network of interrelations with other employers' associations, trade, and business associations, the NAM established contact with numerous organizations intent upon strengthening the power and position of employers in their relations with employees.

Based upon the scope of its membership, the extension of its base of representation through constituent organizations and contacts with other associations, and the universality of its values which are grounded in traditional principles of Americanism, the NAM claims an important role for itself in American society.

¹Noel Sargent, "Organization and Activities of the National Association of Manufacturers" (Address at Springfield College, February 15, 1949), pp. 4, 7. (Mimeographed.)

On various occasions Association spokesmen have characterized the NAM as a body of "broadminded and public-spirited manufacturers";¹ as "the most powerful body of businessmen which has ever been organized in any land, or in any age";² as "the only organization exclusively representing the interests of American industry";³ as "the most influential institution in the world";⁴ and as "the biggest thing on earth,"⁵ next to the United States government.

Undoubtedly the NAM has at various times played a significant part in aiding the growth and expansion of American industry, in participating in the formulation of public policy, in performing noteworthy services for its members and the community in a variety of ways, and in doing so many things that a national body of manufacturers can do when called upon by the nation in peace or war.

However, a careful investigation of the organizations which the NAM has helped create does not bear out the Association's claim to represent American industry. In 1922 the NAM resigned from the Chamber of Commerce. Since that time the groups have cooperated only when their objectives have harmonized. The Citizens' Industrial Association was superseded by the National

¹Proceedings, 1900, p. 175.

²Ibid., 1919, p. 68.

³La Follette Committee, Hearings, Part 17, pp. 7528-7537.

⁴Advertisement in American Industries, March 15, 1905, p. 14.

⁵Proceedings, 1913, p. 266.

Industrial Council. The Association exercises no direct authority over the making or effectuation of the policies of groups affiliated through the Council or their industrial corporate members.

Two assertions that the NAM consistently makes deserve further examination. The NAM credits itself with being "the voice of manufacturing industry in the United States"¹ and its findings and recommendations with being the "authoritative expressions of American industrial thinking."² In the effectuation of its policies the NAM represents itself to its members, the public, and the government in those terms. Because of the necessity for the public and government to judge these claims when confronted by NAM demands, two questions must be answered: (1) What claim does the NAM have, in terms of its own membership, formal structure, internal leadership, and source of its financial support, for asserting that it speaks as the voice of American industry? (2) How does the Association's policy-making process function so that it can maintain that its policies are the authoritative expressions of American industrial thinking? These questions will be explored in the next two chapters.

¹National Association of Manufacturers, What Is the NAM? (New York: National Association of Manufacturers, 1944), p. 5.

²NAM News, April 27, 1946, section 2, p. 5.

CHAPTER V

THE INTERNAL CHARACTER OF THE NAM

Membership

Nature

Membership in the NAM today is on practically the same basis as it was when the Association was organized. Any individual, firm, or corporation engaged in manufacturing in the United States, whose application is approved by the Board of Directors, may become an active member of the Association.¹ The Board has the power to classify the membership of the Association, define the voting power, and fix a schedule of dues for each class.²

Two classes of members have been recognized--active and contributing members. Active members are those firms or individuals accepted as manufacturers. They constitute the membership of the Association proper, supply it with active leadership, and generally determine its policies. Constitutional authority for contributing members or subscribers is the provision which authorizes the Board of Directors to "receive subscription, gifts or

¹National Association of Manufacturers, Constitution (New York: National Association of Manufacturers, 1946), Article IV, Section 1.

²Ibid., Article IV, Section 3.

bequests to promote the Association's purposes."¹ Contributing members are ineligible to hold office, serve on the Board, or participate in any voting procedures. They may sit on advisory committees. Contributing members include non-manufacturers such as financial institutions, transportation companies, and firms primarily engaged in distribution or service functions.

The difficulty in distinguishing between manufacturers and non-manufacturers has made it impossible to draw a clear line between the two. In some cases the line appears to have been crossed. The Mississippi Power and Light Company, Electric Bond and Share Company, and Commonwealth Edison Company are examples of utilities which hold membership in NAM. The Irving Trust Company and the Mutual Life Insurance Company of New York are examples of financial institutions in the Association. Sears Roebuck Company and S. H. Kress and Company illustrate member firms which are primarily engaged in distribution but also do some manufacturing.

The NAM Constitution provides that whenever active membership is held in the name of a corporation or firm one individual must be selected to represent that firm or corporation and to exercise its voting power. Since the words "firm and corporation" have not been defined, the Association has admitted both parent and subsidiary firms to membership. An example of this situation is the Niles-Bement-Pond Company and its various affiliates. The parent company itself is a member of the NAM as are two of its

¹Ibid.

divisions, Pratt and Whitney and Borg-Warner. In addition, the Norge Division of Borg-Warner holds active membership. Again, the General Motors Corporation, along with two of its subsidiaries, the Ethyl Corporation and the Eastern Aircraft Division of General Motors, are also members.¹

Although the Constitution provides for the membership of individuals, as a matter of custom and practice membership has been open almost only to firms and corporations.

Representativeness

Number of NAM members.--Table 5 indicates the number of firms or corporations enrolled in the NAM between 1945 and 1949 and compares those figures with the total number of manufacturing concerns in the United States.

TABLE 5
PERCENTAGE OF UNITED STATES MANUFACTURERS
ENROLLED IN NAM, 1945-1949*

Year	NAM Membership	Manufacturers in United States (in December)	Percentage
1945	14,500	262,500	5.5
1946	15,000	305,100	4.9
1947	16,000	317,400	5.0
1948	16,500	320,000	5.0
1949	15,000	323,400	4.6

* Sources: Appendix I; United States Department of Commerce, Bureau of Foreign and Domestic Commerce, Survey of Current Business, January, 1947, p. S-3; December, 1947, p. S-3; December, 1948, p. S-4; December, 1949, p. S-4.

¹Cleveland, op. cit., p. 101; for much of the discussion of membership that follows the writer is in debt to Cleveland.

In no year, even when the NAM was at its peak enrollment, did its membership total more than 6 per cent of the total number of manufacturing enterprises in the United States.

Number of employees of NAM members.--The response of NAM's Research Department to these figures was that:

. . . 46 per cent of all manufacturing establishment, in the 1939 Census, had less than 6 employees and that 72 per cent had less than 21 employees. Obviously, most of these very small companies, making up the majority of manufacturing establishments, are not likely to become members of any type of national business organization.¹

To emphasize that it is not an association of large business, however, the NAM pointed out that 83 per cent of its members employ less than 501 persons; 73 per cent less than 251 persons; 46 per cent less than 101 persons; and 28 per cent less than 51 persons.² Put another way, 72 per cent of NAM members have more than 51 employees.

But, according to the census figures which the NAM used to explain why a larger portion of American industry was not among its membership, 72 per cent of the nation's manufacturing establishments have less than twenty-one employees. Although the census figures are now a decade old, the general observation can be made that almost three-fourths of the Association's members are among the one-fourth of American industrialists who employ the most workers.

¹Research Department, National Association of Manufacturers, "A Reply to 'NAM: Spokesman for Industry?'" pp. 3-4. (A type-written document prepared for internal use; in writer's possession).

²Ibid.; Sargent, "Organization and Activities of the NAM," op. cit., p. 2.

Industrial production of NAM members.--During the war the NAM claimed to speak for 80 per cent of American war production.¹ Alfred Cleveland, on the basis of his study of the NAM membership, concluded that even if the NAM membership included the nation's largest manufacturing establishments, it could not possibly have produced that percentage of manufactured goods.

NAM members probably did produce a sizeable proportion of all manufactured goods, he concluded, since sixty-four of the ninety-six largest manufacturing establishments in the United States were NAM members and controlled perhaps a maximum of 20 to 25 per cent of corporate assets. This proportion might have been as large as 50 per cent but quite probably it was much below the Association's estimate of 80 per cent.²

Number of subscribers to NAM public relations programs.--The NAM also claimed to represent all of the subscribers to its public relations programs.³ In 1945 more than seven thousand persons subscribed to the program.⁴ But a large number of these subscribers were Association members. To count them as additional firms represented by the NAM leads to duplication of members already counted.⁵ Furthermore, the contributors do not

¹New York Times, February 14, 1944, p. 28.

²Cleveland, op. cit., pp. 121, 125.

³What Is the NAM? op. cit., p. 5.

⁴NAM Annual Financial Report of 1945.

⁵For example, in 1941 more than 55 per cent of the 4,500 companies supporting the public information program were NAM members. Cleveland, op. cit., p. 110.

participate in the policy-making procedures or election of the Board of Directors.

In light of these facts, the NAM's claim to be the voice of American industry must be viewed with skepticism. Obviously the NAM does not represent the views of industrial labor. It is doubtful that the Association can substantiate any serious claim to authoritative representation for the stockholders and creditors of its member companies. The claim to industrial representation, therefore, applies only to the management of American industry. And since the total membership of NAM is a small proportion of all manufacturing establishments, and that membership employs a high proportion of American labor and produces much of the industrial output, the NAM comprises representatives of the management of large industries, which are but a minority of all industry. These representatives are not qualified to determine policy that is expressive of the thinking of all American industry, but only of NAM members.¹ The extent to which policies are representative of the will of its members will be investigated in the next chapter.

Fluctuations in Membership

An organization's claim to representativeness is usually related directly to its success in recruiting and holding members. Fluctuations in NAM membership have been both the cause of and the result of the degree of success it has in achieving its objectives--especially in regard to labor. Other factors that have

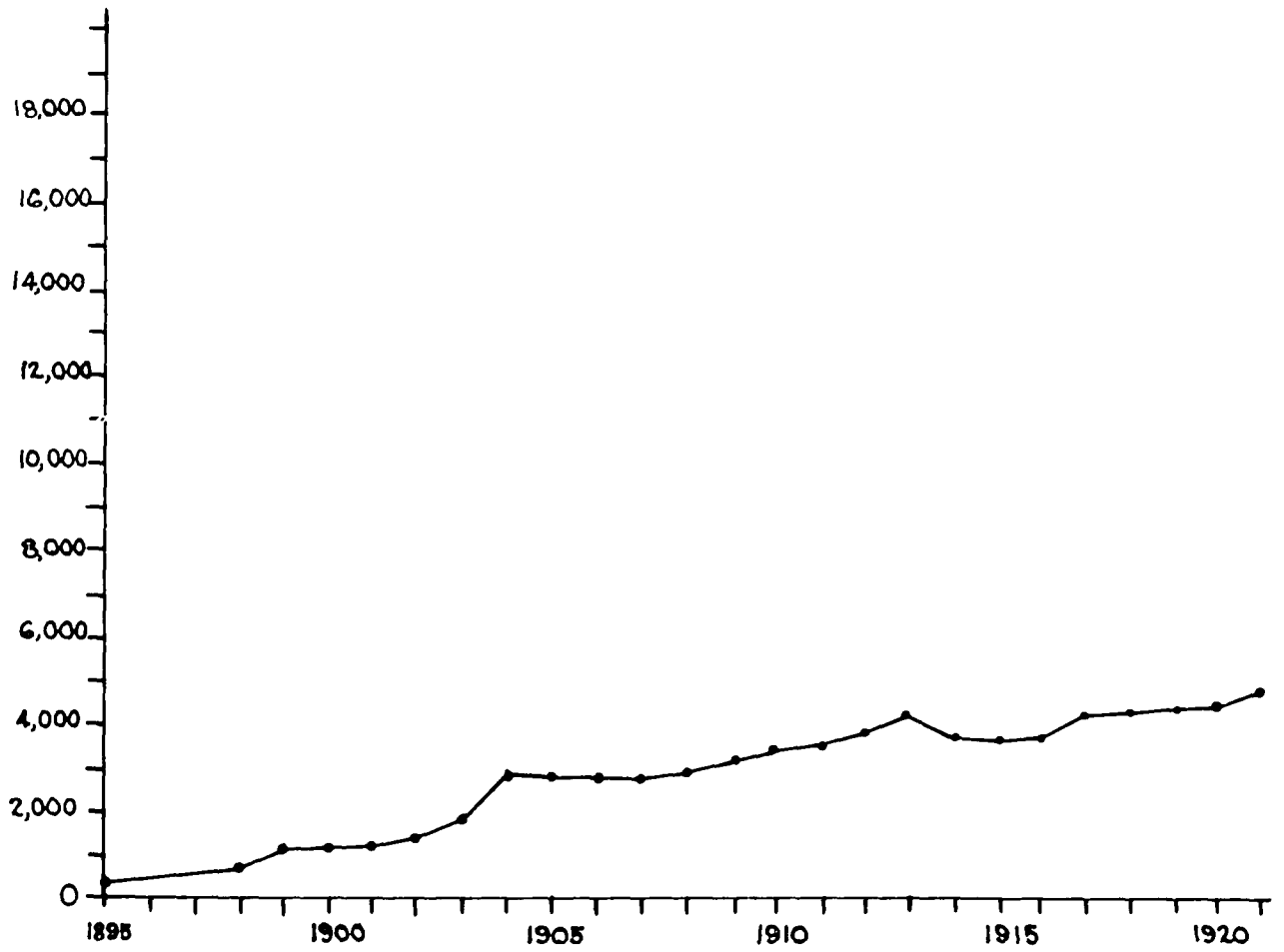
¹Ibid., pp. 126-132.

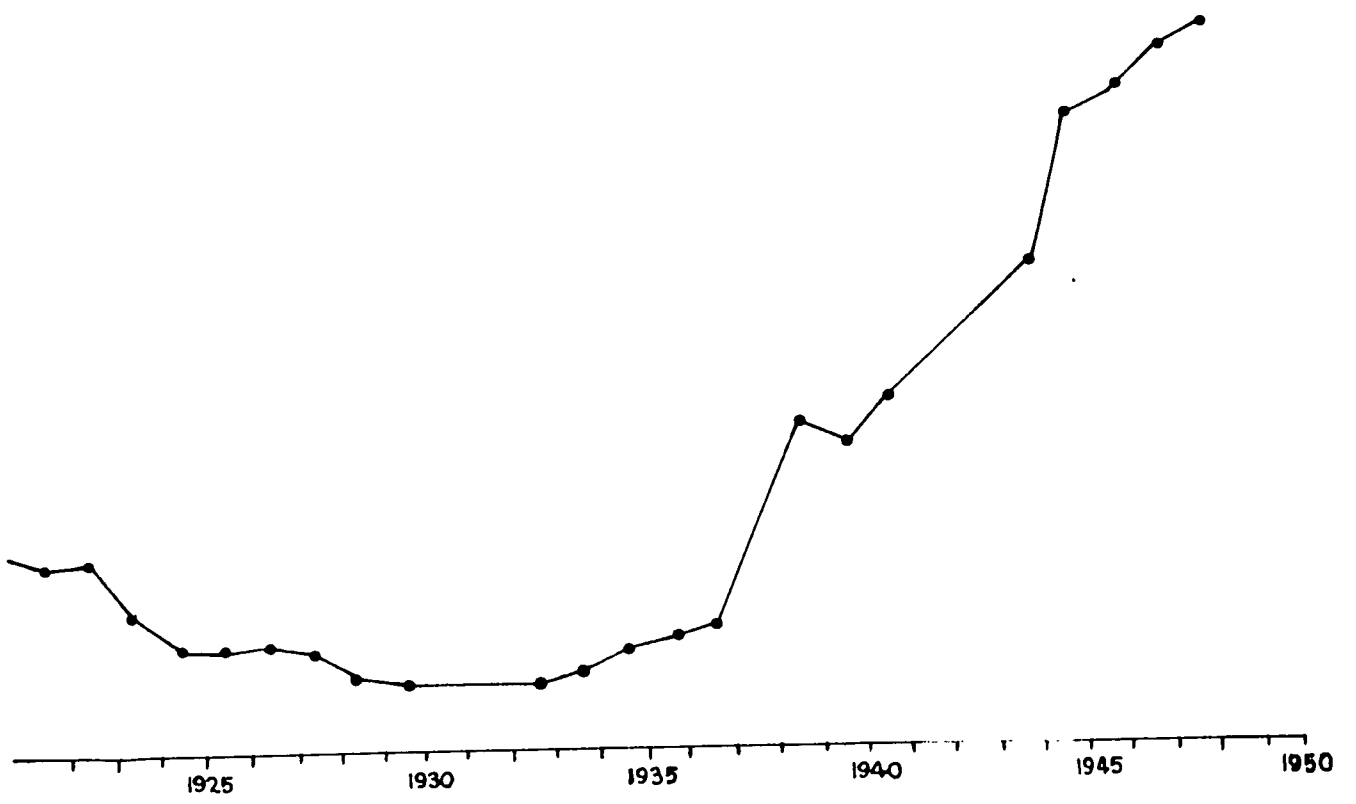
had influence on the numerical strength of NAM have been related to the problems of industrial production; relative prosperity, wars, and government intervention in the economy.

Chart 1 graphs the rise and fall of the Association's membership from 1895 to the present. In the first five years of its existence membership increased rapidly from 385 in 1895 to 1,050 in 1900. After a slight increase of 32 members in 1901 membership fell off to 988 by June of 1902. The Association showed some recovery during the rest of that year and in 1903. After the NAM entered the ranks of employers' associations the enrollment jumped to 2,942 in 1904. Except for the slight decline in 1907 there was continued expansion until 1913 when the total was 4,076. Expansion resumed after 1917, reached a peak of 5,756 in 1921, and thereafter declined regularly to a low of 1,469 by 1933. A new drive then steadily pushed enrollment up to 2,912 in 1937, 7,500 in 1939, 11,000 in 1944, and 16,500 in 1948. Membership fell off in 1949 to 15,000.

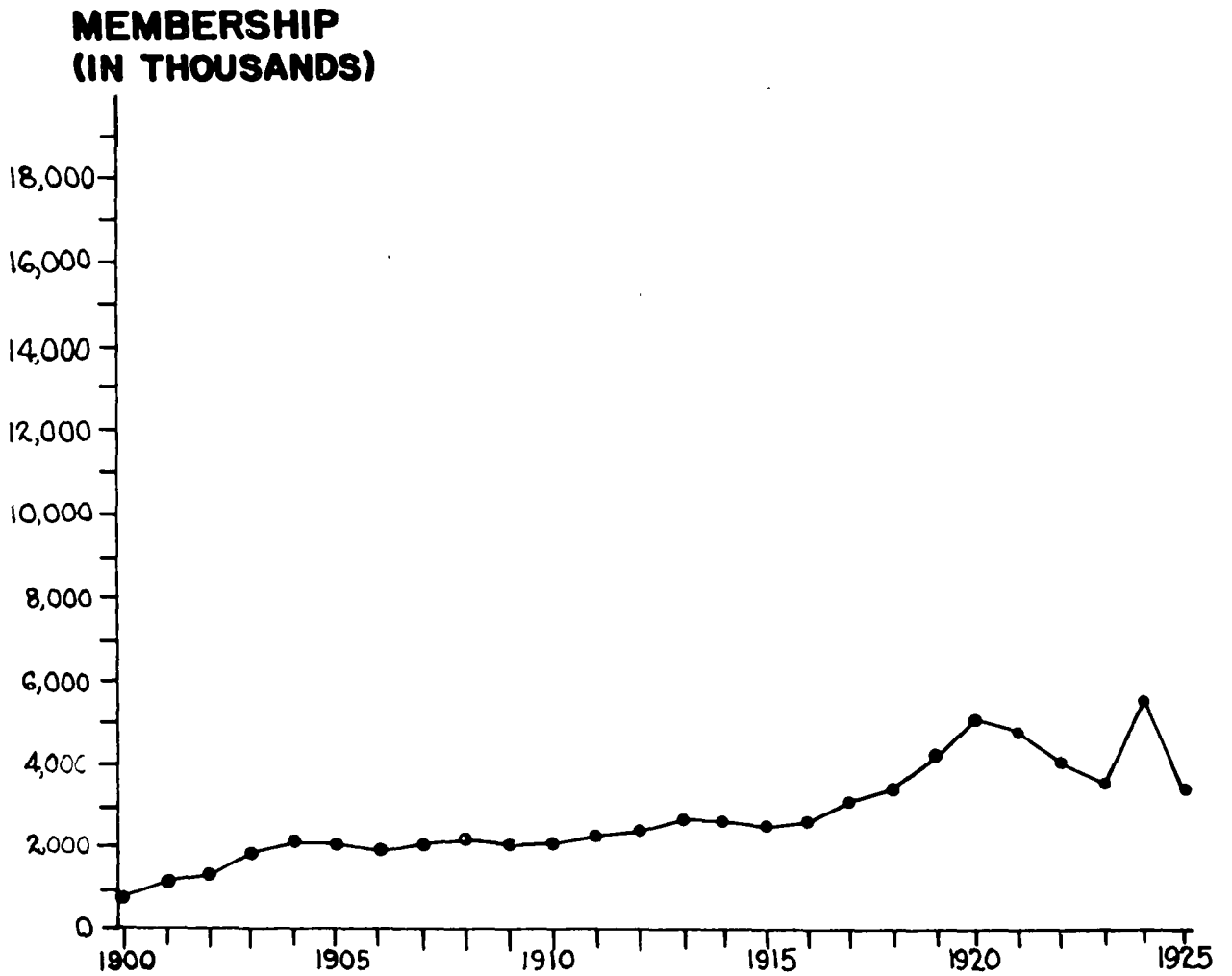
Fluctuations in NAM ranks have coincided rather remarkably with fluctuations in the membership of labor unions. (Chart 2.) Each new threat from labor set off another wave of organizational effort by the NAM with corresponding effects upon enrollment. NAM and union strength increased proportionally between 1900 and 1903. The formulation of the 1903 Declaration of Principles touched off the first open shop drive, which was sponsored in cooperation with the NAM-fostered Citizens' Industrial Association. Union membership leveled off until 1907 when a slight upward trend began once again; the NAM, however, experienced a slight decline.

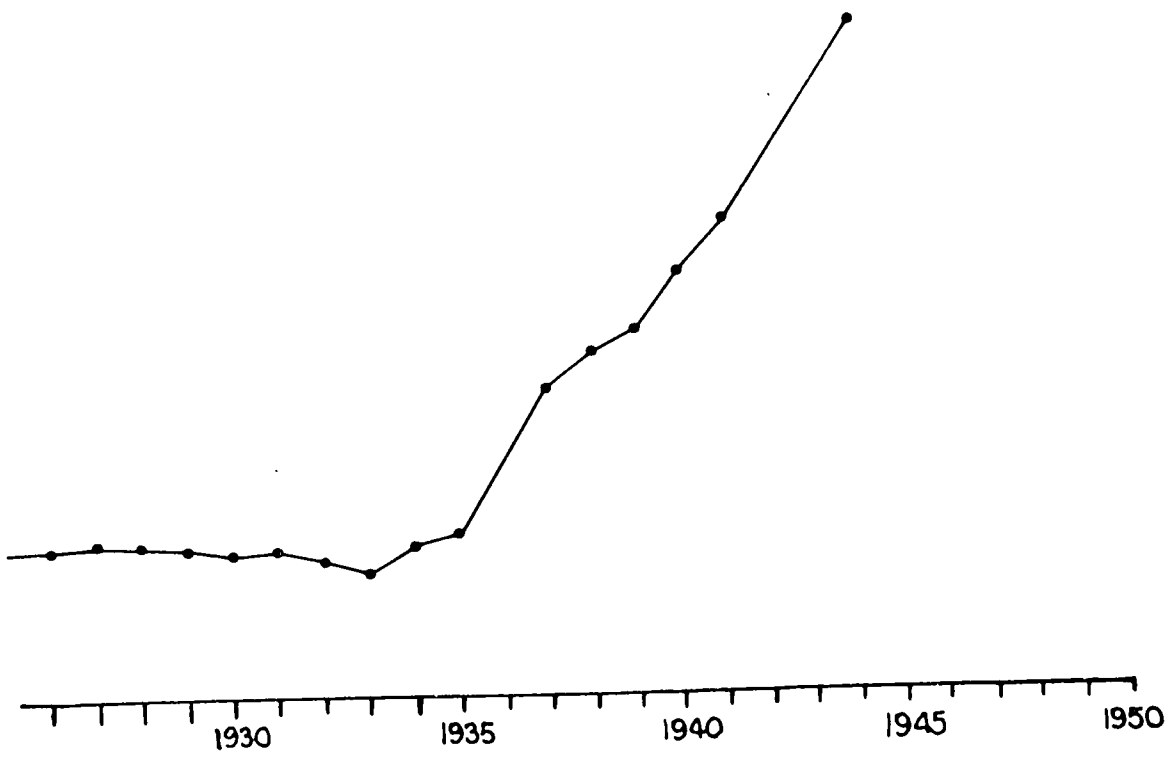
CHART I
MEMBERSHIP IN THE NAM, 1895-1949
(SOURCE: APPENDIX I)





**CHART 2. TRADE UNION
MEMBERSHIP, 1900-1944
(SOURCE: APPENDIX III)**



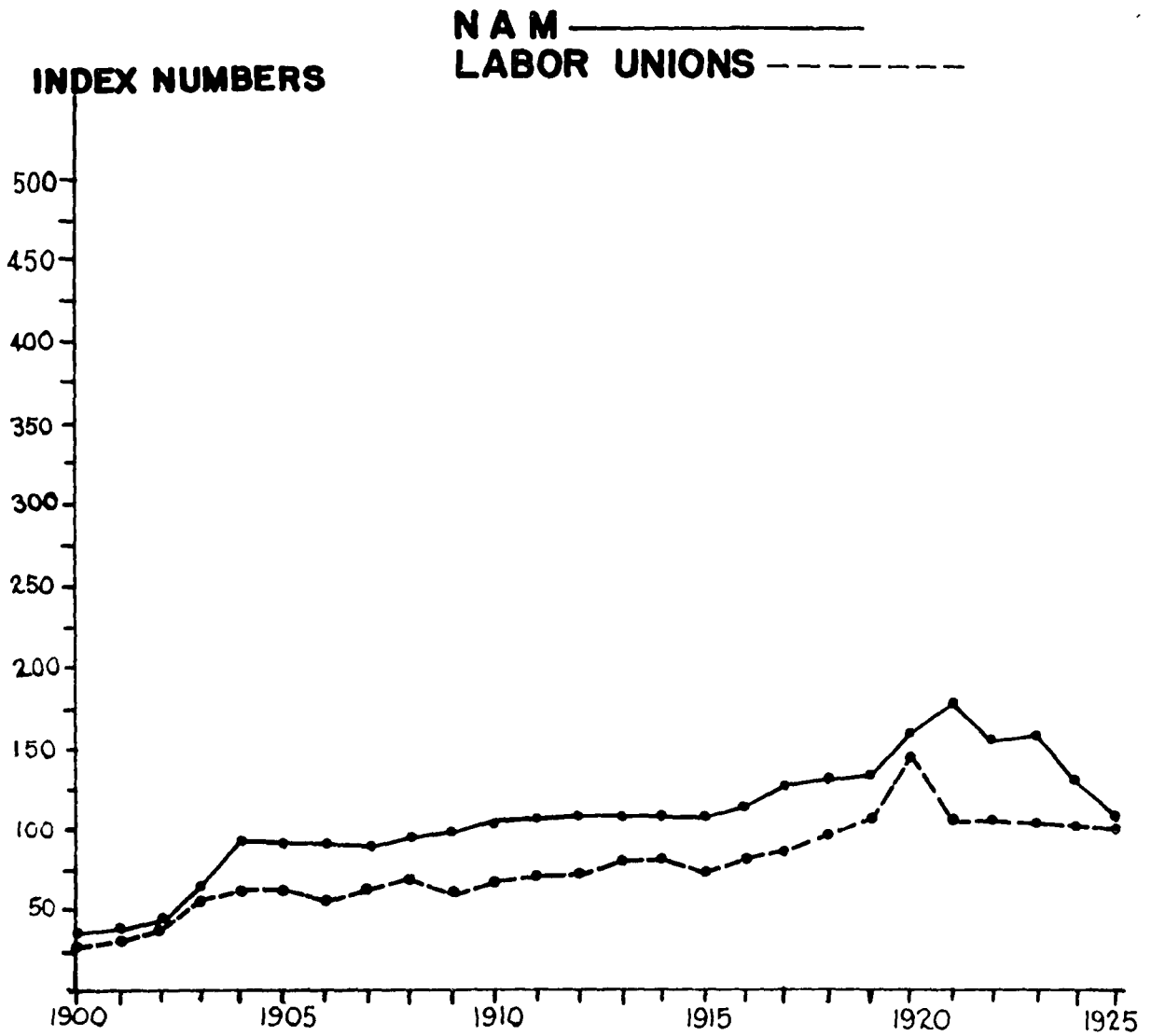


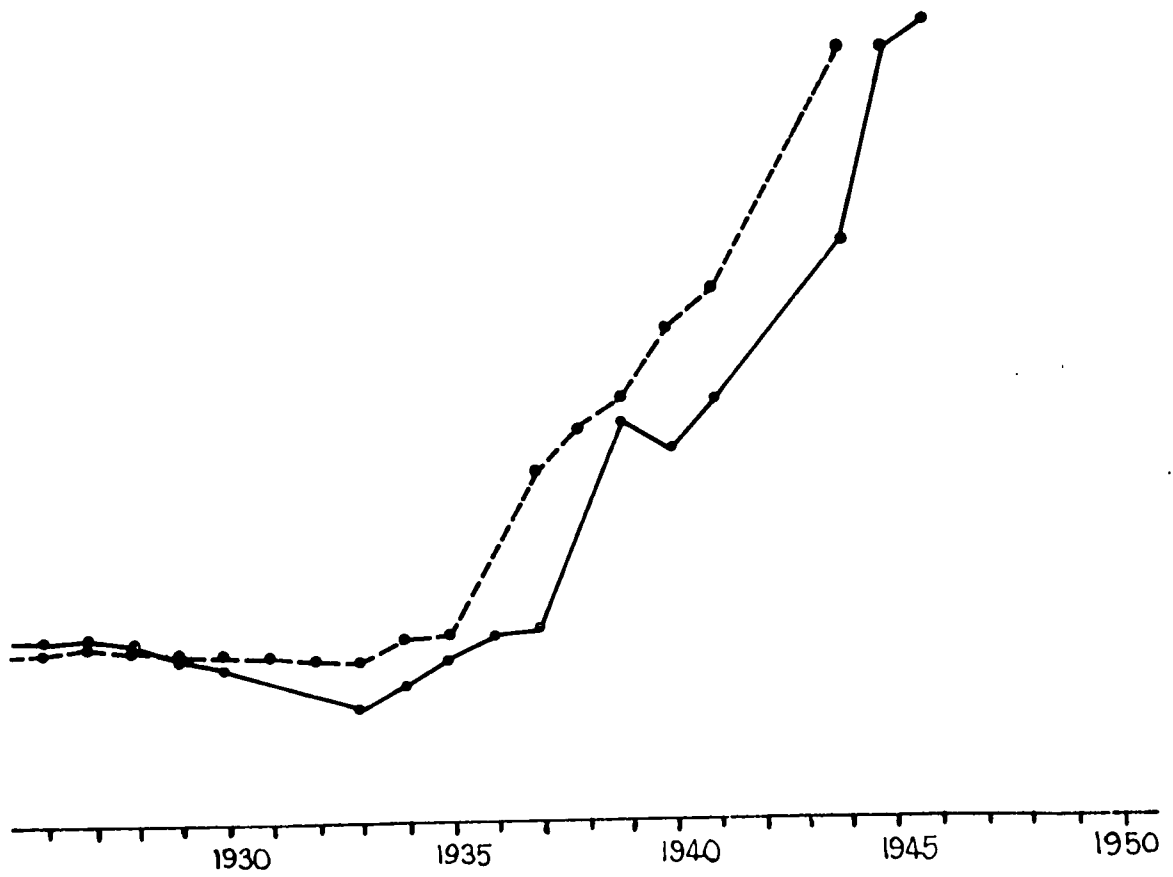
In that year the NAM felt the need for a federation of national, as well as local, employers' association and the National Council for Industrial Defense (later National Industrial Council) was formed. Both unions and the NAM continued to expand at a constant rate until 1913. NAM came under the scrutiny of Congressional committees investigating lobbying activities in 1913. Membership declined until the Industrial Conservation Movement (largely a public relations effort to counter unfavorable publicity) was organized in 1916, just as union strength sharply increased. The second open shop drive replaced the Industrial Conservation Movement in 1919. During both efforts the NAM membership grew. Resulting partially from the open shop drive union expansion halted in 1920 and membership steadily declined until 1933. Beginning in 1922 NAM membership also fell off and at a far more rapid rate until it reached the low of 1933. The New Deal revived the union movement and similarly spurred the NAM on to greater organizational heights. Both the NAM and unions continued to increase at approximately the same rate down to the present. (Chart 3.)

The relative level of economic prosperity also appears to have had an effect on membership fluctuations. In general, the number of members has decreased during depressed periods and increased as industrial activity revived.¹ Thus, NAM membership decreased or leveled off during the monetary panic of 1907-1908, the unsettled industrial conditions of 1913-1914, the post-war

¹The only important exception to this generalization occurred during the period 1924-1929 when other factors operated to overcome the generally favorable effects of increasing business activity.

**CHART 3.
COMPARATIVE GROWTH OF
NAM AND LABOR UNIONS
(SOURCE: APPENDIX IV)**





depression of 1920-1923, the collapse in 1929, and the recession of 1938. Conversely, the intervening and subsequent periods of rising business activity (with the exception of 1923-1929) were accompanied by corresponding increases in the number of NAM members. As explanation of this relationship it has been pointed out that the expenses of membership are easier to bear during periods of industrial prosperity, whereas depressions usually require careful budgeting and elimination of expenses that do not directly contribute to profits. Unfavorable business conditions also limit the time available to corporate executives for association work, whereas the opposite may be true when times are better.

During major wars membership expanded, especially during the past war when membership more than doubled. This expansion probably cannot be attributed to the war itself. But wars are periods of great industrial activity and prosperity. Cooperative effort is necessary; profits may be greater. Membership costs may be better borne when demand and profits are high.

Government regulation of the economy appears to have been another factor in the fluctuation of NAM membership. The challenge of social and industrial reform movements have been reflected in expansion in the membership. The "trust-busting" era of Theodore Roosevelt's administration (1901-1904) saw a 200 per cent increase in NAM membership. During Woodrow Wilson's reform movement of 1912-1914 numerical strength increased. Resistance to the New Deal was a decided factor in membership growth since 1933.

Certain internal factors have an effect upon fluctuations

in membership. The relative success of membership recruitment depends to some extent upon the nature and intensity of the effort made. Prior to the reorganization in 1933 much of the burden fell upon the President and officers who depended upon personal contacts to secure members. At present a highly organized and well trained group of field secretaries plus numerous NAM regional meetings seem to be more effective.

The quality and quantity of services rendered to members are of vital importance in maintaining and increasing membership. The expectation of tangible services may induce many corporations to join. If the direct services do not measure up to anticipated standards, membership may decline.

The success that results from success may be another factor, for the ability of the Association to attract considerable numbers of firms into its membership may in turn serve as an inducement to others to join.

However, it is possible that the NAM may also sow the seeds of its own destruction when its success is too complete in achieving its objectives. Each period of rapid and vigorous growth occurred when opposing forces were strongest and, conversely, declining membership strength took place when such opposition was at a minimum. With the success of the second open shop drive (1919-1926) came near oblivion. Having achieved the retardation of labor organization the NAM settled back to enjoy the fruits of its efforts. The "era of good feeling" provided industry and business with less cause for complaint than at any other time

since the turn of the century.¹ Also, after the passage of the Taft-Hartley Act in 1947 membership declined decidedly to 15,000 early in 1949.²

Formal Structure

The formal structure of the NAM has matured through over half a century of modification and adjustment to current needs. So rapidly does it change that at most one can capture the organizational arrangement only of a particular moment. However, the basic framework has followed rather closely the original pattern set in 1895 which was modeled upon business forms of organization. The various structural elements of the Association exist under the authority of a Constitution which was drafted at the time the Association was formed. When the attempt to draw local employers' associations into the NAM failed in 1903, the Citizens' Industrial Association of America was created instead. This act made it necessary for the NAM to draw up another constitution more suitable to the Association as then organized.³ The Constitution has been periodically modified since that time. In 1933 the By-laws were eliminated and made part of the Constitution.

The NAM was incorporated under the laws of the State of New York, a step taken in 1905 to permit the Association's participation in certain business operations on behalf of its members.⁴

¹Cleveland, op. cit., pp. 137-140, 146, 150, 152-156.

²Sargent, "Organization and Activities of the NAM," op. cit., p. 2.

³Proceedings, 1904, pp. 199-200.

⁴For example, the International Freight Bureau, Patents

On the legislative side the formal structure of the NAM consists of an annual convention, a Board of Directors, an Executive Committee, and a system of Policy Committees. On the administrative side are the President, not more than ten Vice-Presidents-at-Large, not more than twelve Regional Vice-Presidents, the Managing Director (formerly Executive Vice-President), the Treasurer, and the Secretary.¹

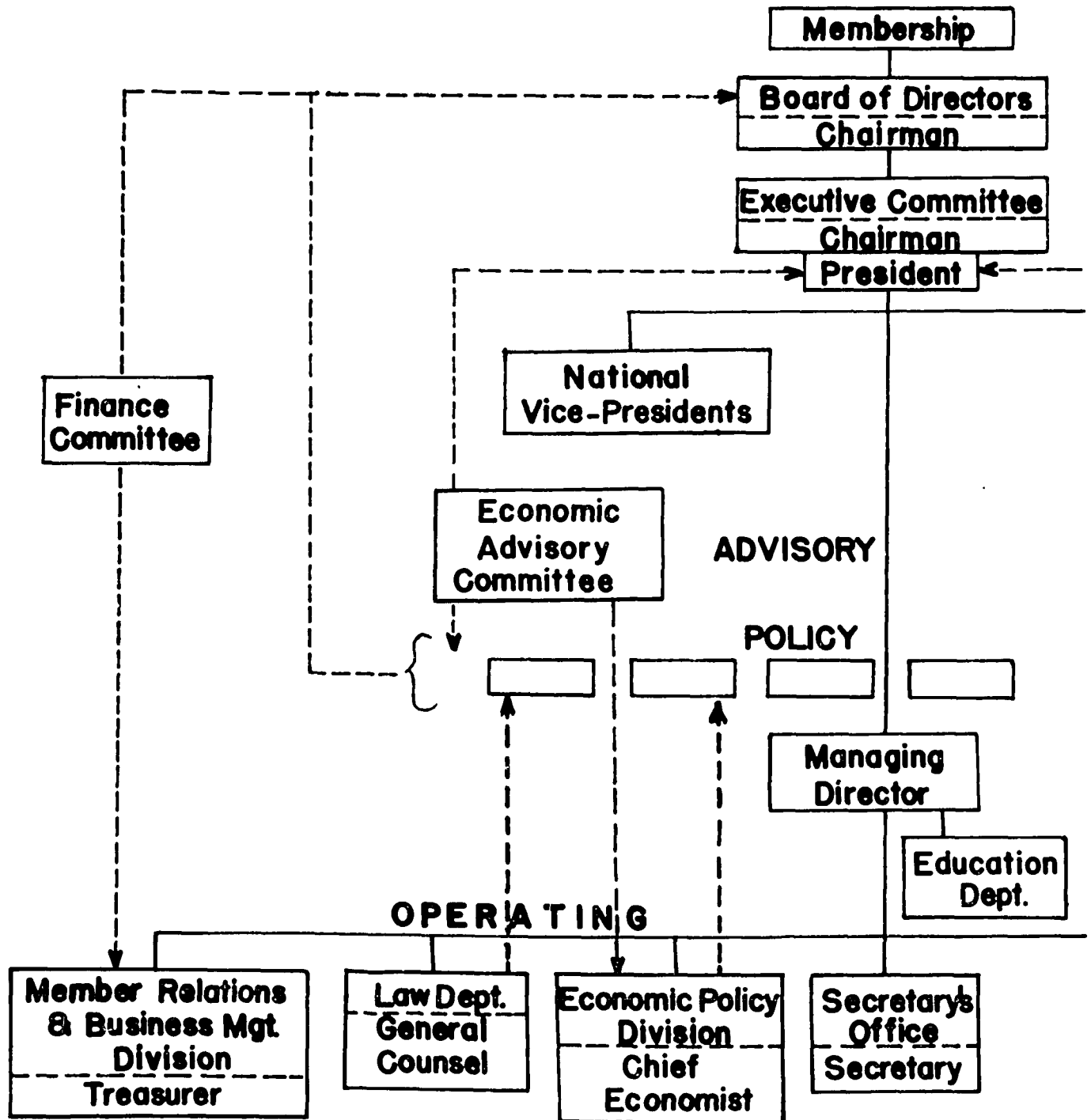
A staff of employees is grouped into six operating Divisions: the Secretary's Office, the Law Department, Member Relations, Economic Policy, Government Relations, and Public Relations. Various Advisory Committees, appointed from the Board membership by the President of the Association are advisory to him, to the major NAM Divisions, and to the Policy Committees. These advisory committees are: Public Relations, Government Relations, Economic Policy, and Inter-Association Relations Policy. In addition, there is a Finance Committee, appointed by the Board and responsible to it, which assists the Treasurer's Office. (Chart 4.)

The Association maintains general offices in New York and Washington, D.C. Regional and branch offices are located in San Francisco, Los Angeles, Portland (Oregon), Houston, Saint Louis, Chicago, Minneapolis, Pittsburg, Atlanta, Boston, Detroit,

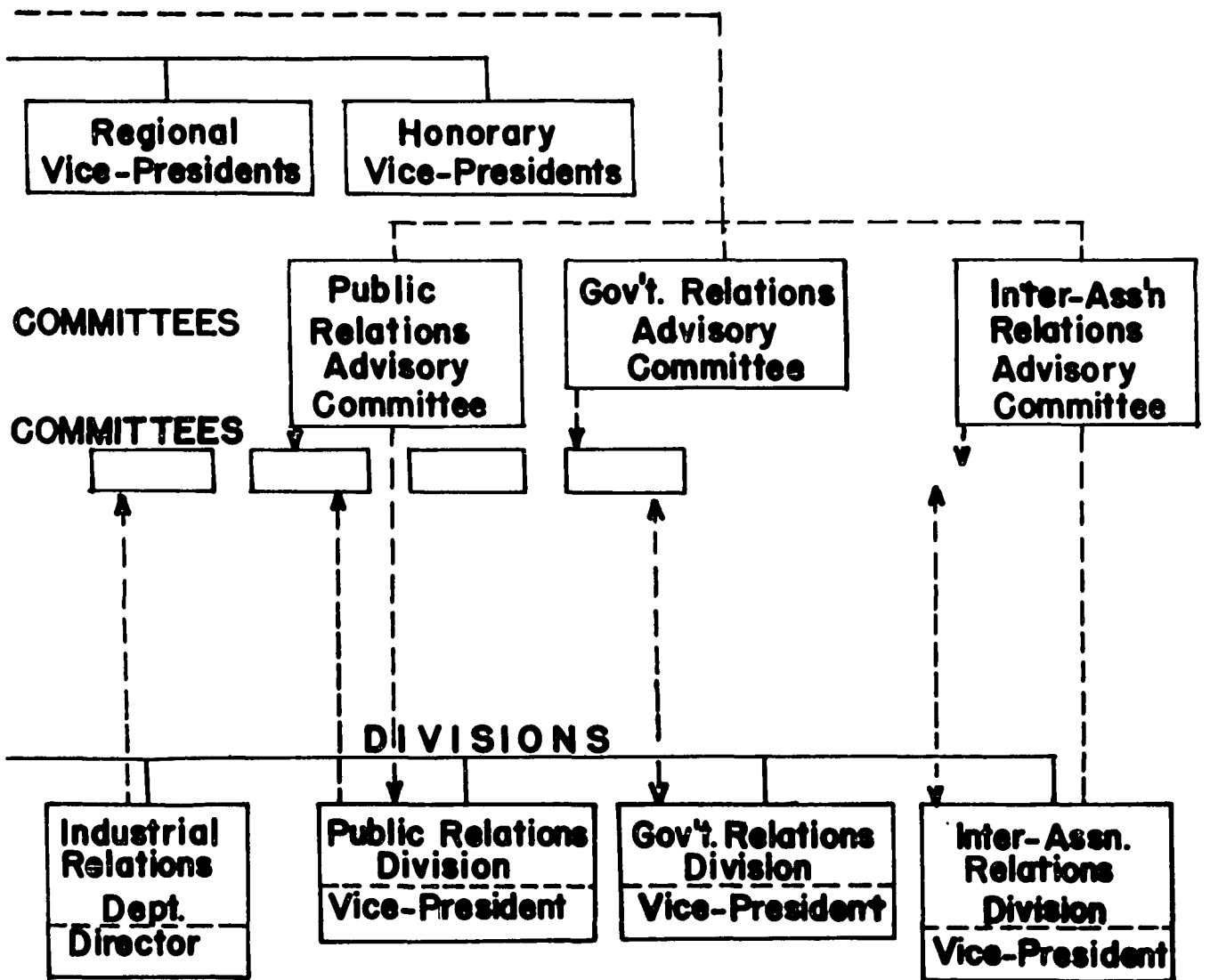
and Trade-Marks Bureau, Domestic Collection Bureau, Mutual Shipping Service, Inc., Namusa Corporation, etc. Most of these ventures ended in financial loss or embarrassing legal entanglements and were discontinued during the twenties. Cleveland, op. cit., p. 41.

¹Constitution, 1946, Article V.

CHART 4. FORMAL STRUCTURE OF THE NAM



_____ Command
 - - - - - Advice and assistance



New York (for upper New York State and New Jersey), and New York (for metropolitan New York).¹

Congress of American Industry

The Congress of American Industry meets for three days early in December every year. The Waldorf-Astoria has been the scene of these affairs in recent years. With the exception of special board and committee sessions, it has been open to members and the general public since 1939. Between 1933 and 1939 digests of what went on behind closed doors were handed out to reporters.² Prior to 1933 the annual conventions were primarily devoted to the business of the Association and the formulation and discussion of policies and programs.³ After undergoing a reorganization in 1933 this aspect of the conventions gradually declined in importance until at present the Congresses are little more than sounding-boards which echo NAM views on current issues.

Although it has been asserted that "original and ultimate power on all association policies rest with the membership,"⁴ the

¹National Association of Manufacturers, Of Those Who Serve You (New York: National Association of Manufacturers, 1950), unnumbered.

²New York Times, November 26, 1939, p. 44.

³See Proceedings, 1895-1931. Published annually, these Proceedings were an excellent source of information about the intimate operations of NAM. Since 1931 publication has been discontinued. Highlights of the Congress of American Industry have since been published in special sections of NAM News. In addition, significant speeches have been reprinted in full as separate pamphlets.

⁴La Follette Committee, Hearings, Part 18, p. 7853.

decisions of which are made at the annual Congress, the actual policy-making procedure is refutation of this statement.¹ The convention is a well organized, lavish affair devoted to speeches by prominent persons both inside and outside the Association, forums, round table discussions, pageantry, displays and special features all combined so as to maximize the informative, inspirational, entertainment, and propaganda aspects of the program.

Board of Directors

The Board of Directors is the governing body of the NAM being empowered with "full authority to effectuate the purposes and policies of the Association."²

Early in NAM history the Board of Directors replaced the Executive Committee as the governing body and performed the functions that once had been delegated to it. The Board originally consisted of about twenty-one members. Seven were members-at-large and twelve were elected as Vice-Presidents from the states having the largest recorded membership in the Association on the day of election. To these were added the ex-Presidents of the NAM, and the President and Treasurer, both of whom were elected by the Board. The Board not only elected the President and the Treasurer but also appointed the Secretary and the Business Manager, so that all such officers were simply the executive officers of the Board.

In 1922 the size of the Board of Directors was permitted

¹Infra, chap. VI.

²Constitution, 1946, Article V, Section 1.

to increase to thirty members, including the President, the Treasurer, the Vice-Presidents for each of the fifteen states having the largest reported membership in the Association upon election day of the annual meeting, and six Directors-at-Large, elected by the members present at the annual meeting from a list of nominations prepared by a committee appointed by the President. In addition, the President was empowered to appoint not more than three additional Directors-at-Large. Ex-Presidents who retained their membership in the Association were to be members of the Board.¹

The size of the Board of Directors rapidly expanded in the 1930's from the thirty that was common during the 1920's to forty-two in 1933, eighty in 1938,² until it reached one hundred and forty in 1948³ and one hundred and fifty-six in 1949. The expansion of the governing body paralleled the rapid growth of the NAM itself from 1,469 in 1933 to 16,500 in 1948.⁴ Generally, the Board has numbered around one hundred and fifty in recent years.

The Board of Directors, presided over by a Chairman, consists of Directors from the various states, the number determined by the size of NAM membership in each state; e.g., one Director

¹Proceedings, 1923, pp. 28-29.

²La Follette Committee, Hearings, Part 17, pp. 7503-7506.

³NAM News, March 27, 1948, section 2, pp. 17-26.

⁴La Follette Committee, Hearings, Part 18, p. 7852; NAM News, March 27, 1948, p. 4.

from a state with twenty-five separate active individuals, firms, or corporations paying fifty dollars or more annually in dues; two Directors from a state with one hundred members; and three from a state with two hundred members. States not eligible for Directors under this provision may group with contiguous states to meet the twenty-five member requirement and be represented by a Director. Twelve Directors-at-Large are elected by the entire membership. The President may appoint additional Directors as follows: seven Directors-at-Large from the NAM membership, three Directors from among the members of affiliated state industrial associations, three Directors from among the members of affiliated associations concerned primarily with labor relations, and three Directors from among the members of affiliated manufacturers' national trade associations. The President, Vice-Presidents-at-Large, and Regional Vice-Presidents, if not Directors at the time of their election become and remain Directors during their term of office.¹ Every ex-Chairman of the Board and every ex-President may remain director for five years after expiration of their terms of office. Honorary Vice-Presidents for life may be elected by the Board from the membership in recognition of distinguished service to the Association.²

The elected members of the Board are nominated by a President-appointed committee of at least nine members who select not more than five candidates for each directorship. All

¹Constitution, 1946, Article VII, Section 2.

²Ibid., Section 1.

appointments to the Nominating Committee are subject to Board approval and at least five of those appointed must be from the Board. Each member of the Association may vote for one nominee for each directorship to which his state or section is entitled and for twelve Directors-at-Large. Votes are cast by mail ballot or at the annual meetings.¹

The powers of the Board of Directors are broad. It may classify the membership, define the voting power of members, fix a schedule of dues, pass on membership applications, and expel members for cause. The Board elects its own Chairman, the President of the Association, twenty-two Vice-Presidents (who, along with the President of the Association, automatically become members of the Board), the Secretary, Treasurer, and the Managing Director. It appoints an Executive Committee having full authority to act for the Board during the interim between Board meetings, and authorizes and approves the appointment of all other officers and employees. The Board appoints a Finance Committee from among its members, approves the allocation and expenditure of all funds, and may authorize the borrowing of money.² The Board has influence in the choice of elected Directors since it appoints the Nominating Committee of which five members must be members of the Board.³ It may also, by three-fourths vote, remove

¹Ibid., Article VIII.

²Ibid., Article VII, Sections 5 and 6.

³Ibid., Article VIII.

from office any officer found guilty of misconduct or neglect of duty.¹

The Board may further make, alter, or amend the Association's By-Laws, submit questions of policy to members for letter ballot, and must first approve all proposed constitutional amendments prior to submission to the membership.²

The Board may call special meetings of the Association at which one hundred members constitute a quorum and a majority vote is deciding. In matters of policy the Board of Directors is fully authorized to determine what subjects fall within the scope of the Association and to establish the Association's official policy in any matter. It may create or abolish committees, seek or reject cooperative efforts with other group agencies, initiate action along virtually any line it so desires, and determine how and to what extent policy effectuation shall be carried out.³

The Board meets monthly, except during the summer months, in closed session--a total of about nine times a year. One-fourth of the Board membership constitutes a quorum and a majority vote decides.

Executive Committee

Originally the Executive Committee was the governing body

¹Ibid., Article V, Section 5.

²Ibid., Article VII, Sections 3 and 4; Article XI, Section 1.

³Ibid., Article V.

of the NAM. Today it governs only in the interim between meetings of the Board of Directors.¹ For many years its size was fixed at five members. Today it is composed of not less than nine members appointed by the Board from its membership including, ex officio, the Chairman of the Board and the President. The Chairman of the Executive Committee is, by custom, the Chairman of the Board for the preceding year. Membership is now usually twenty or more; in 1948 it was twenty-eight.² Frequently its members are persons who have been active in Association affairs for many years.

The powers of the Executive Committee are identical to those of the Board. The Committee usually meets the day before the monthly Board meeting but there is no constitutional requirement for this practice and the Chairman is free to call meetings whenever necessary.

Policy and Advisory Committees³

The Committee system was inaugurated at the first meeting of the NAM in 1895 and has been perpetuated to the present. The increased emphasis that is being placed upon mass participation

¹Ibid., Article V, Section 2.

²NAM News, March 27, 1948, section 2, p. 27.

³Before 1949 Policy Committees were named Standing Committees and Advisory Committees were called Policy Committees. The former nomenclature was misleading: Policy Committees did not recommend policy to the Board, for their function was to advise the President, the Standing Committees, and the Operating Departments. Standing Committees recommended policy. Hence, the names were changed.

in the initiation of policy through the use of numerous committees is a feature of NAM's evolving organization that is characterized as industrial democracy in action. They serve a useful device for augmenting the effectiveness of policy execution because they expand the area of membership participation in Association affairs which was lost when the annual conventions ceased to be policy-forming bodies.

The number and jurisdiction of Policy Committees for each year is determined by the officers and the Executive Committee with the approval of the Board. The decision is based upon what they consider important enough to require investigation and study during the coming year. If the appropriate committee is already in existence, that committee's executive staff is asked to prepare a clarification of the proper area of work for that committee for the next year. If not, the Board determines what new committees ought to be created.

Since 1903 there has always been one or more committees devoted to the study of labor problems. Table 6 indicates the areas and extent of the Association's interest in labor problems between 1935 and 1948 by listing the various committees, and their size, that have existed within NAM for the purpose of studying labor problems.¹ The Industrial Relations Policy (or Program)

¹The Policy Committees devoted to subjects other than labor problems have varied in size from seven to almost two hundred. In 1948, for example, the following committees were in operation:

Auditing Committee	7
Membership Review Committee	7
Advisory Group on International Relations	37
Industrial Problems Committee	39

TABLE 6
 NAM COMMITTEES ON LABOR
 1935-1948a

Year	Committee	Size ^b
1935	Committee on Employment Relations	52
1936	Committee on Employment Relations	48
1937	Committee on Employment Relations	80
1938	Committee on Employment Relations	77
1939	Committee on Employment Relations	94
1940	Committee on Employment Relations	122
1941	Committee on Employment Relations	141
1942	Committee on Industrial Relations	136
1943	Committee on Industrial Relations Policy	35
	Committee on Labor Negotiations	46
	Committee on Wages and Salary Problems	33
	Committee on Supervisory Problems	25
	Manpower Committee	33
	Committee on Industrial Health	26
1944	Committee on Industrial Relations Policy	24
	Committee on Labor Negotiations	75
	Committee on Labor Legislation	66
	Committee on Wage and Salary Administration	52
	Committee on Supervisory Relations	47
	Committee on Manpower	39
	Committee on Industrial Health	44
	Committee on Veteran Employment Problems	53
1945	Industrial Relations Program Committee	32
	Labor Legislation Committee	44
	Supervisory Management Committee	52
1946	Industrial Relations Program Committee	29
	Labor-Management Relations Committee	160
1947	Industrial Relations Program Committee	30
	Labor-Management Relations Committee	44
1948	Industrial Relations Committee	72
	Employee Benefits Committee	75

^aSources: annual roster of committees.

^bSize includes chairmen, vice-chairmen, and staff executives but not liaison advisers.

Committees were relatively small bodies which formulated the NAM's program of activities in the whole sphere of labor and industrial relations. Their function was to carve out the jurisdiction and scope of each of the other industrial relations committees and set the goals for each of the committees. The jurisdiction of the rest of the committees is self explanatory.

Large committees, in addition to having a chairman, may have one or more vice-chairmen presiding over various subcommittees. The larger committees also have staff assistants or committee executives who attend meetings, prepare reference material, and write committee reports. Liaison advisers from the three groups of the National Industrial Council occasionally sit on committees the scope of which relates to NIC affairs. Technical or economic advisers also attend some sessions.

Most of the committees are designated soon after the annual meeting in December. Others may be created during the year as specific questions arise. For example, in 1943, when serious labor shortages appeared, a Manpower Committee was formed.¹

The process of selecting committee members begins after the Board has selected the President of the NAM for the coming year. A questionnaire is mailed to all members inviting the

International Relations Committee	90
Industrial Capital Committee	104
Distribution Committee	105
Patents and Research Committee	109
Government Spending Committee	110
Committee on Cooperation with Community Leaders . .	116
Taxation Committee	186

NAM News, March 27, 1948, section 2, p. 3.

¹NAM News, November 13, 1943, p. 6.

executives of member companies to indicate their preference for service on one of the several Policy Committees. The area of each committee's jurisdiction is briefly described in one paragraph. The 1948 Committee Questionnaire, for example, described the Industrial Relations Committee thus:

This Committee will devote its attention to major questions of policy and sound practice in the field of employee relations and labor-management relations. It will explore the more vital issues confronting industrial management with respect to personnel, industrial relations and labor relations, looking toward the formulation of recommended policy and principles to guide management in handling these problems. The Committee will seek to appraise trends in this field and interpret their significance and impact on industry. Its activities will be directed toward the betterment of employee relations and labor-management relations both on national and plant levels, with particular attention to the importance of the human factor in industry.¹

Usually, according to one NAM official,² about three thousand answers are received indicating an interest in one or more committees. About two thousand persons reply regretting that they are not able to serve.

The weeding out process is begun by the Member Relations Division which receives these responses. The replies for each committee are categorized by the type of business and geographic location of the respondent. The Industrial Relations Department checks the rosters of committees within its jurisdiction against the committee lists of the previous year. To retain continuity about one-third of the last year's members are placed on the new

¹National Association of Manufacturers, "1948 Committee Questionnaire."

²Personal interview with Sybyl Patterson, Industrial Relations Department Assistant Director, June 4, 1948.

committee. The Industrial Relations Department may make recommendations for men it would like to have serve. The committee chairman, appointed by the new President of the NAM, now adds to this list the names of men he selects from the questionnaire roster whom he feels are best qualified to assist him by virtue of previous record and position. He may invite persons to serve who did not return a questionnaire. The Managing Director of the NAM takes this list to the President who checks it and makes committee appointments based largely on these recommendations. A total of about one thousand persons sit on all the various Policy Committees.

The Policy Committees follow no prescribed schedule for meetings, the matter being left to the respective chairmen. The Industrial Relations Committee averages four or five meetings during the year. Whenever possible, the number of general meetings is limited by reliance upon subcommittee sessions and by the clearance of business through correspondence.¹ In some instances only the subcommittees and executive groups of a Policy Committee meet during the year. In general, the relative activity of particular committees depends rather largely upon the urgency and importance of matters to be considered.

Advisory groups sometimes counsel the Policy Committees and in some instances conduct special surveys. These are composed of various specialists both from member firms and from outside the NAM.² These advisory groups should be distinguished

¹"Committee Questionnaire."

²For example, in 1948 there was an Advisory Group on International Relations.

from Advisory Committees which also assist Policy Committees. At present there are four Advisory Committees: Economic Policy, Public Relations, Government Relations, and Inter-Association Relations. The Advisory Committees review the subjects under consideration by the Policy Committees and make recommendations whether certain subjects are or are not important enough to warrant investigations. They may also recommend that the Policy Committees consider subjects which have not come within their purview. In no case, however, is the Advisory Committee supposed to indicate to the Policy Committees what conclusion should be reached.¹ The Advisory Committees have other duties which will be discussed with reference to the Operating Divisions.

Officers

The Chairman of the Board of Directors is elected by the Board at its first meeting following the annual convention. Traditionally the office is given to the President of the Association for the previous year. The Chairman of the Executive Committee, usually the past year's Board Chairman, is elected by the Board.

The President is the chief executive officer of the Association and is also elected by the Board.² He holds ex-officio

¹Letter to the writer from Noel Sargent, Secretary of NAM, dated February 3, 1950.

²Before 1913 the President, as well as the Vice-Presidents and Treasurer, were elected by popular vote at the annual convention. In that year a constitutional amendment placed this function with the Board. Proceedings, 1913, p. 88.

membership on the Board and the Executive Committee. He appoints all committee members, subject to Board approval and, as chief executive officer, directs the policy effectuating activities of the Managing Director, Division Vice-Presidents, and the executive staff.¹ The Chairman of the Board, the President, and the Chairman of the Executive Committee hold office for one year. Although incumbents are eligible for re-election, the Association customarily has rotated these offices yearly since 1936.²

The offices of National and Regional Vice-Presidents are primarily honorary although Regional Vice-Presidents may be called upon to preside at regional meetings. The twenty-two Vice-Presidents are nominated by the President-appointed Committee and are elected annually by a majority vote of the Board.³ Honorary Vice-Presidents may be named by the Board in recognition of long and distinguished service in the Association.⁴ All Vice-Presidents, if not Directors at the time of their election, become members of the Board.

The Treasurer, who may be a full-time employee, and the Secretary, who is a full-time employee, are appointed by the Board. The Board may authorize the appointment of such other

¹Constitution, 1946, Article VI, Section 2.

²Before 1936 this was not the practice. Between 1895 and 1936 only ten Presidents held office. John Edgerton served the longest term from 1921 to 1932.

³Constitution, 1946, Article V, Section 3; Article IX.

⁴Ibid., Article VII, Section 1.

officers and employees who are in its opinion necessary. The compensation of all officers is fixed by a two-thirds vote of the Board.¹

Operating Divisions and Advisory Committees

Early in 1945 the Board made a comprehensive study of NAM's internal organization and ordered a regrouping of activities into six Divisions, each covering a major field of operation. They were: Research and Formulation, Member Relations, Public Relations, Legislative Relations, Inter-Association Relations, and Business Management. As a result of this move, Ira Mosher told the membership, "the Association has been streamlined and strengthened for the attack."²

Since 1945 certain changes have been made in this organization. The Operating Divisions now are: the Secretary's Office, the Law Department, Member Relations, Economic Policy, Inter-Association Relations, Government Relations, and Public Relations. They are under the respective supervision of the Secretary, the Chief Counsel, the Treasurer, the Chief Economist, and the Vice Presidents in charge of Government Relations, Inter-Association Relations, and Public Relations. These staff officials are elected by the Board. The Industrial Relations Department is in the anomalous position of not being a part of the Economic Policy Division and also not having full Division status. All operating

¹Ibid., Article V, Section 3.

²Achievement for Industry in the Year of Victory, op. cit., p. 3.

units are under the general direction of the Managing Director who is selected by the Board.

The Economic Policy, Government Relations, Inter-Association Relations, and Public Relations Divisions are counseled by their respective Advisory Committee of about eight members. Appointed by the President from the membership of the Board, they exercise such powers of the Executive Committee as the Board authorizes during interims between Executive Committee meetings. Their primary function is to coordinate and expedite, within their respective Divisions, the execution of policies determined by the Board. They are also advisory to the President. As already noted, these committees have the additional duty of counseling the Policy Committees. The Government Relations Advisory Committee has the special distinction of being presided over by the Chairman of the Board of Directors. The Finance Committee counsels the Member Relations Division, which includes the regional offices, the Business Management Department, and the Treasurer's office.¹

Secretary's Office.--The Secretary's Office is the Association's housekeeping and service office for the Board of Directors and the Executive Committee. It keeps full records of all Association policies and actions. It advises other Association Divisions as to conformance of proposed actions to Association policies. In conjunction with the Chief Counsel it interprets

¹Letter to the writer from Noel Sargent, dated February 3, 1950.

the NAM Constitution and actions of the Board and Executive Committee.¹

Law Department.--Even though the word "department" is used the Law Department is in reality the NAM's "Legal Division."² It is situated in Washington, D.C. and is under the supervision of the Chief Counsel. It follows, examines, and reports on all federal legislation of interest to industrialists. Analyses and progress reports of legislation, especially labor legislation are printed in the Department's NAM Law Digest and Supplements to NAM Law Digest. Court decisions and administrative rulings are reported on in the NAM News' column "Labor Rulings and Decisions." Decisions, rulings, pending legislation, or laws of special interest may be discussed in a mimeographed "NAM Law Department Memo."

The Department prepares briefs to be presented by NAM representatives before Congressional committees, federal departments and agencies, and government leaders, or it may present them itself. It supplies legal advice to all units of NAM.

If members should ask questions about specific situations, it furnishes legal answers and analyses.

Member Relations Division.--The Member Relations Division is the "service and contact" branch of NAM. It organizes meetings, including the annual Congress of American Industry, and promotes and manages regional and local meetings designed to keep the

¹The Public Be Served, op. cit., p. 22.

²Letter from Noel Sargent.

members informed about what NAM is thinking and doing. It furnishes various technical and information services to members. The Division is responsible for the recruitment and retention of membership. The work of the regional offices throughout the country is under the direction of this division.

The Treasurer's Office and the Business Management Department are also located here. The Treasurer receives and has custody of all money and securities belonging to the Association. He signs all checks drawn on the funds of the NAM.

The Business Management Department is concerned with the administrative work of bookkeeping, auditing, mailing, and stock-room control. It provides the secretarial assistance needed by the committees and departments. It is responsible for purchasing, printing, filing, and routine correspondence.¹ (Chart 5.)

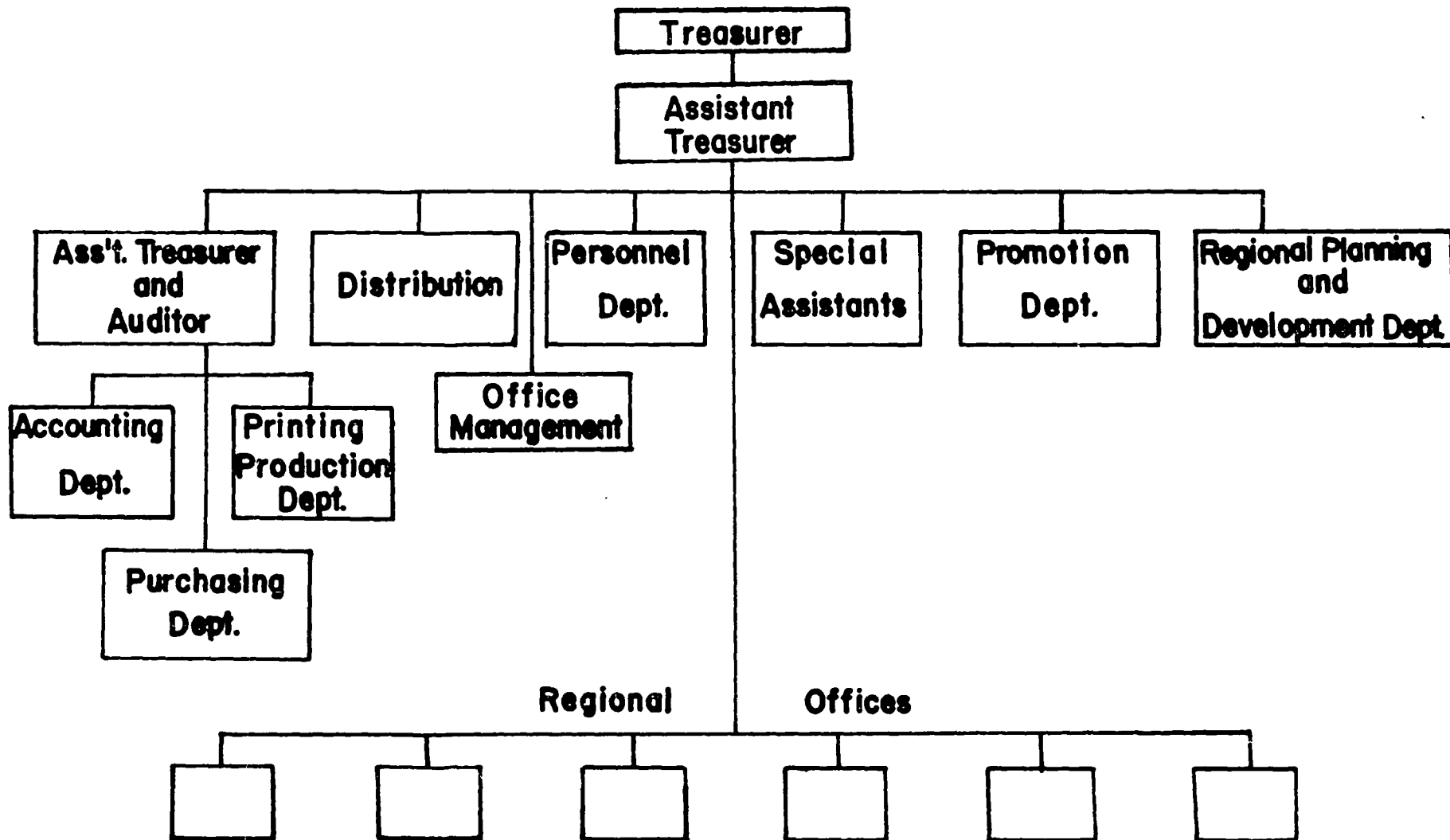
Economic Policy Division.--The Economic Policy Division, under the direction of the Chief Economist, consists of four departments: Research, Economic Problems, Government Finance, and International Relations. The Policy Committees are also under the administrative supervision of this Division.

The Research Department collects and analyzes material bearing on matters related to NAM policy. As NAM's fact-finding agency, it serves all other departments, committees, and members. It studies specific problems and frequently publishes the studies for use by members and the general public.

The Government Finance Department is primarily concerned

¹The Public Be Served, op. cit., p. 21; letter from Sargent.

**CHART 5. FORMAL STRUCTURE
OF MEMBER RELATIONS AND BUSINESS MANAGEMENT DIVISION**



with matters relating to fiscal policies and procedures of the federal government. It works closely with, and supplies the staff assistance for, the Policy Committees on Taxation, Government Spending, Government Financing, Federal Subsidies, or any other committee created to study governmental fiscal affairs. It supplies various committees with pertinent research material. By following the progress of tax legislation it can report on it for members through special bulletins. It presents the Association's official views to various governmental units. The Department organizes and conducts local and regional tax meetings. It assists members in the settlement of particular tax problems.

The Government Problems Department concerns itself with such matters as patents, copyrights, and trademarks and similar problems. Its functions parallel those of the Government Finance Department in that regard.

The International Relations Department is an expression of the increased attention the NAM is giving to international problems. The NAM is the only national business organization, from any country, which has consultative status in the Economic and Social Council of the United Nations. The NAM endorsed the San Francisco Charter soon after it was drafted; it endorsed the principles of the Marshall Plan. The deliberations of international conferences, such as the Havana Conference on the proposed International Trade Organization, have interested the NAM. Pursuant to these interests this department was established to study

policy in the sphere of international economics and politics.¹
(Chart 6.)

Inter-Association Relations Division.--The Inter-Association Relations Division serves to coordinate the activities of NAM with those of other organizations having similar purposes, and especially those affiliated with the National Industrial Council. The Vice-President in charge of this Division is also director of the NIC.

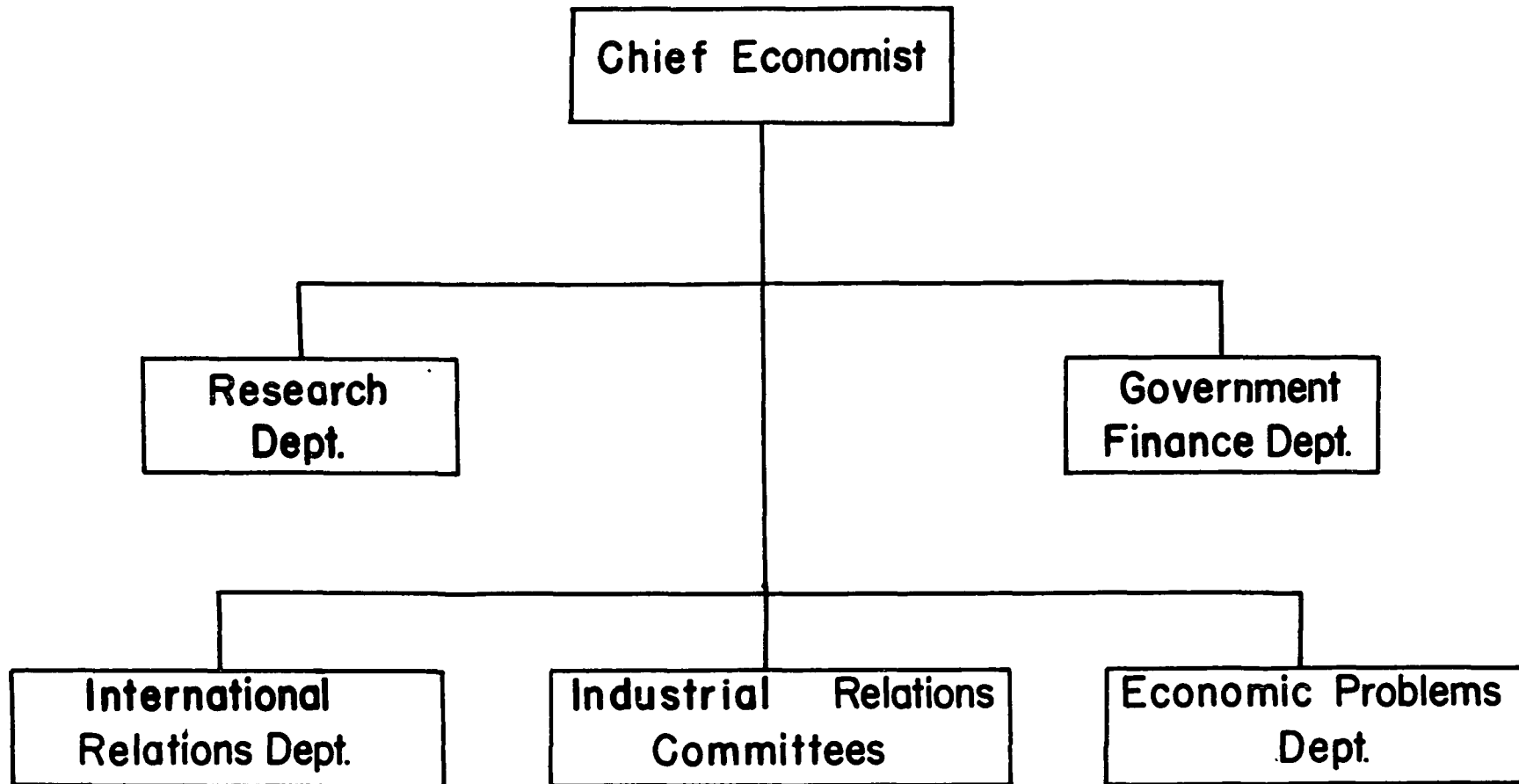
It arranges meetings between NAM officials and spokesmen for other groups. It schedules joint conferences with such organizations as NIC, American Legion, Chamber of Commerce, American Bankers Association, National Grange, and the American Bar Association. It supplies NAM speakers to other group agency meetings.²

Government Relations Division.--Located in Washington, D.C., the Government Relations Division keeps in close touch with government events affecting industry. The Vice-President in charge is registered under the Lobbying Registration Act of 1946 as NAM's lobbyist. The titles of the various staff members of the department indicate the areas of their operations. There is a Chief of Capital Reporting staff, a Specialist on Government Agencies, a Specialist on Labor, a Specialist on Taxes, Government Spending, and Fiscal Affairs, and a Specialist on International Relations. These men provide the officers, committees, and members of NAM with current information relative to proposed

¹NAM News, March 27, 1948, section 2, p. 42.

²The Public Be Served, op. cit., p. 21.

**CHART 6. FORMAL STRUCTURE
OF THE ECONOMIC POLICY DIVISION**



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legislation or administrative action touching industrial matters. They attempt to mobilize industrial opinion for support, defeat, or modification of specific measures. They assist members and officials in appearances before units of government. They may represent the Association before Congressional committees and administrative bodies.¹

Public Relations Division.--The Public Relations Division is the largest and most important single Division in the NAM hierarchy. The present Division with its numerous functions grew out of a small Public Relations Department that was reorganized in 1933. James P. Selvage was at that time selected as director of an enlarged department. The problem of planning the policy of the new educational campaign was placed in the hands of a Public Relations Committee, organized in 1934, with H. A. Bullis, vice president of General Mills, as its chairman.² After the defeat the NAM suffered during the 1935 Congressional session the Association created the National Industrial Information Committee for the purpose of soliciting financial support from among industrialists and other business and financial interests.³ E. T. Weir,

¹Of Those Who Serve You, op. cit., unnumbered.

²La Follette Committee, Report, p. 155.

³The record of consistent opposition to social-economic reforms may have produced unfavorable criticism; it is possible that public relations programs were carried out through the NIIC, rather than NAM proper, to avoid the stigma of such criticism. More important, perhaps, was the fact that the NIIC permitted participation of non-industrialists without diluting the industrial character of NAM's membership. Cleveland, op. cit., p. 78.

who was chairman of the board of National Steel Corporation, was named chairman. The NIIC in turn organized numerous state committees of outstanding industrial leaders to promote the program.

The NIIC was sponsored by NAM and was considered a component part of the Association although its Governing Board included non-member and non-manufacturing representatives. In the beginning the program was developed and largely effectuated by the NAM's Public Relations Committee and Public Relations Department, but after 1940 the NIIC was supplied by NAM with a separate operating staff and active leadership in policy matters was placed in the hands of a Governing Board, a Program Committee, and a Finance Committee. General supervision of NIIC came from the NAM Board of Directors and the NAM Executive Committee.¹

Early in 1945 the NIIC was combined with the Association's Public Relations Division. The purpose of this change was "to achieve a close-knit single department which was adequately staffed to take full advantage of all available media to keep the public fully informed that managements' interests lie in first satisfying the public interest."²

In 1945 public relations became , in the words of Walter Weisenburger, a "top policy function."³ In the hierarchy of the

¹U.S. Congress, House of Representatives, Special House Committee, Campaign Expenditures, Hearings before a Special House Committee, 78th Cong., 2d Sess. (Washington: Government Printing Office, 1943), Part II, pp. 99-100.

²Achievement for Industry in the Year of Victory, op. cit., p. 4.

³Weisenburger, "Management's Responsibility--to Itself," op. cit., p. 20.

NAM, the Public Relations Division receives its authority directly from the Board of Directors and the Executive Committee by way of the Managing Director. But in the matter of policy determination the Public Relations Advisory Committee is between the Board of Directors and the Vice-President in charge of Public Relations.¹ Thus, the Public Relations Advisory Committee now performs the legislative-administrative functions of the old NIIC Governing Board and the Public Relations Division executes the public relations program. For a time, the fund raising activities of the NIIC were placed under the direction of the Finance Policy Committee, thus separating the solicitation and disbursement of funds. At the end of 1947 the Board of Directors voted to discontinue the National Industrial Information Committee. Thereafter, NAM members have not been asked for a supplementary subscription to NIIC.²

The internal organization of the Public Relations Division varies with type of campaign in which the NAM is engaged. When the Association was running a series of paid advertisements in the nation's papers there was an Advertising Department. When it was conducting public relations conferences to instruct members and affiliates in public relations technique a staff section was devoted to this program. At the present time there are four departments grouped under the Assistant to the Director of the

¹National Association of Manufacturers, *The Challenge and the Answer* (New York: National Association of Manufacturers, n.d.), p. 7.

²The NAM Story, *op. cit.*, unnumbered.

Public Relations Division: Community Public Relations Program and Opinion Research, Motion Picture, Industry Leaders, and Community Leader. The Industry Leaders Department also conducts the Speakers Bureau. The staff personnel of the Community Leaders Department are divided among: Education and Industry Program, Women and Industry Program, Church and Industry Program, and Community Leaders Periodicals.

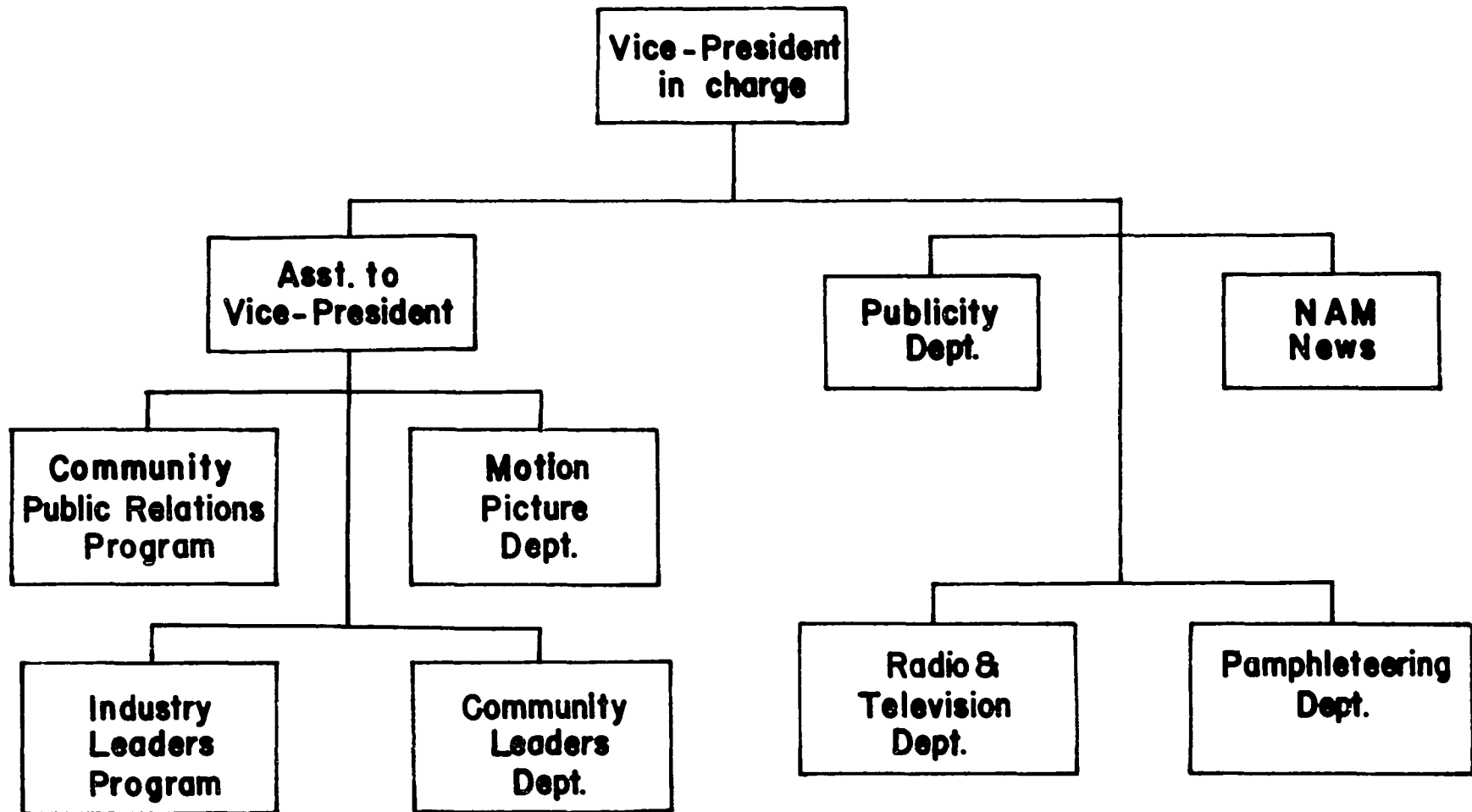
Directly responsible to the head of the Division are: the staff of NAM News, the Radio and Television Department, the Literature (or Pamphleteering) Department, and the Publicity Department, which functions as NAM's newsroom. (Chart 7.)

Regional Offices

Since the first regional office was established in San Francisco in 1938 the number of offices has gradually expanded to thirteen by 1950. The location of these offices has changed from time to time as new developments required shifting to a more advantageous position. The industrial expansion on the west coast has necessitated the establishment of three major offices there.

Regional operations are conducted under the direction of Regional Vice-Presidents, but they do not head formally constituted sub-structures of the parent organization nor do they have formal functions other than presiding at regional meetings. Further, the regional offices do not constitute lower echelons in the policy-making process. Each office is run under the supervision of a Manager, who may have an Assistant Manager and one or more Field Representatives on his staff.

**CHART 7. FORMAL STRUCTURE
OF THE PUBLIC RELATIONS DIVISION**



The regional offices are the NAM's local lines of communication with its members which bring the membership into closer touch with the Association's programs and services. They supply information to members on subjects of national character and provide a means by which the NAM keeps informed on the problems and views of industry in all regions.

The offices frequently co-sponsor meetings and community programs with local, state and regional associations affiliated through the National Industrial Council. Meetings on special topics, such as taxation, are sometimes held. Most important of all are the NAM's regional meetings. These are the major means by which the Association recruits members and sells the NAM to industrialists.¹

Leadership in the NAM

The Reorganization of 1933

Prior to 1933 the officers and members of the Board of Directors represented, predominantly, small and less known corporations. Although representatives of a few such nationally familiar companies as Eastman Kodak Company, American Rolling Mill Company, and Remington Rand, Incorporated, appeared on the roster of officials, the active leadership was confined to smaller concerns.²

After the 1932 national election, even before the new

¹The NAM Story, op. cit., unnumbered.

²La Follette Committee, Report, p. 47.

administration had crystallized its policies in legislation, a group of wealthy businessmen who styled themselves the "Brass Hats" met occasionally in New York to discuss problems of "business salvation."¹ The informal meetings were formalized and resulted in the formation of a special committee within the NAM which drew up a program for united action by business and industry. The "Brass Hats" selected the NAM as the vehicle for their national salvation because of its record and experience in organizing industry on the national level. This effort was described by Charles R. Hook² in a letter dated sometime early in February, 1933, to T. M. Girdler, chairman of the board of directors of Republic Steel Corporation:

¹Robert B. Henderson, president of Pacific Portland Cement Co. and Vice-President of NAM, in the opening address before the Pacific Coast Economic Conference, February 4, 1936, revealed the origin of these meetings: "As vice president of the National Association of Manufacturers, I have been privileged to observe one of the most interesting metamorphoses of business leadership that has ever taken place in this country. Back in 1932 I attended a conference in Detroit of a few advance thinking souls who realized that only top leadership would serve the purposes of business salvation. As meetings go, there wasn't much of a session. We were groping for the answer--but the desire was there. Other meetings followed. There grew up as a nucleus of discussion a group that was familiarly termed the 'brass hats.' They met at dinner fairly regularly in New York and just talked things over. Nothing really seemed to be coming out of these meetings, but gradually the gospel spread and the real leadership of American Industry commenced to get into the front line trench. From these decidedly informal and, at the time, seemingly ineffective get-togethers, came a revitalized National Association of Manufacturers, with a Board of Directors that reads like 'Who's Who and How Much Do You Owe, by R. G. Dun and Co.'" (cited ibid., p. 44).

²Hook was president of American Rolling Mill Co. In 1933 he was chairman of the Industrial Relations Committee of the American Iron and Steel Institute and Chairman of the Finance Committee of the reorganized NAM. (Ibid., p. 45.)

A special committee of the National Association of Manufacturers has been at work for the past two months working earnestly in an endeavor to arrange for continuous and effective cooperation of the agencies representing American business in connection with those matters upon which there can be common agreement. . . .

. . . [The NAM] can and should be a militant voice speaking and working in the interest of American business. The economic condition of the country and the political situation at Washington and in the States calls for prompt and effective work and cooperation.

The directors of the National Association of Manufacturers have adopted by unanimous vote a definite program, and the organization committee has recommended an organization to effectively carry out this program. We need an outstanding executive giving his full time to the association, backed up by a competent staff. . . .¹

Hook requested Girdler to participate in underwriting an increased budget "until we can secure the necessary funds through our regular membership appeal."² Girdler contributed seven hundred and fifty dollars. A similar request was made to Frank Purnell, president of Youngstown Sheet and Tube Company, and others. The American Iron and Steel Institute advised its members in 1934 to assist financially in the support of the Association.³

The Republic Steel Corporation agreed to assure an additional contribution of fifty thousand dollars a year for two years on two conditions: (1) the obtainment and election of an outstanding industrialist as Chairman of the NAM's Board of Directors and (2) the employment by the Board of an Executive Vice-President, to be recommended by Robert L. Lund, H. L. Gerguson, and John L. Lovett.⁴

¹Cited ibid.

²Cited ibid.

³Ibid., p. 46.

⁴Ibid. These men were, respectively, president of Lambert Pharmacal Co., president of the Newport News Shipbuilding and Dry Dock Co., and general manager of the Michigan Manufacturers Association.

The reorganization was completed by 1934. Robert Lund, who had been President of NAM in 1933, became Chairman of the Board in 1934. Walter B. Weisenburger, formerly an executive of the Saint Louis Chamber of Commerce, became the Executive Vice-President. Charles Hook was able to report to Girdler in 1934, that the Association had augmented "its legislative and Washington services" and prepared "increased facilities for service to industry."¹

Leadership Since 1933²

An analysis of the membership of an organization, its formal structure, and constitution reveal little about how the organization functions and who exercises the leadership. Alfred S. Cleveland scrutinized the governing elements of the NAM since its reorganization in 1933 to analyze NAM leadership. Aware that probably no single person within the NAM hierarchy, much less an outside observer, knows or has access to the entire story, he recognized that the search for actual lines and centers of control could be, at best, only partially exhaustive. With the facts that were available Cleveland examined the turnover and tenure of NAM leadership and investigated the nature of the firms and corporations that supplied the leadership.

Turnover.--The first step was to examine and evaluate

¹Cited ibid., p. 47.

²The writer is deeply in debt to Cleveland, op. cit., pp. 169-221, for the analysis of the leadership in NAM since 1933.

the rate at which the various governing positions of the NAM changed hands between 1934 and 1946. In those years the Board of Directors increased in size from thirty-seven to one hundred and thirty-nine. Including the growth factor, with the exception of the period 1934 to 1936, the rate of turnover averaged 31.8 per cent with little tendency towards extreme variation from this figure. Thus, approximately one-third of each NAM Board was drawn from companies not previously represented. The rate of turnover, exclusive of the increasing size of the Board, averaged 24.5 per cent.

The turnover figures for the Executive Committee showed an average rate of 24 per cent during the period 1936-1944. Elimination of the growth factor revealed that on the average 15 per cent of the Executive Committee were first year members. The average rate at which new members were appointed to the Finance Committee was almost identical to that of the Executive Committee. This was true both with respect to inclusion and exclusion of the growth factor. The rate of turnover for the various executive officers of the Association (Chairman of the Board, President, National and Regional Vice-Presidents, the Treasurer to 1945, and the Chairmen of the Executive and Finance Committees) showed a rate of turnover comparable to the other governing elements. From 1934 to 1946, 35 per cent of all positions were filled by men who had not previously held office. Twenty-two per cent of this turnover was due to replacement rather than an increase in the number of offices. The Chairmanships of NAM Standing (now Policy) Committees were, on the average, rotated among member

companies with greater frequency and less uniformity from year to year than for any of the Association's other governing elements. The rate of turnover, including increases in the number of committees, averaged slightly under 50 per cent.

Cleveland concluded that the rate of turnover did not indicate that the Association's governing institutions were closed to all but a chosen few. The Board, the important offices, and the committees experienced a steady stream of corporate officials whose companies had not previously been represented. But it is possible for an agency to be completely dominated by an active minority and yet record a high rate of turnover within its governing elements. It is necessary to analyze the tenure of office to determine how turnover is distributed among those holding office.

Tenure.--¹Between 1933 and 1946, 1,261 directorships were distributed among 409 companies. However, 85 companies (20.7 per cent) of those represented held 55 per cent of the total directorships. Conversely, the remaining 325 companies (79.3 per cent) held only 45 per cent of all the directorships.

Approximately the same degree of concentration occurred within the Executive Committee. From 1935 to 1946, 16 companies or 20.5 per cent of the total number of companies represented on the Committee, held 50.8 per cent of the memberships. The remaining 62 companies accounted for only 49.2 per cent of the

¹Tenure refers to the number of directorships held by each company during the period under review. This interpretation was necessary because companies, not individuals, hold membership in the NAM.

companies. Further, 9 companies received 33.4 per cent of Executive Committee appointments whereas 32 short-term firms received but 14.2 per cent.

The Finance Committee, executive officers, and the Chairmen of Standing Committees showed concentration of tenure in approximately the same proportion. Of ninety-one possible Finance Committee memberships forty-four (48.7 per cent) were held by 6 companies, or 24 per cent of the total number of firms represented. Ten companies received 70.3 per cent of the appointments to the Finance Committee. Seventeen (19.7 per cent) of the 86 companies from which officers were elected or appointed furnished 51.7 per cent of all officers from 1933 to 1946. The Chairmanships of the Standing Committees were distributed to give 28 out of 119 companies (23.4 per cent) approximately 50 per cent of all committee Chairmanships.

A composite tabulation showed that 111 firms held 63 per cent of all directorships; 88 per cent of the Executive Committee memberships; 79.1 per cent of the Finance Committee memberships; 51.7 per cent of the major executive offices; and 29.7 per cent of all committee Chairmanships.

If to the 111 firms that continued to provide the NAM with leadership during the period under review are added the names of 14 additional companies particularly active between 1942 and 1946, the result is a list of 125 companies which the foregoing analysis has indicated have dominated the NAM governing elements from 1933 to 1946. The yearly turnover of this active

minority averaged but 1.4 per cent compared to approximately 25 per cent for the governing hierarchy as a whole.

Twenty-eight firms (21.6 per cent) of the minority group were among the 200 largest American corporations. Employment data were not available for 21 (16.8 per cent) of the companies but of the remaining 104 establishments none employed less than 500 workers; 28.9 per cent of the total group employed 5,000 to 25,000; 12.1 per cent were in the 25,000 to 50,000 category; and 2.9 per cent had more than 100,000 wage earners.

Only 9.6 per cent of the 125 companies had less than ten million dollars of assets; 30 per cent had assets valued at ten to fifty million dollars; and 43.6 per cent had assets in excess of fifty million dollars.

Sources of Financial Support

Those firms and corporations which supply the funds for the running of an organization usually have the greatest interest in what the policy-decisions are and how they are executed. An examination of the sources of NAM's financial support provides further evidence of the importance of the small group of manufacturers which has supplied many of the Association's leaders.

Unfortunately, the data available on the sources of financial support are meager. Annual financial reports on total income and expenditures are distributed to members. But these do not reveal the amount contributed by the various member. The only years for which the figures are available are 1933 through 1937, the data being collected by the La Follette

Committee during its two year investigation of violations of free speech and rights of labor.

In 1933 it was recognized that if the NAM was to effectively withstand the assaults of government and labor it would require a much larger income. Before that date the NAM was financed almost entirely from membership dues. (Table 7.) Some income was derived from various publications and business services, but generally these sources were highly uncertain and the amount small. Dues had been traditionally fixed at a flat rate. In 1908 they were raised from twenty-five dollars to fifty dollars¹ and in 1924 to one hundred dollars.² In 1930, rather than raise dues, provision was made by which members might more accurately express in terms of financial support their appraisal of the service values of the NAM to their individual plant operations. More money was asked from "those larger manufacturing enterprises which have no subsidiaries or separately operated and controlled industrial units, but which have large invested interests beyond the average of a single dues-paying member."³ This informal arrangement was succeeded in 1933 by a graduated system of annual dues based on corporate net worth ranging from fifty dollars to ten thousand dollars per member.⁴

¹Proceedings, 1908, p. 131.

²Ibid., 1924, p. 17.

³American Industries, April, 1930, p. 22.

⁴Campaign Expenditures, op. cit., p. 104.

TABLE 7
 NAM RECEIPTS, 1897-1930*

Year	Total Receipts	Membership Dues
1897	\$ 30,748.34	\$ 30,523.34
1898	35,749.10	32,975.00
1903	88,127.46	84,636.50
1904	140,069.81	127,812.50
1905	153,256.61	138,634.17
1906	152,022.98	136,739.15
1907	167,031.53	131,379.10
1908	187,085.51	130,488.76
1909	199,859.05	147,328.23
1912	238,190.53	154,192.88
1913	237,796.95	172,556.48
1914	241,715.08	157,183.50
1915	220,959.74	152,620.83
1916	224,322.51	163,009.43
1917	334,195.25	184,080.42
1918	248,879.19	190,302.56
1919	274,728.99	205,878.73
1920	324,654.89	257,910.83
1921	347,637.80	263,621.50
1922	340,653.43	235,672.52
1923	301,400.12	248,269.94
1924	381,029.26	304,023.40
1926	334,884.67	303,636.49
1927	311,593.72	291,723.97
1928	342,620.88	278,518.07
1929	339,372.41	252,947.81
1930	349,213.24	238,495.00

*Source: Proceedings, 1897-1930.

In addition, a vigorous campaign for contributory financial support was conducted among member as well as non-member companies. The National Industrial Information Committee was formed to solicit these funds. The NAM was highly successful in increasing both its ranks and its amount of income from all sources between 1933 and 1937. (Tables 8 and 9.) The total income in 1937 alone reached \$1,439,548.06. This figure takes on significance in light of the fact that in no year prior to 1933 had the Association's income exceeded much over \$382,000, and in 1932 it was only about \$177,000.

TABLE 8
MEMBERSHIP OF NAM, 1933-1937*

Year	Number of Members	Non-member Contributors	Total
1933	1,469	...	1,469
1934	1,910	...	1,910
1935	2,395	95	2,490
1936	2,785	120	2,905
1937	2,912	96	3,008

* Source: La Follette Committee, Report, p. 48.

Since the dues were apportioned on the basis of corporate wealth it is obvious that the large firms would contribute much more than smaller companies. Between 1933 and 1937 a total of \$3,950,300.18 was collected. A group of two hundred and sixty-two nationally known companies supplied almost 50 per cent of

TABLE 9
INCOME OF NAM, 1933-1937*

Source of Income	1933	1934	1935	1936	1937	Total
Membership dues	\$188,997.93	\$320,873.61	\$417,093.74	\$ 503,561.74	\$ 520,270.62	\$1,950,797.64
Subscriptions for regular activities	23,097.50	94,672.50	59,715.00	107,927.50	54,325.00	339,737.50
Subscriptions for public information program	...	36,500.00	112,659.58	467,759.98	793,043.06	1,409,962.66
Miscellaneous income	28,804.60	28,271.41	27,675.43	92,141.60	71,909.38	248,802.42
Total	\$240,900.03	\$480,317.52	\$617,143.75	\$1,171,390.82	\$1,439,548.06	\$3,950,300.18

*Source: La Follette Committee, Report, p. 48.

that total; that is \$1,917,150.68.¹ These companies represented less than 10 per cent of the average total membership during those years. It is significant to observe that the largest chemical concern in the United States, the first, second, third, and sixth largest steel corporations in the country, the first and second largest motorcar manufacturers, three of the largest oil companies, and the principal meat-packing concerns, were all in the first rank of NAM supporters. Notable exceptions were Ford Motor Company, Aluminum Corporation of America, and most of the utility holding companies.² In the main, however, the supporters of the Association's expanded activities during the thirties were to be found in the group of large and powerful industrial concerns.

In this group, too, were found the principal controlling forces in the direction of the NAM. During the years 1933-1937, one hundred and twenty-five separate companies appeared at one time or another on the Board of Directors of the Association. Of these companies, seventy-one (56 per cent) gave two thousand

¹Largest contributor was E. I. Du Pont de Nemours and Co. with \$118,600. In order of amount there followed: General Motors Corp., \$66,520; National Steel Corp., \$42,050; United States Steel Corp., \$41,450; Monsanto Chemical Co., \$36,775; Westinghouse Electric and Manufacturing Co., \$35,912.50; Chrysler Corp., \$35,400; Bethlehem Steel Corp., \$29,250; the Texas Corp., \$27,500; Borg-Warner Corp., \$27,141.67; Republic Steel Corp., \$24,650; Socony-Vacuum Oil Co., Inc., \$22,000; Swift and Co., \$21,150; Standard Oil Co. of New Jersey, \$20,600; and Eastman Kodak Co., \$20,216.67. Other companies high on the list were the Youngstown Sheet and Tube Co., Remington Rand, Inc., and Western Electric Co., a subsidiary of American Telephone and Telegraph Co. (La Follette Committee, Report, pp. 212-213).

²Ibid., pp. 51-52.

dollars or more. An analysis of the Board of Directors during the period 1933-1937 reveals that in each year the large contributors as here defined constituted a majority of the Board.

(Table 10.)

TABLE 10
PERCENTAGE OF LARGE CONTRIBUTORS ON BOARD
OF DIRECTORS OF NAM, 1933-1937*

Year	Size of Board	No. of Large Contributors on Board	Percentage
1933	37	19	51
1934	38	25	66
1935	51	34	67
1936	67	45	67
1937	75	47	63

*Source: La Follette Committee, Report, p. 52.

When the National Industrial Information Committee was abolished in 1947, the Board of Directors adopted "a more equitable dues schedule which will provide adequate funds for all NAM activities."¹ The dues schedule now provides for a base rate of three hundred dollars plus ten dollars for each hundred thousand dollars of net worth for companies of five thousand dollars or more of net worth. For companies of net worth less than five thousand dollars the schedule is as follows:

¹The NAM Story, op. cit., unnumbered.

\$	0 - 49,999	. . . . .	\$ 50
	50,000 - 99,999	. . . . .	100
	100,000 - 199,999	. . . . .	150
	200,000 - 299,999	. . . . .	200
	300,000 - 399,999	. . . . .	250
	400,000 - 499,999	. . . . .	300

The Association also has several important sources of indirect revenue. Billboard space, newspaper space, and radio time have been donated to the NAM or NAM members and affiliates of the National Industrial Council for use in the conduct of Community Public Relations programs.¹

Conclusion

An analysis of the NAM's internal character does not substantiate the claim that the Association speaks for American industry. Membership in the Association, with few exceptions, is confined to firms engaged primarily in manufacturing. In no year, even when the NAM was at its peak of about 16,500 members, did its enrollment comprise more than 6 per cent of the total number of manufacturing enterprises in the United States.

In terms of size, the number of persons employed, and industrial production, NAM members do not constitute an accurate sample of American industry. Further, in terms of corporate size and number of employees, the leadership of the Association since 1933 has not been, on the whole, reflective of NAM members, much less of American industry. The metamorphosis that occurred in

¹La Follette Committee, Hearings, Part 17, pp. 7477, 7761-7762.

1933 transformed the NAM from a battalion of small businesses led by small businessmen into a regiment of bigger businesses led by the representatives of a small group of large firms and corporations.

All governing power rests in the Board of Directors, which in recent years has numbered about one hundred and fifty Directors. The elective members of the Board, numbering about one hundred, are nominated by a President-appointed Nominating Committee, of which five out of nine must be Board members. Twelve Directors are elected by the entire membership; the rest, in the States. The President, subject to the approval of the Board, appoints seven Directors-at-Large and nine Directors who represent cooperating business organizations. The rest of the Board--the President, past Presidents, honorary Vice-Presidents, National and Regional Vice-Presidents--are elected by the Board. The Board elects the Executive Committee, which is vested with and may exercise all the power of the Board, and all officers. The chief executive officer, the President, in turn appoints, subject to the approval of the Board, all members of the Advisory and Policy Committees.

These constitutional practices have been augmented by the custom of electing the President in successive years as Chairman of the Board, Chairman of the Executive Committee, and Chairman of the Finance Committee. Every ex-chairman of the Board and every ex-President of the Association automatically remains a Director for five years, if he keeps his membership in NAM.

Frequently ex-Presidents are elected Honorary Vice-Presidents, thereby giving them life-time membership on the Board.

If the criteria by which the democratic character of public governments is judged are used to evaluate the constitutional structure of the NAM and the arrangement by which officials are selected and held responsible, the judgment would be that the NAM is neither more nor less democratic than the governments of many private groups.

The important fact is that the NAM is a voluntary association. Once a firm has joined the NAM, apathy, indifference, or inertia may keep it from withdrawing and the enticement of tangible services may be a principal reason for a firm's renewing its membership. However, if any member ultimately objects to the Association's organization, leadership, policies, or operations, it may freely withdraw. Fluctuations in membership have shown no relation to the democratic, or undemocratic, character of the Association. As a matter of fact, enrollment greatly expanded during the years when the present organizational arrangement took form.

The real test is the determination, not simply of the democratic character of the Association's formal organization, but of the extent to which it is actually responsive to the will of all the members and of the extent to which the members believe that the Association's policies are essential to the realization of the purposes and promises of society. The analysis of NAM's policy-making procedure must be deferred to the next chapter.

The conclusion of this analysis of internal structure and composition and of external organization in the previous chapter is that the NAM cannot presume to speak for more than its own members.

CHAPTER VI

THE MAKING OF POLICY

The familiar pattern of separation of legislative and executive functions is not found in the procedure by which NAM policy is formulated. Policy is initiated by the Policy Committees with the technical advice and assistance of staff personnel. The Policy Committees are appointed by the chief executive officer, the President, subject to the approval of the Board of Directors. The staff members being full-time employees of NAM, are responsible to NAM's Managing Director, who is in turn responsible to the President.

Final approval to Policy Committee recommendations is given by the Board of Directors, except for the annual platforms and resolutions which are submitted by the Board to the membership for ratification at the annual Congress of American Industry. At the discretion of the Board or Executive Committee questions may be submitted to the membership by letter-ballot for a referendum vote. The positions approved by the Board during the year, plus whatever resolutions are passed at the annual Congress or approved by a membership referendum constitute the policy of the NAM. The same body which approves policy, the Board, also has full authority to effectuate the policies of the Association.

Policy-Determining Technique

Centers of Initiative

Staff.--The Policy Committees are the usual centers of policy initiation. The full-time, paid staff of the Association does the spade work for them. Staff personnel prepares the agenda for committee meetings and may make suggestions to the committee chairman for the conduct of meetings. The delineation of a committee's subject for study, preliminary collection of data, and interpretation of research are done by the staff. Each staff member is an expert in his respective field. He prepares reports on the basis of his investigations in support of rationalized interests which may enlighten the self-interest or the public interest of the committee. The staff may make recommendations on problems confronting the committee. Sometimes the committee instructs the staff to draft a tentative statement of committee proposals to the Board which may be used as a focus for discussion during a meeting or as the core of a new policy upon which the committee may graft its own ideas. As will be shown by reference to the 1946 Declaration of Principles the staff may originate a good many ideas in this way. Finally, the committee executive, who is usually the highest ranking staff person in the area of the committee's jurisdiction, has the responsibility for writing the document which is sent on to the Board for consideration.

In addition to aiding Policy Committees staff members from the various Divisions may meet in conference with the

Managing Director and key officers. Thus, in the developmental stage policy may be subjected to the criticism of representatives from Public Relations, Government Relations, the Law Department, etc., regarding its popular appeal, its political feasibility, and its legality.

It is difficult to assess accurately the extent of staff influence on Policy Committees or the Operating Divisions. A Committee may rely heavily upon the documents submitted to the chairman prior to a committee meeting. The members of Policy Committees are busy industrialists whose time and minds are occupied by many problems within their own enterprises. The staff members are full-time personnel frequently very skilled in areas such as law, economics, or industrial relations. Although committee members may have much experience in such fields they may not be as qualified in all of the details of a subject under discussion. And, since the staff is continually in touch with problems of NAM policies and the Policy Committees meet only a few times a year, it is understandable why the chairman might rely heavily upon staff-prepared documents.

On the other hand, David Malthrop,¹ director of the NAM's employment stabilization program, described what he felt to be a sense of personal frustration among many of the staff people because their programs and suggestions are frequently side-tracked or rejected. In his estimation, this fact accounted for the rapid

¹Personal interview with David Malthrop, staff assistant in the Industrial Relations Department, June 8, 1948.

turnover of the staff. A staff member's period of employment averages one and one-half years. Positions in industry attract many to move on.

Carroll French, head of the Industrial Relations Department and staff executive of the Industrial Relations Committee, emphatically maintained that the function of the staff in the NAM is to be on tap, never to mold the committee decisions. He did feel, however, that staff in-breeding has been responsible, in the past, for a refusal to adapt to changing conditions and for the rigid continuity of policy that has characterized the NAM's labor principles.¹ James E. Emery, for example, epitomized the NAM's attitude toward labor during much of its history. Emery became a Counsel for the NAM in 1907, after serving two years as Secretary to the Citizens' Industrial Association. In 1938 he was made General Counsel of NAM which position he held until his retirement in 1947.

Noel Sargent joined the NAM in 1920 as an economist and manager of the Industrial Relations Department (then called the Open Shop Department). Before coming to NAM was educated at the University of Washington, did graduate work at the University of Chicago and the University of Minnesota, and was a professor of economics and finance. Until 1933 he served as economist and labor expert in which year he became Secretary of NAM and placed in charge of the Association's research. Today he is still Secretary and heads the Secretary's Office. During brief periods

¹Personal interview with Carroll French, Director of Industrial Relations Department, June 9, 1948.

(1933-1934; June, 1947 - May, 1948) he was Acting Managing Director. Sargent organized the NAM Economic Principles Commission which wrote the two-volume American Individual Enterprise System and co-authored with John Scoville of Chrysler Corporation Fact and Fancy in the T.N.E.C. Monographs.

John C. Gall was another staff member with long service. He joined the NAM in 1921 and acted as Counsel until his resignation in 1941. In response to a question from the La Follette Committee concerning the Association's opposition to the National Labor Relations Act Gall said: "I was with the Association all during that period and was largely responsible for any legal views expressed by the Association during that period."¹ Raymond Smethurst, who had been an Associate Counsel from 1932 to 1941 succeeded Gall as Chief Counsel. In September, 1949, Smethurst returned to private law practice, but continues as Special Counsel to the Association. Smethurst graduated from Harvard University and George Washington University. At the present time he is Professor of Labor Law at George Washington University.

Walter P. Weisenburger's record of service for the NAM, as Executive Vice-President, began in 1933. On the strength of his reputation with the Saint Louis Chamber of Commerce he was selected in 1933 to assume the active management of the Association in partial fulfillment of the reorganization requirements

¹U.S. Congress, Senate, Committee on Education and Labor, National Labor Relations Act and Proposed Amendments, Hearings before Senate Committee on Education and Labor, 76th Cong., 1st Sess. (Washington: Government Printing Office, 1940), Part II, p. 2026.

under which T. M. Girdler of Republic Steel and others agreed to financially underwrite the Association. Weisenburger was placed in charge of employee staff members and their activities. He developed NAM's sales campaigns, publicity, propaganda, and information to members' programs. In 1941 he received the Annual Award of the National Association of Publicity Directors for outstanding publicity and public relations service in recognition of the competence of his work.¹ He died in 1947.

Vada Horsch, Assistant Secretary of NAM, has also seen long service with the organization. She joined in 1932 when she became Administrative Assistant in the Secretary's Office. She has also served as Assistant Secretary of the Industrial Relations and International Relations Committees.

In recognition of the staff's participation in policy-making increased pressure from the membership has been directed against the NAM in recent years to bring in new people to liberalize the staff. The appointment of Carroll French to head the Industrial Relations Department attests the tendency to reflect these pressures. French came to the NAM in March, 1946. He had previously served with Standard Oil, Industrial Relations Counselors, and Boeing Aircraft as a director of industrial relations. Before the war he had been offered a job with the NAM but refused because at the time he was highly critical of their labor policies. After the war when, as he put it, he "heard of the transition within the NAM" he accepted the appointment which was again tendered him.

¹NAM News Letter, February 14, 1942, p. 5.

Other recent additions to NAM's staff are well qualified by virtue of their education and background to perform their special tasks. A few examples may be cited. Ralph Robey, Chief Economist, graduated from the University of Indiana and received Master's and Doctor's degrees from Columbia University. After starting his career with National City Bank of New York and later with the Federal Reserve Board he became an instructor at the University of Rochester and eventually an assistant professor at Columbia. Simultaneously with teaching activities, he was financial editor of the New York Evening Post (1931-1933), contributing editor of the Washington Post (1933-1935) and associate editor of Newsweek Magazine (1937-1938). The column, "Business Tides," was written by him for Newsweek from 1938 to 1946. He is also the author of several books on economics. Since 1941 he has been doing editorial work for the NAM; early in 1946 he became the Association's Chief Economist.

Harley L. Lutz joined the NAM in 1946 as its tax expert. Lutz has a Ph.D. from Harvard and has been a professor of economics at Oberlin College and Stanford University and professor of public finance at Princeton University until his retirement in 1947. He was economic adviser to the joint tax committee of the Ohio General Assembly in 1922, special adviser to the Washington State Tax Investigating Committee in 1922, a member of the Commission on Financial Advisers to Chile in 1925, a member of the Commission of Financial Advisers to Poland in 1926, and adviser to the Utah State Tax Investigating Committee in 1929. In 1930-1931 he was director of the New Jersey State Legislative Tax Survey

Commission, in 1940-1941 a consultant to the National Economy League, in 1942-1943 director of the New York Temporary Economy Commission, 1944 chief economist for the Tax Foundation, and in 1944-1945 chief of staff for the Committee on Postwar Tax Policy.

The Association's staff executive for the Government Finance Committee is Joseph L. Borda. Having received a law degree from Georgetown University Borda was admitted to the practice of law in the District of Columbia and before the Supreme Court. He was at one time associated with the Brookings Institution as a research analyst in government expenditures and resigned to accept a position with Senator Harry Byrd as staff director of the Congressional Joint Committee on Reduction of Non-Essential Federal Expenditures. In 1945 he joined the NAM.

The record of one more new staff member may be reviewed by way of example. John M. Chapman joined the NAM's research staff in 1943. After receiving a Ph.D. from Columbia University Chapman became an associate professor of banking at Columbia. He has been a technical and economic adviser to the Ohio State Banking Board and a senior research assistant of the National Bureau of Economic Research in New York. Between 1939 and 1942 he was economic adviser to the Bank of America in San Francisco.

An incident that occurred in 1947 dramatizes one effect of revamping the staff.¹ Some time after French had joined the NAM D. W. Figgis, president of American Can Company, called French

¹Personal interview with D. W. Figgis, president of American Can Company, June 7, 1948; with French, June 9, 1948.

to his office. Figgis had long been critical of the NAM and felt that a change of policy was needed. In a letter to the Association he censured their policies which gave opponents ample ground for the impression that the NAM was for industry only. The NAM, he felt, lacked the enlightenment of its members. It was wrong to take a position of industry versus government. Employers had to recognize their past indiscretions and begin anew.

When French arrived, Figgis asked him if it was true that Weisenburger was "actually trying to liberalize the NAM." The case that French presented convinced him that it was true. Soon afterwards Figgis undertook the post of raising money for NAM in the New York area. He told the NAM News that his decision was prompted by his regard for the "enlightened philosophy reflected in the constructive policies and plans announced by the present administration and working organization of NAM."¹

Another liberal tendency of the staff was demonstrated when it exerted influence on the Board in 1947 to accept a resolution opposing discrimination of any kind in industry.²

Policy Committees.--Policy Committees have ranged in size from as few as seven to as many as almost two hundred persons. All NAM members are given the opportunity to volunteer for service on these policy initiating bodies. Some three thousand of a total membership of fifteen to sixteen thousand respond to requests for volunteers and one out of three respondents are appointed to a

¹NAM News, May 10, 1947, p. 3.

²Industry Believes, 1948, p. 3.

committee. The result is that a rather high percentage of approximately one out of every fifteen or sixteen members have the opportunity to participate in drafting policy recommendations for the Board to consider.

In spite of this fact, mass participation in policy initiation is limited by the reluctance or inability of many committee members to attend meetings which are held in New York City. As might be expected, the meetings, especially of large committees, are rather poorly attended. In answer to the charge that less than 50 per cent of the members, on the average, attend meetings, a Research Department memorandum stated that "a 50 per cent attendance of committee meetings is a high attendance when it is considered that the membership is so widely scattered throughout the country that the pressure of business and other matters make it difficult to get full attendance."¹ For example, average attendance of the Industrial Relations Committee, which formulated the 1946 Declaration of Principles, was twelve out of twenty-nine members, or 41 per cent attendance.²

Industrialists from every part of the country engaged in almost every kind of industrial enterprise sit on the various Policy Committees. Liaison advisers from the National Industrial Council participate in committee deliberations on questions of related interests. Frequently industrialists, college professors, or technicians who can contribute needed advice are asked to

¹"A Reply to 'NAM: Spokesman for Industry?'" op. cit., p. 2.

²Appendixes VIII, IX, XII, and XV.

attend. The Advisory Committees may make recommendations as to subjects that ought, or ought not, be considered. Relying upon this cooperation, and with staff assistance, the Policy Committees discuss and attempt to formulate policy recommendations to the Board.

The subject under discussion is freely aired at committee meetings. There is seldom unanimity at these sessions. Disagreement is frequently and vociferously expressed. Sometimes it is impossible to arrive at a clear and unequivocal statement that is acceptable to all. Sometimes no decision is reached, or a question is put on a future agenda for further discussion. No record of how committee members vote is kept. A unanimous decision is reported as such in committee minutes. Otherwise, diverging points of view and the conclusion reached are summarized. The disposition of motions is indicated in the minutes by reference to their passage or failure. If a decision has been reached the committee staff is responsible for writing up the proposal for submission to the Board. Final recommendation from the committee may be based wholly, partially, or not at all on the original staff proposals. All committee minutes go to the Board for approval.

Board of Directors.--The Board itself has the power to initiate policy which has not had previous Policy Committee consideration. In practice, the Board rarely uses this authority. It was exercised only once in 1949.¹

¹Letter to the writer from Noel Sargent.

Another power of the Board must be remembered in connection with the origination of policy. The Board staffs the small Advisory Committees which suggest to the Policy Committees subjects for study or point out which subjects are not worth committee attention. The Advisory Committees are not supposed to indicate what the Policy Committees' recommendations should be. However, the task of stimulating or shutting off the flow of subjects to be considered by the Policy Committee can have significant influence on the ultimate nature of NAM policy.

Consideration of Proposals

Board of Directors.--Unless the Board of Directors initiates policy, the course of new policy runs from the Policy Committee to the Board for consideration and approval.¹ Policy Committee proposals to the Board are not binding. The committees only recommend policy; they do not formulate it. The Board is free to accept or reject committee suggestions at its discretion.

One-fourth of the Board membership constitutes a quorum. In recent years the Board has averaged about one hundred and fifty members. Since a majority decides, one-eighth of the total number of Directors plus one (about twenty) can approve policy and commit the Association to a specific course of action.

No record of Board action is kept other than the registration of approval or disapproval of a motion. Nor is it possible to determine which Directors vote in favor of a resolution and who opposes it. At most one can only conjecture. It is

¹Interviews with various NAM officials.

conceivable that those Directors who have had a long record of service on the Board might exert greater personal influence than new additions to the Board. The power and prestige of a Director may be enhanced by the familiarity that results from holding a succession of important offices.¹ A continuity of such men on the Board is assured by three constitutional provisions. One permits a President to sit on the Board for five years after acting as President. The second allows the Board to bestow the title of Honorary Vice-President on a man in recognition of long and distinguished service in the NAM. Honorary Vice-Presidents have a lifetime membership on the Board. Third, the President appoints seven Directors-at-Large and nine Directors who represent the three groups of the National Industrial Council.

In 1948 six of the nine Honorary Vice-Presidents were at one time Presidents of the NAM with periods of service dating back to 1933.² These six, along with the five Presidents for the past five years, and the sixteen Directors appointed by the President would be enough to set NAM policy, for they totaled twenty-seven.

¹See chap. V, for a discussion of tenure of NAM officials.

²Howard Coonley, director, Walworth Co.; C. M. Chester, Honorary Chairman, General Foods; Walter D. Fuller, President, the Curtis Publishing Co.; Charles H. Hook, President, The American Rolling Mill Co.; Robert L. Lund, Industry Counsel; H. W. Prentis, President, Armstrong Cork Co. The other Honorary Vice-Presidents were Lamot du Pont, W. B. Bell, President, American Cyanamid Co., and H. L. Derby, Industrialist. NAM News, March 27, 1948, section 2, pp. 14-16.

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The fact that the representatives of a relatively few large companies have been among the key leaders of the Association and that the Constitution sanctions a perpetuation of that leadership is probably an indication of a general willingness on the part of the members to be led by these persons and a general acceptance of the policies they forward. If they disagreed they could alter this arrangement or, failing this, withdraw.

Congress of American Industry.--The stamp of membership approval is placed on major policies at the annual Congress of American Industry. The annual declarations of policies or platforms are also developed by Policy Committees. After approval by the Board they are submitted to the National Industrial Council in its annual convention held two days before the Congress. At this point they are presented to the NAM's Convention Resolutions Committee which in turn submits them to the convention for ratification. Members who wish to present their points of view to the Resolutions Committee are permitted to make appointments outside the committee room and submit suggestions in writing.¹

Walter Weisenburger testified before the La Follette Committee that:

Original and ultimate power on all association policies rest with the membership. Its decisions are made at the annual congress of American industry (our annual convention, in the deliberation of which nonmember manufacturers as well as members participate).²

Weisenburger overemphasized the role of the convention

¹"News Letter," November 22, 1941, p. 5.

²La Follette Committee, Hearings, Part 18, p. 7853.

in final policy determination. The annual convention today performs informational and inspirational rather than legislative functions. The Research Department recently explained:

The NAM convention does not attempt to decide NAM policies. These are formulated before the convention by standing Committees. The convention (or Congress of American Industry, as it is called) is solely for discussion of major problems for the education of the members.¹

Membership referenda.--The membership has little contact with the NAM except through service on Policy Committees or by attendance at meetings, conferences, and the Congress of American Industry. However, the Constitution does provide one additional device by which the membership may participate directly in policy-making. The Board, or Executive Committee, may in their discretion submit to the members of the Association, by letter-ballot, any question relating to the policies of the Association. A majority of the votes cast, if not less than 51 per cent of the qualified members of the NAM participated in the balloting, is regarded as a binding instruction to the officers of the Association.² This technique of settling policy, however, is infrequently used. The questionnaires that have been sent out to the membership from time to time have been primarily for the purposes of obtaining information on various technical matters such as industrial research, absenteeism, taxation and profits, strike losses, and employment and production plans.

¹"Reply to 'NAM: Spokesman for Industry?'" op. cit., p. 4.

²Constitution, 1946, Article VII, Section 4.

Formulation of the 1946 Declaration of Principles
A Case Study

The 1946 labor policy of the NAM evolved out of such a policy-making procedure. The first meeting of the Industrial Relations Program Committee for 1946 was called to order on February 18th by Arthur Walsh, who presided in the absence of Chairman Clarence B. Randall. Eight of the twenty-eight members were present. Walsh explained that the primary function of the committee was "to consider and recommend an over-all labor policy for the N.A.M. on the national level, with particular reference to legislation."¹

The General Counsel for NAM, Raymond Smethurst, led a discussion of the Case bill. The committee endorsed the "meritorious principles embodied in the Case bill" and indicated its unanimous desire to "assist in every way possible in the enactment of legislation embodying these principles with as much speed as circumstances will permit."² The Board of Directors approved the committee minutes on February 20th.³

The second committee meeting of 1946 occurred on May 9th, at which fifteen members were present. Chairman Randall introduced Carroll French as the new Director of the Industrial Relations Department, who was also to act as committee executive to the Industrial Relations Program Committee. No major decisions

¹Appendix VIII.

²Ibid.

³"Excerpts from Actions of the Board during the Year 1946" (typewritten; in writer's possession).

were made at this meeting. The committee unanimously agreed that no position should be taken on the subject of maintenance of membership and union security. The discussion pointed up two views regarding the check-off: (1) the check-off in any form was indefensible; and (2) the voluntary revocable check-off was far more desirable than any union security clause or compulsory check-off, since it protected to the greatest possible extent the freedom of the individual employee. But the committee felt it would be "unwise and undesirable for the NAM to make any statement or adopt any policy that would endorse any form of the checkoff."

A coal strike was occurring at the time. It was emphasized that the enactment of the amendments proposed in the minority report of Ball, Taft and Smith to the Case bill, together with the Senate counterpart of the Robertson and Smith anti-royalty bills would not get at the fundamental issues involved in the coal strike. The fundamental issues, to the NAM, were: (1) that labor was not required by law to bargain with the employer; and (2) that there was no restraint or curb on labor's monopolistic practices in restraint of trade and commerce. The committee unanimously urged that the NAM give renewed emphasis to the need for the enactment of corrective legislation to make the anti-trust, anti-monopoly, and anti-racketeering laws applicable to organized labor.¹ The Board approved the committee report on May 24th.²

¹Appendix IX.

²"Excerpts from Actions of the Board," op. cit.

The Case bill was vetoed and failed of passage over the President's objections. A staff meeting of the NAM was called to determine the next step. If asked by Congress at that moment what they wanted, industry, as represented by the NAM, would have been unable to reply because there was a diversity of opinions within the NAM as to what specifically constituted an acceptable national labor policy. A staff committee was appointed in June to draw up a declaration of principles which would represent industry's views. On this committee, chaired by Walter B. Weisenburger, were Carroll French; Leo Teplow, staff member of the Industrial Relations Department; Raymond S. Smethurst, general counsel; and the heads of the Public Relations Division, Member Relations Division, Research Department, and the Washington office. Each of the departments prepared its version of a national labor program while the staff of the Industrial Relations Department continued to study the problem.

By the middle of 1946 the staff of the Industrial Relations Department had prepared a tentative statement of a national labor policy, for staff use only.¹ On September 4th, Leo Teplow and the staff completed a progress report.² The first staff document was more detailed than the progress report but the tenor of both was the same. The former, but not the latter, specifically stated: "Management accepts the right of employees to organize voluntarily into unions--and recognize that the right to strike and lockout are inherent in free collective bargaining."³

¹Appendix X.

²Appendix XI.

³Appendix X.

Other specificities not included in the progress report of the later date called for greater regulation of unions: membership to be open to all employees without excessive or discriminating initiation fees, audited financial reports distributed to all members at least once a year, prohibition on the use of union funds for political purposes and for unions to participate in political campaigns. Membership in unions, the first staff report recommended, was to be voluntary. If both the employer and union agreed that union membership should be a condition of employment, such agreement was to be valid only after ratification of 75 per cent of all employees in the bargaining unit as determined by a secret ballot. Provisions for compulsory union membership were to expire after twelve months unless renewed by a similar employee vote. Ratification of collective bargaining agreements and strike calls were to be submitted to secret ballots with a majority required of all employees.

The major difference between the two documents, outside of the omission of the above points, was that in the first paper it was recommended that if the governor found that a dispute endangered public health and safety, he should have the power to order the status quo maintained and to appoint a Board of Review which would have a limited time to hear facts and then comment on the dispute, but not to make recommendations. The Board was not to have the power of subpoena. By September, when the progress report was issued, the NAM concluded that fact-finding had been discredited by "recent administration usage" as a theoretical solution.

The September 4th progress report also dismissed compulsory arbitration except for use in franchise industries and a "severely restricted list of others." The rest of the report briefly reiterated the NAM's stand in regard to union stability, union responsibility, equality in bargaining, and collective bargaining procedures.

On October 16th, the Industrial Relations Program Committee reconvened for the single task of drafting a national labor relations policy recommendation. There was a large attendance, with thirteen committeemen, or their proxies, and three National Industrial Council liaison advisors present. The chairman distinguished three separate phases in the final formulation of a NAM program on labor policy: (1) drafting a clear statement of principles for which the Association stood in the field of labor relations; (2) the preparation of a clearly documented statement of reasons and explanations in support of each of the principles; and (3) the formulation of specific remedies, perhaps in statute language, to implement the statement of principles. The third approach was dismissed as being outside the committee jurisdiction. Legislative proposals, the chairman suggested, would be the responsibility of the NAM Legislative Committee and the Legal Department. It was agreed that the first and most important step would be to determine the specific, substantive principles for which the Association stood in the field of labor relations and which NAM was prepared to advocate publicly.

The rest of the meeting was spent discussing ten basic issues for the purpose of developing committee points of view and possible areas of agreement:

(1) The view that the only honest position to put before the public was to advocate repeal of the Wagner Act as a "poor and unworkable law" was expressed. Others felt this position was neither realistic nor sound because of public opinion; and there was doubt that repeal would provide the necessary solution to labor management problems. It was agreed that the NAM position advocating amendment should remain unchanged.

(2) Where unions represented the "honest will of the workers," the NAM's position was that it had no desire to obstruct or interfere with collective bargaining. "But, where that is not true, it is not the intention or desire of the NAM to promote, urge, advocate or foster collective bargaining."¹

(3) The committee expressed unequivocal opposition to compulsory arbitration. The function of government was to establish sound laws to govern collective bargaining, and having established such laws, to abstain from intervening in or interfering with collective bargaining.

(4) The committee unanimously agreed that the NAM should condemn the exercise of monopolistic power by unions as being harmful. It also declared that industrywide bargaining would destroy the free competitive enterprise system.

(5) The committee opposed any form of compulsory union membership as a prerequisite of employment.

(6) The committee opposed any legal obligation upon the employer to bargain collectively "with members of the management group."

¹Appendix XII.

(7) The committee agreed that the NAM believed in the right to strike in industrial disputes over wages, hours, and working conditions, but not in disputes against the government, endangering public health, or in jurisdictional disputes.

(8) The committee endorsed the principle of high wages "commensurate with production and with due regard to the interest of investors and the consuming public."

(9) The committee agreed that the NAM should advocate equality before the law for both management and labor, with each having equal obligation to bargain in good faith and each having equal responsibility for adhering to the spirit and letter of the collective bargaining agreement.

(10) The committee believed it was desirable for the NAM to advocate the principle of free speech for employers.

It was agreed that the NAM need not express any view on fact-finding "inasmuch as this technique has been discredited during the past year because fact-finding boards have tended to 'find' conclusions rather than facts."¹

With this discussion concluded the committee instructed the staff to prepare a draft of a "NAM Decalogue" of the ten basic principles on which the NAM could stand in the field of labor relations, this draft to be the basis for discussion at the next meeting. Two days later, on October 18th, Carroll French prepared a preliminary draft of the basic principles of NAM labor policy.² This brief statement became, upon expansion and with

¹Ibid.

²Appendix XIII.

the addition of a preamble, the document that the staff took to the November 18th meeting of the Industrial Relations Program Committee. At this meeting, in addition to thirteen members of the committee, or their proxies, four NIC liaison advisors, and two other guests were in attendance. One guest was Homer Hartz, representative from the United States Chamber of Commerce's Committee on Labor Relations, and the other was Lee. H. Hill, publisher of Electrical World. In opening the meeting, the chairman explained that the document entitled "The Basic Principles Behind Good Industrial Relations and Sound Collective Bargaining"¹ represented the latest draft prepared by the staff in light of all the suggestions received from committee members and NIC liaison advisors.

Study and discussion of the document resulted in the following changes:

(1) The title was changed to "The Basic Principles Behind Good Employee Relations and Sound Collective Bargaining."

(2) A question arose as to whether reference should be made to "profits" as one of the primary objectives of industry. The staff document read: "A spirit of cooperation between employees and management, through full, frank and frequent discussion of the policies and profits, and the plans and prospects, of the company." It was decided that in a document dealing exclusively with problems of employee relations there was no justification for a discussion of this subject. Also, in order to avoid the interpretation that labor could require management to open its

¹Appendix XIV.

books and/or reveal plans in the making, the sentence was re-phrased to eliminate the words "profits" and "plans."

(3) A major change was the decision to eliminate the proposed criteria by which it could be determined whether a union was a "democratic and responsible institution." The staff document suggested such minimum standards of union democracy as: (a) membership to all workers, without excessive or discriminatory dues or fees; (b) officers annually elected by secret ballot; (c) submission of audited financial reports to members annually; (d) opportunity for full hearing, in open meetings, on all questions of union discipline or expulsion; (e) collective bargaining agreements submitted to full membership for ratification by secret ballot. A majority of the committee held that "it would be both unwise and unsound for the NAM to presume to recommend rules of behavior for unions to follow in their internal affairs and that a parallel might be drawn between industry's setting up standards for internal union behavior and the possibility that organized labor might seek, in similar action, to have established standards and rules for internal corporation behavior." All reference to a spelled-out definition of "democratic and responsible institutions" was dropped.

(4) In dealing with the principle that monopolistic practices were against the public interest and that they should be prohibited to labor unions as well as to employers, the committee agreed that reference to "industry-wide strikes" should be deleted and be replaced by a statement that would point up "the monopolistic result of such industry-wide activity." The revised

sentence read: "It is just as contrary to public interest for organized unions to take joint wage action as for organized employers to take joint price action." Although the committee recognized that this principle ran counter to some prevailing practices in industry where industrywide bargaining existed on a community, area, or regional basis, the committee voted eight to four in favor of injecting the new sentence into the text.

(5) Strikes to enforce featherbedding or other work restrictive demands, and secondary boycotts, were added to the list of strikes for which strikers should not have the protection of the law, i.e., jurisdictional strikes, sympathy strikes, strikes against the government, strikes to force employers to ignore or violate the law, and strikes to force recognition of an uncertified union.

(6) The staff work sheet contained alternate proposals in regard to compulsory union membership. One proposal declared that compulsory union membership should be prohibited by law. The alternate suggested that any form of compulsory membership should be valid only after ratification by 75 per cent or more of the employees in the collective bargaining unit. This percentage was selected, it was explained, because it conformed to the 75 per cent vote required to modify any of the individual rights guaranteed in the Constitution of the United States. The proposed alternate suggestion that a closed shop would be acceptable if ratified by 75 per cent or more of the employees was rejected in favor of the absolute prohibition of compulsory union membership.

(7) The staff had proposed that "in the case of a threatened strike in a franchise industry through which the community might be deprived of an essential commodity, product or service for which there is no competitive source of supply, some equitable, non-political form of compulsory adjudication should provide for a binding public determination of the issues in dispute." The committee decided to strike out this reference to franchise industries and the proposed use of compulsory adjudication for strikes in franchise industries. Lee Hill, published of Electrical World, declared that the utility industries were unequivocally opposed to compulsory arbitration. The committee agreed that there was no justification for the NAM to propose a course of action for utilities. It was felt that any proposal recommending compulsory arbitration as a sound government policy, even though limited to franchise industries, could not fail to have adverse repercussions on industry, ultimately expanding the area of disputes in which the public and government would look to compulsory arbitration as the remedy. The committee also eliminated a statement regarding fact-finding on the basis that fact-finding as a technique for the settlement of industrial disputes had been discredited and because there was a belief that public opinion carried little, if any, weight in hastening the settlement of a dispute.¹

This report of the Industrial Relations Program Committee went to the Executive Committee on December 2nd, and thence, after

¹Appendix XV.

an all-day session, to the Board of Directors which approved it, with some changes, on December 3d. Before approval was possible a bitter struggle was carried on behind closed doors between groups which stood for complete repeal of the Wagner Act as well as the Fair Labor Standards Act and Norris-La Guardia Act and a moderate wing of NAM, which was eventually victorious. Opposition to the adoption of the new program centered around certain automobile and steel interests. B. E. Hutchinson, chairman of the finance committee of Chrysler Corporation, was reported to have been an active leader of the minority along with John R. Lovett, general manager of the Michigan Manufacturers Association.¹

The statement finally adopted by the Board of Directors as the policy of the NAM consisted of a preamble and nine points.²

Certain significant changes from the committee report are apparent:

(1) At the November 18th meeting of the Industrial Relations Program Committee there was considerable discussion about the statement that "the right of employees to organize in unions is, and should continue to be, protected by law."³ A number of members proposed that, inasmuch as the employees' right to organize

¹New York Times, December 5, 1946; Newsweek, December 16, 1946, pp. 76, 116; Time, December 16, 1946, p. 87.

²National Association of Manufacturers, "The Basic Principles Behind Good Employee Relations and Sound Collective Bargaining," A Report by the Industrial Relations Program Committee of the NAM, approved by the Board of Directors, December 3, 1946. (In writer's possession.) See Appendix VII.

³Italics added.

was then protected by law, there was no need for the NAM to go further and require that this right should "continue to be" protected. The majority, however, felt that this declaration by the NAM "would go far to create greater public acceptance of industry's good faith and integrity in connection with collective bargaining where it is the will of the employees."¹ The Board deleted the above sentence as well as the following sentence which was in the committee report preamble: "It is equally important that the right of employees not to organize in unions be protected by law."² In their place the Board inserted: "The right of employees to join or not to join a union should be protected by law."

(2) Principles 1 and 2 of the committee report were combined into one by the Board. Rather than begin with a statement that the employer should be required by law to bargain collectively with a union and follow that with a similar assertion that the unions as well should be obligated by law to bargain collectively, the Board worded it this way: "The union as well as the employer should be obligated, by law, to bargain collectively in good faith, provided that a majority of the employees in the appropriate unit wish to be represented by the union." All reference to requirements of democratic character in unions was dropped.

(3) The words "voluntary arbitration" were changed to "peaceful procedures" as the means of settling disputes over the meaning or interpretation of a provision in a collective bargaining agreement.

¹Appendix XV.

²"The Basic Principles . . . ," op. cit.

(4) The sentence "Employees and employers, should both be protected in their right to express their respective positions," was not in the committee version, but was added by the Board.

(5) Regarding the role of government, the statement "government intervention nearly always reduces the willingness or effort of one or the other of the parties to reach an agreement voluntarily" was altered to read: "Biased laws and biased administration of laws have made a contribution to current difficulties, and should be replaced with impartial administration of improved laws primarily designed to advance the interests of the whole public while still safeguarding the rights of all employees."

(6) The Board added the remark: "All labor and related legislation should be consistent with principles set forth above. Any existing statutes that are in violation of such principles should be brought into accord with them through appropriate action by the Congress." The fact that this policy statement stopped short of specific legislative proposals was emphasized. Randall, speaking to the 1946 Congress of American Industry, explained:

Mindful, however, of the quality of responsibility which flows from leadership, we shall not propose to the American people a specific program of legislation. We do not seek a labor policy that shall serve the special interests of manufacturers.¹

The minority on the Board of Directors which favored an immediate repeal of the Wagner Act, the Wage and Hour Act, and

¹Clarence B. Randall, A New Federal Labor Policy (New York: National Association of Manufacturers, 1946).

the Norris-La Guardia Act issued a separate report. The preamble declared that the public interest required sustained high-level production to prevent unemployment, to provide markets for the farm population, to supply taxes for a sound fiscal structure, and to insure national security against aggression from abroad. The report proceeded with the statement that both prosperity and peace were challenged by labor conflicts since V-J Day. Records of the United States Bureau of Labor Statistics were cited to show that the New Deal labor legislation failed to accomplish its purposes to eliminate strikes, labor disputes, and other forms of industrial strife. The major cause of labor unrest, the minority maintained, was the encouragement given unions by laws that exempted unions from restraints applying to other groups and that refrained from subjecting unions to commensurate obligations to act in a lawful and responsible manner in the public interest. The opposition, which centered around certain automobile and steel interests, concluded that the New Deal labor legislation along with the Norris-La Guardia Act had to be repealed.¹

The fact that this minority report was reproduced in full in the New York Times was cited by Walter Weisenberger as evidence of "how democratically NAM arrived at its position."²

Conclusion

The Policy Committees and staff personnel are the chief sources of creativeness and inventiveness in the formulation of

¹New York Times, December 23, 1946, p. 1.

²NAM News, January 4, 1947, p. 4.

policy. Many ideas probably originate in the permanent staff, because staff personnel have usually been well qualified by virtue of their education, skill, and experience to propose ideas that would contribute to the achievement of NAM's objectives. Apparently no effort is made for stimulating centers of initiative other than paying the staff members.

The only inducement to membership participation in originating policy is service on Policy Committees. Since busy industrialists frequently find this task burdensome, in practice, relatively few members take advantage of the numerous opportunities to participate in the initiation of policy.

Membership participation in the final approval of policy is almost non-existent. Resolutions are submitted to the membership at the annual Congress of American Industry, but the convention's functions today are informational and inspirational rather than legislative. Membership referenda, the results of which are constitutionally binding on NAM officers, are almost never used to determine membership opinion on specific questions. The Chamber of Commerce, for example, has found the referenda especially valuable in arousing interest on the part of the membership in particular issues, determining the sentiment of the membership, and in bringing pressure to bear upon legislators and public officials.

There are certain disadvantages in using referenda. It is expensive, cumbersome, and cannot be used with great facility

¹Childs, op. cit., p. 173.

in an emergency. It may not record a clear expression of the views of the members. Some questions cannot be answered by straight yes or no responses. The results may have to be interpreted by the Board of Directors so that the Board in the end exercises decisive power.

On the other hand, a referendum vote on measures which present clear alternatives has advantages. Obviously, it will tell the NAM what its members are thinking on a particular issue. It may serve to awaken interest on the part of the members in the NAM's policies and activities. The results may be used to strengthen the Association's hand in its appeal to the people for support and may give a NAM demand more weight when submitted to Congress.

It is recognized that a referendum vote may also be used to cloak the narrow interests of a small group and that, regardless of the results, such a poll would probably carry little weight among the general public and Congressmen who are already unsympathetic to the NAM. However, if properly handled, membership referenda may contribute to the effectiveness of Association policy by bringing it into closer relationship with the beliefs and values of the members. Further, the internal publicity that such a poll gives to Association views may far outweigh its disadvantages.

Except when referenda are employed, actual policy-making authority is concentrated in the Board of Directors. In making final policy decisions the Board may accept or reject Policy Committee proposals. Quorum requirements are such that a very small

number of Directors may set the course of NAM policy--as few as twenty of the one hundred and fifty Directors.

Although it seldom does so, the Board may originate policy that has not received committee investigation and discussion. The Board need not concern itself with the task of exploring new policies since the staff is better equipped to perform this job in cooperation with the Policy Committees. Further, Board members on Advisory Committees may direct the Policy Committees to the study of certain problems.

Thus, when referenda are not used, the governing elite has constitutionally unlimited power in making all policy decisions. This group has been heavily weighted in favor of an active minority which represents conservative, big businesses and which is an unrepresentative sample of NAM members. Some of the key staff personnel who participate in the policy-making process have records of service extending back to the period of industrial self-rule and their outlook reflects that era. Both the leadership and the staff, which have been the products of tight inbreeding, have been conservatizing forces within the NAM and have tended to resist the pressures of social change. The process of adjustment to social change has been accelerated in recent years by two organizational reforms. Member participation in the policy-initiation process has greatly increased through a vast system of Policy Committees. The chairmen of these committees sit on the Board and can fight for their recommendation. And new personnel have been introduced into the permanent staff.

The real limitations upon the governing group are not

institutional but result from a practical consideration of the NAM's voluntary character. As a voluntary organization the Association must formulate policy that is acceptable to the members because they feel it essential to their well-being and to the achievement of group objectives. If it does not, the members can withdraw. The fluctuation of membership indicates that the NAM's labor policies have been essentially reflective of its members' desires, for membership ranks have swollen during campaigns of union opposition and have fallen off after their successful completion.

In addition, the leadership has been able to change its tactical policies while convincing the membership that the traditional strategic objectives are being achieved and that, in fact, the traditional values could be preserved and promoted in no other way. How the NAM indoctrinates its members will be discussed in the next chapter.

Thus, although the NAM has been most responsive to the will of an active minority representing big business, its policies have been generally acceptable to the passive members as the most desirable method of achieving industrial and social goals.

CHAPTER VII

EFFECTUATION OF POLICY (I): INDOCTRINATION AND MEMBER SERVICES

The cohesiveness and longevity of an organization depend to a large extent upon the degree to which the common interests are furthered and satisfied. Some can be realized directly by services to the members, but more often it is necessary to mobilize the influence of the group for the purpose of altering or molding outside traditions and institutions.¹ The National Association of Manufacturers' policies are effectuated and implemented in three ways: (1) indoctrination and member services; (2) education and public relations programs; (3) pressure campaigns specifically directed at Congress or the administration to guide legislative and administrative policy along lines laid down by the NAM.

The indoctrination and member service programs of the NAM serve a series of important functions essential to the effectuation and implementation of policies: (1) They are a means of recruiting members and of inducing firms and corporations to keep their membership. (2) They provide channels of communications to inform members of the Association's policies and positions in order to secure voluntary compliance. (3) They provide tangible services

¹Childs, op. cit., p. 177.

of information and assistance in employment and public relations. (4) They are designed to awaken industrialists to real and imagined dangers, to dramatize those dangers, and to arouse them to action. The purpose of this chapter is to describe these programs.

Indoctrination

The extent to which the NAM is able to effectuate policy by molding outside traditions and institutions is dependent upon the cohesiveness of the Association. Cohesion in an organization is invaluable in times of stress. The more an organization suffers from disunity or internal dissension the less it is able to direct its strength toward any particular goal and the more easily its aims are defeated. Cohesion makes for mutual support and a tendency to accept and act upon policy set down by the NAM. But the NAM is a voluntary association having no control over the policies of its members nor any ability to compel acceptance of and action upon the Association's labor policies.

A firm or corporation that joins the NAM probably subscribes to some of its policies and objectives. Renewal of membership every year appears to indicate continued acceptance of the NAM's formal structure, leadership, general policies and the ways they are effectuated, for any member may freely withdraw at any time if he disagrees. On the other hand, if a corporation or firm prefers to maintain its membership, but rejects all or part of the NAM policies, or interpret them as it sees fit, the Association has no power to compel acceptance of and support for its decisions. The Board of Directors is empowered by the NAM's Constitution to expel or suspend a member by a two-thirds

vote.¹ But this sanction would defeat the objective of enlarging the NAM as the representative body of American industry. The fact is, there has been a high degree of continuity of philosophy and of labor policies since 1903. Although the members may withdraw from the Association at any time for any reason, membership has always increased during periods when labor or government has appeared to threaten management's rights and responsibilities (e.g., during the open shop drives and the New Deal) and has declined after the threat has been eliminated or reduced (e.g., after the open shop drive of the 1920's and after the enactment of the Taft-Hartley Law).

No simple explanation of this observation can be given. A multitude of factors are involved: the discovery of a common antagonist and the perception of common interests, the sense of participation that comes from association with like-minded persons, the search for security and strength through unity, and the identification of NAM values with symbols of employer's welfare and principles of American traditions. An explanation of group solidarity and group expansion must further take account of the technique by which common interest are kept alive. Common interests are concretely manifested and perpetuated by the most modern sales techniques. Much money and effort is spent to enliven the spark of group consciousness through indoctrination and member service programs.

It is essential, if the NAM is to play a significant

¹Constitution, 1946, Article IV, Section 8.

role in American society, that it inform the membership of its policies and convince them that their interest lays in hearty co-operation with the Association. The absence of real authority or sanctions has required continuous effort to convince the membership of the wisdom of NAM policies and objectives, to secure voluntary compliance with specific recommendations, and if possible to elicit enthusiastic endorsement that will lead to vigorous action when called for.

In 1935, the NAM asserted that it was dedicated to the promotion of "Unit Thinking and Unit Action."¹ This objective

¹Under a pamphlet of this title the functions of the NAM were characterized:

"The National Association of Manufacturers is the medium through which American industry is able to voice a united opinion on vital national questions.

"The National Association of Manufacturers ascertains this opinion fairly and impartially and sees that it is presented to the proper authorities.

"The National Association of Manufacturers is the only national organization exclusively representing the interests of American industry.

"The National Association of Manufacturers is a clearing house for the compilation, analysis and application of industrial experience and judgment to the programs of the day."

On the front page the NAM advertised: "The National Association of Manufacturers is the only national organization exclusively representing the interests of American Industry" (Cited by LaFollette Committee, Hearings, Part 17, p. 7528).

The title of this pamphlet has caused the NAM some regret and induced some "soul-searching":

"Perhaps the title was not very happily phrased. I know there are a number of responsible people who believe this statement is a gross exaggeration since the NAM cannot and has never so acted even if it tried, because it would have to be a policeman or watchdog over the sayings of every individual manufacturer. I think it can be honestly said that NAM is receptive to opposing viewpoints. Certainly this is continuously being demonstrated in committee and Board discussions. Perhaps there is room for improvement, but the above at least should be noted" ("Memorandum from Vada Horsch to John R. Suman [concerning Cleveland, 'NAM: Spokesman for Industry?']," May 20, 1948, p. 8 [Mimeographed]).

has frequently been affirmed. The 1934 annual report announced: "If this administration has had one devotional duty above all others it has been the desire to promote industrial unity."¹ In 1937 Walter B. Weisenburger agreed with the suggestion of A.C. Rees, executive vice-president of Utah Associated Industries, that a program of education should be inaugurated that would "cause industrial heads to be capable of some unity of thinking. . . ."²

Weisenburger, in 1944, explained why unit action was needed:

. . . [O]nly a concerted chorus of industry has a chance of being heard. An ever increasing choir of management must pick up the single refrain that private enterprise really has something for the people. Solo flights of rugged individuals, each singing his own idea of a theme song and paced by his own special conception of what is good public relations will never do the job.

. . . [I]f the case for industry is to be believed, it must be consistent; not what umpteen thousand managers individually talk about, but what umpteen thousand managers can talk about as being THE national program for all industry.³

The members assembled at the 1945 annual convention were frankly informed of this necessity by Holcombe Parkes, Vice-President in charge of public relations. The internal target is of great importance, he said, "because it will determine the character, size, price, and attractiveness of the 'bill of goods' that NAM will be trying to sell. This target is NAM's own membership."⁴

¹Cited in LaFollette Committee, Hearings, Part 35, p. 14047.

²Letter to A.C. Rees from Walter B. Weisenburger, dated March 1, 1936, cited in ibid., Part 17, p. 7683.

³NAM News, December 16, 1944, p. 22.

⁴Report of the Golden Anniversary, Congress of American Industry, 1945, issued as section 2 of NAM News, December 15, 1945, p. 30.

Usually the appeal for unity is not made on the basis of unity for unity's sake. A real or imagined emergency may confront manufacturers and unity is sought through member service programs of information and assistance. These serve a dual purpose. In the first place they are tangible evidence of the value of Association membership and thus attract industrialists who might not otherwise be immediately interested. Such members help to fill the ranks and the treasury and become targets for the indoctrination programs. In the second place, many services, particularly those of an informative nature, offer excellent opportunities for indirect sales to members. A busy executive might scarcely glance at a straight "educational" message, whereas the same appeal, combined with informative technical material, may be given careful consideration.¹

An example of how the service of information was combined with indoctrination was the NAM opinion on the constitutionality of the National Labor Relations Act. Prior to its passage, members were warned that, if passed, it would bring all employes under federal control and subject the most intimate employment matters to government regulation. After the act became law, NAM's Counsel concluded that "the Action does not apply to employment relations between a manufacturer and his employees engaged in ordinary manufacturing operations."² Later, when the NLRB held the act to so apply, the NAM advised its members that the act was unconstitutional.³

¹See Cleveland, op. cit., pp. 285-91.

²Law Department Bulletin, July 23, 1935, p. 1.

³"Report of the Committee on Relation of Government to Industry," December 5, 1935, p. 9.

Services to Assist the Employer

Services of Information

The vastness of the NAM's information-to-employers programs gives reality to the statement of Walter Weisenburger that "the supplying of information to its members is one of the chief services of the association."¹

Under the direction of the Law, Industrial Relations, and Research Departments information of general, technical, or specialized nature is channeled to NAM members through (1) the annual convention, conferences, formal and informal meetings, discussion groups, forums, and clinics; and (2) publications, special releases, pamphlets, and bulletins.

Conferences and meetings.--The annual Congress of American industry is the climax of each year's work. Originally, policy decisions were made at these conventions by a general vote of the members. Today, the Congress is a sounding-board "solely for discussion of major problems for the education of the members."² In 1947, for example, three thousand industrialists from forty-two states met in New York for the fifty-second annual meeting.³

The regional offices under the direction of NAM's Regional Vice-Presidents supply information to the members and co-sponsor meetings and community programs with state and local associations.

¹LaFollette Committee, Hearings, Part 18, p. 7857.

²"Reply to 'NAM: Spokesman for Industry?'," op. cit., p. 4.

³The NAM Story, op. cit., unnumbered.

Usually a group of NAM officials, including the President, Chairman of the Board, Policy Committee Chairmen, the Managing Director, and several Divisional Vice-Presidents attend these meetings, deliver the principle addresses, and conduct various round table discussions. Regional meetings are miniature reproductions of the annual Congress of American Industry. In 1941 twenty-two thousand industrialists were reported to have attended forty-one regional conferences.¹ There were thirty such meetings in 1945² and a similar number in 1946.³ In 1947 nearly fourteen thousand NAM members and other business men took part in thirty-nine all day regional meetings.⁴

Most important of the meetings, from the point of view of labor relations, are the Institutes on Industrial Relations. Twice a year several hundred executives handling labor relations in their companies are given an opportunity to "go to school" for a week. The purpose of these Institutes is "to create a common meeting ground for exploring every avenue of plant and factory problems and not to establish policy for NAM or its members."⁵ The program is under the direction of the Industrial Relations Department of the NAM, now headed by Carroll French. Selected at random, topics for discussion have included: management prepara-

¹NAM News Letter, February 15, 1941, p. 5.

²Achievement for Industry in the Year of Victory, op. cit., p. 31.

³NAM News, March 30, 1946, p. 9.

⁴The NAM Story, op. cit., unnumbered.

⁵NAM News, March 25, 1944, p. 3.

tion for collective bargaining negotiations, safeguarding management's functions under the union contract, implication of industry-wide and multiple-group bargaining, government's impact on industrial relations. "This NAM Institute," said Carroll French, "is management-in-action to improve the day-to-day handling of labor problems at the plant level."¹ In June of 1948 the fifteenth such Institute convened.

Two sets of conferences have been devised to assist members conduct public relations: Community Public Relations Programs and Industry Leaders Programs.

On the theory that "the plant town is industry's first-line of sales effort" the NAM, in June, 1946, launched a full-fledged effort to encourage and assist industrial communities in setting up local public relations programs. The expressed purpose of the conferences was "to marshal the full strength of local good-will by active programs of community public relations." The first phase of this work involved a study of all known efforts in this field. From such study and experimentation a body of data was accumulated which was made available to the members. One of the pressing needs that was disclosed by initial explorations was a medium for the interchange of ideas, case histories, and other such information on community public relations. As a result, a mimeographed periodical, Exchange, was inaugurated in 1948 and is now distributed regularly to state, trade, and local association officers.²

¹Ibid., November 9, 1946, section 3, p. 1.

²The Challenge and the Answer, op. cit., p. 8.

Of the Industry Leaders Program, which was developed and tested in 1946 and launched in the spring of 1947 as one of the activities of the Community Relations Department of NAM's Public Relations Division, it was said: "It may well prove to be one of the most valuable tools in the NAM's Public relations chest."¹ Its primary purpose is to increase the number of businessmen trained and equipped to sell "Enterprise point of view" anywhere, anytime, to any audience, from one to 1000, under every conceivable condition. The program is patterned after the familiar technique of a business "sales conference." Wherever possible, local associations sponsor these sessions. An NAM advance agent helps with arrangements in each city. Attendance for each two-day conference is limited to groups of twenty-five to thirty men. An NAM "team captain" and two men, a professional speaker and speech instructor and an economist experienced in the techniques of popular presentation, constitute the traveling staff.

The participants are supplied with a loose-leaf "sales kit," the Industry Leaders Manual, which "will enable them to keep up-to-date on facts, figures, talking points and sales arguments."² As Walter Weisenburger explained the use of this manual,

. . . the NAM is going to try to equip management to defend itself intelligently by supplying regular, capsule doses of super-condensed facts, particularly as concerns the current situation and industry. These will come in loose-leaf pocket size, boiled-to-the-bone material to refute the daily misunderstanding and attacks on business. In this brief-bit form we expect to create in the lingo of the "Commies" a "party line."³

¹Ibid., p. 9.

²Ibid.

³Weisenburger, "Management's Responsibility--to Itself!" op. cit., pp. 25-26.

During the course of the meeting each of the businessmen is given an opportunity to deliver a one-minute talk on current labor and economic problems based upon material taken from the Manual. Delivery is criticized by use of a wire recording device the playback of which enables speakers to improve their diction and platform effectiveness.¹

NAM publications.--With the publication of American Industries in 1902 the NAM provided itself with the most valuable instrument of self-expression in its early history. It advertised: "Mr. Employer, you are interested in the open-shop movement based upon this principle. American Industries is the official organ of the movement."² The range of its articles was great: discussions of proposed labor legislation, selections from or complete texts of judicial decisions affecting labor, information on fire, safety insurance, tariff, railway rates, and the "metric system fallacy." After the election of Woodrow Wilson the intensity of the anti-labor utterances wore off. Since that time there was relatively less concern with labor affairs in the magazine and more emphasis on foreign trade and safety campaigns.

Its value was enhanced by the fact that it was "freely circulated among Congressmen and other Government officials, social clubs and commercial organizations" as well as being placed in the "public and leading libraries throughout the nation."³

¹NAM News, May 24, 1947, p. 5.

²American Industries, August 1, 1909, p. 3.

³Proceedings, 1910, pp. 98, 297.

In 1926 American Industries was reduced in size and entitled American Industries Pocket Bulletin ("That He Who Runs May Read"). Publication was discontinued in 1931.

Other early publications included a vast array of folders, bulletins, and pamphlets. The titles revealed their penchant: Disastrous Effects of a National Eight-Hour Law by David Parry and Eight Hours by Act of Congress; Arbitrary, Needless, Destructive, Dangerous by James Van Cleave. A series of "Educational Literature" was begun in 1909 which numbered fifty-four issues by 1926. A survey of this series between 1909 and 1913 revealed that fifty-four per cent of the total content was directed against unionism.¹

The total number of pamphlets was vast. In the year 1910-1911, for example, the Association distributed nearly 400,000 printed pamphlets on its principles and policies.²

During the Industrial Conservation Movement NAM issued a four-page newspaper Industrial Conservation. From 1916 to 1918 922,000 copies, including those in German, Italian, and Russian, were released.³ Between 1916 and 1918 also, approximately 1,400,000 education text-matter posters were released and approximately 2,100,000 individual education pay envelopes stuffers were issued to and used by over fourteen hundred employers.

In 1919 the publication of a Washington Service Bulletin

¹Blackwood, op. cit., p. 5.

²Proceedings, 1911, p. 78.

³"Report of the Commission on Industrial Conservation," 1918, cited by LaFollette Committee, Report, p. 227.

was inaugurated. It was a bi-monthly release compiled by the legal department containing description of the nature, purposes, and disposition of Congressional legislation, cases before federal courts, the rulings and announcements of various administrative departments, bureaus, and commissions, as these national agencies affected the interests of employers. In 1920 the NAM added another series of ten pamphlets by Professor J. Laurence Laughlin, under the caption of "Tracts for the Times."

During the open shop drive of the 1920's the Open Shop Department distributed an Open Shop Bulletin, an Open Shop Newsletter, and Tid-Bits of Interest.¹

In 1934 a monthly publication, Labor Relations Bulletin, was added. The "NAM Newsletter" was inaugurated the same year. The NAM explained the reason for its existence: "To think alike Industrialists must have a dependable source of common information."²

The weekly newspaper, NAM News, was launched in 1935 to fill the gap left by the discontinuance of American Industries. Today it is still chief among the Association's periodical publications for its members. It is a means of keeping them informed of the basic philosophy and policies of the NAM. During the first four months of 1947 it carried two hundred and eighty-seven separate articles on labor.³ It carries reports of national political

¹"Report of Open Shop Department, October 1, 1923-December 31, 1923." (Mimeographed.)

²Annual Report, 1934, cited by LaFollette Committee, Hearings, Part 35, p. 14045.

³NAM News, April 26, 1947, p. 12.

and economic news of interest to industry. All issues carry the special weekly columns, "Washington Newsletter" and "Labor Rulings and Decisions." The former is prepared by NAM's staff in the nation's capital, providing a commentary on the Washington scene and major developments and trends of national interest. The latter is prepared by NAM's Law Department, presenting a weekly digest of significant rulings and decisions of federal and state courts, the national and state labor relations boards and other agencies. It also reports outstanding conciliation and arbitration cases. Membership dues automatically give a subscription of NAM News to the members.

The Law Department prepares other publications: The NAM Law Digest is a quarterly publication which analyzes and explains federal legislation, administrative rulings, proposed labor legislation, pending Supreme Court cases as well as their decisions, etc. Law Digest Supplements increase the employers stock of information in this area. And Law Department Memos analyze and explore particular aspects of industry's position under the law.

The Industrial Relations Department makes available useful information through Management Memos. Among the topics that have been discussed are seniority, the closed shop, preparing to negotiate, industry-wide bargaining, and effective employer-employee communications.

Annually the policies adopted by the Board of Directors and the resolutions passed by the Congress of American Industry are made available in pamphlet form. At various times they have been called Industry's Program, Industry's Platform, Industry's Creed and recently, simply Industry Believes.

Supplementing the periodical publications are information sheets and special pamphlets that are issued when the occasion warrants on a variety of subjects not covered by original publications. There are the mimeographed issuances, "Industry's Views" on wage increases and inflation, the CIO's 1948 wage case, industry-wide bargaining, the coercive power of the closed shop, union immunity under present laws, etc. The public addresses of NAM staff men or members are occasionally mimeographed or printed and distributed. And special pamphlets have been composed for the employer, such as The Foreman, The Key Man in Your Plant (1943), Collective Bargaining, A Management Guide (1943), and Labor Relations, Today and Tomorrow (1944), Absenteeism, Realities and Remedies (1943), and Human Relations and Efficient Production (1946).¹ The latter, for example, was a detailed check-list in outline form to guide management in reappraising its employee policies. It covered such topics as employee selection and placement, induction procedure, equitable wage rates, sound labor policies reduced to writing, grievance procedure, information to employees, employee services and benefits, maintenance of employees' physical well-being, etc.

Assistance in Employment Relations

Membership in NAM carries with the privilege of asking for help from any of the Association's experts. Of special interest is the assistance the NAM supplies to aid employers in employment and public relations.

¹The pamphlets themselves.

When the 1946 labor policy was in the process of formulation, Carroll French, head of the Industrial Relations Department, insisted that a preamble be added to the nine points before they were adopted. He felt that it was necessary for the NAM to commit itself to the programs embodied in the four point preamble to prove that a step of permanent progress was being taken by this 1946 statement. Therefore, in addition to listing the "Basic Principles behind Good Employee Relations and Sound Collective Bargaining," the Association, "to develop sound and friendly relations with employees, to minimize the number and extent of industrial disputes," urged employers to see that their policies encouraged:

1. High wages based on high productivity, with incentives to encourage superior performance and output;
2. Working conditions that safeguard the health, dignity and self-respect of the individual employee;
3. Employment that is stabilized to as great a degree as possible, through intelligent direction of all the factors that are under management's control;
4. A spirit of coöperation between employees and the management, through explanation to employees of the policies, problems and prospects of the company.¹

Many of the member services since 1946 have been devoted to giving assistance for the attainment of these objectives.

Wage incentives.--The assumption underlying the first point was that

only through production can wages be increased and at the same time prices kept at the level people can afford to pay. . . . Wage increases which do not reflect increased productivity, especially in a period of shortage and high prices, are inflationary and dangerous to the stability of the economy. In other words, greater output per man-hour of work is the only

¹Industry Believes, 1946, op. cit., p. 5.

economically sound justification for higher wages. Obviously, the only way to have more is to produce more. When the fruits of production are increased, there is a larger share for everyone.¹

The Industrial Relations Department prepared a series of Information Bulletins on wage incentives in 1946 and 1947. A check-list of factors to consider in establishing a profit sharing plan was drafted for employers.² The questions were asked: Do you have reasonable assurance that profits will exist on a fairly regular basis and in an amount sufficient to make distribution worthwhile? Have you considered the effect of the economic cycle, taxation, judicial proceedings, and U.S. Treasury regulations? Will profit sharing improve employer-employee relations?

An analysis was prepared of the three basic groups of wage incentive plans and the types within each group. An NAM statement of the principles essential to a sound wage incentive plan was issued as were some observations on how to achieve successful operation of such a plan.³ Another Bulletin equipped members with management's answers to some of the union objections to wage incentives.⁴

Improving working conditions.--Expanding upon the second point in the preamble, Earl Bunting emphasized:

¹Earl Bunting, "Industrial Relations Move Ahead," Industrial and Labor Relations Review, I (January, 1948), 231-46.

²Industrial Relations Department, "Information Bulletin No. 1," May 9, 1946. (Mimeographed.)

³Ibid.

⁴Ibid., "Information Bulletin No. 15," September 1, 1947. (Mimeographed.)

Management has a stake in better nutrition, in health education and medical care, in carefully planned and executed safety programs. The need to insure the most efficient illumination and to minimize noise, the study of the possible benefits of using color on machines, walls, and floors, and hundreds of other factors affecting the individual's job reaction require and are receiving increased attention. . . . New plans are constantly and voluntarily being established or expanded to cover group accident and health insurance, hospital and surgical expenses, group life insurance, and accidental death and dismemberment insurance.¹

In mid-1946 the Board of Directors already had approved the recommendations of the NAM Medical Advisory Group to the effect that the NAM encourage and stimulate the development of voluntary prepaid medical and health programs, provide members with information regarding the operation and benefits to be derived from voluntary prepaid medical and health programs, and give wide distribution to all information regarding such programs as were already in operation.² The Board was emphatic in recommending that all employee benefit programs lie outside the scope of collective bargaining. The suggestion of financing such plans by royalty taxes on products, or by payroll assessments, rather than by voluntary payroll deductions was "categorically condemned."³

Information Bulletins were circulated which listed sample health insurance plans established through collective bargaining by local initiative.⁴ A bibliography on the subject was also

¹Bunting, "Industrial Relations Move Ahead," op. cit., p. 238.

²"Excerpts from Action by the Board of Directors," March 10, 1947. (Mimeographed.)

³Ibid., March 6, 1947; New York Times, March 19, 1947, p. 35.

⁴Industrial Relations Department, "Information Bulletin," December 20, 1946; ibid., June 7, 1946.

provided for the employer's further enlightenment.

Employment stabilization.--The third objective provided the substance for one of the NAM's most extensive campaign in recent years--employment stabilization. In origin, this program dates back to 1938 when the Platform adopted at the Congress of American Industry declared:

Management and labor should cooperate in using every practicable means to provide continuity of employment and should study the annual wages of employees in relation to their hourly earnings and the number of days per year the plant operates, including careful consideration of the effect of hourly rates upon continuity of employment and income.¹

The Employment Relations Committee reported in the same year:

It is our belief that proposals embodying a definite guarantee of money income such as contained in plans guaranteeing annual wages, might lessen the incentive to produce. This same basic objection in principle does not apply to guarantees of employment for a definite period, particularly if the wage earners protected are employed on some wage incentive basis which operates to stimulate production.

... We feel that the whole problem of stabilizing production is one of great importance. For various reasons individual companies may not be able to adopt plans guaranteeing employment. We, however, would urge all employers to give careful consideration to this and many other methods of reducing fluctuations in production which have been successfully applied by many companies.²

In 1939 the Board of Directors dismissed the concept of an established annual wage for employees as not being practicable for most manufacturing enterprises.³ But the result of the pre-

¹Industry's Program for American Progress, 1939, op. cit.,
p. 7.

²Committee on Employment Relations, Employment Relations (New York: National Association of Manufacturers, 1938), pp. 8-9.

³National Association of Manufacturers, Declaration of Principles Relating to the Conduct of American Industry (New York: National Association of Manufacturers, 1939), p. 21.

vious year's resolution calling for an investigation of the annual wage was the booklet Employment Regularization.¹ Printed in 1940, it was a report and analysis of the experiences of one hundred and eighty-three member companies with employment regularization. The NAM staff man who was conducting the employment stabilization programs in 1948 felt that it was a "poor job" which was consequently not read. It should have told the story briefly and concisely rather than cite so many case studies. During the war and until 1946 the drive lost its inertia.

On a nationwide broadcast, "It's Your Business," in September of that year, Clarence B. Randall tackled the problem anew. The Industrial Relations Program Committee made employment stabilization its number one project for the year. In October Ira Mosher announced: "I am firmly convinced that regular employment is the greatest single weapon that we can turn against the subversive forces which would tear down our entire economy and destroy our form of government."² At the same time Mosher was a strong advocate of the guaranteed annual wage. He maintained that it would help improve plant morale, reduce labor turnover and general overhead, increase both managerial and worker efficiency, and lessen the length and severity of depressions.³

The NAM, however, chose employment stabilization as the single road to economic security and rejected the annual wage.

¹The pamphlet itself.

²Ira Mosher, "The Big Job Ahead" (Address delivered October 18, 1946), p. 4. (Mimeographed.)

³New York Times, October 16, 1946, p. 5.

The 1946 resolution urged "individual companies to give immediate and more aggressive attention to ways and means of stabilizing employment."¹ In the same convention Weisenburger advised: "An annual wage, as such, is impossible."²

The NAM did not consider employment stabilization as a negative program to combat the annual wage. As a matter of fact, a discussion of the annual wage seldom figured in the publicity for employment stabilization. The program was publicized by: speeches by NAM executives and officials, NAM News articles and research publications of the Industrial Relations Department, programs of Industrial Relations Institutes and Congresses of American Industry, regional meetings, a special series of monographs, and a supplementary flow of information in the NAM's existing vehicles for reaching educators, clergymen, women's clubs, and farm leaders. Two pamphlets, Employment Stabilization and To Make Jobs More Regular,³ contained an "Outline of Effective Procedures on Employment Stabilization," which offered companies a step-by-step guide to determine a fifteen year picture of employment, production, and sales. It provided techniques to improve employee morale resulting in less waste and spoilage, greater efficiency, lower medical cost, and more productive operation.

In addition, a vast program of Employment Stabilization Clinics was launched. Prior to beginning field activities on a

¹Industry Believes, 1946, op. cit., p. 18.

²Walter B. Weisenburger, Challenge to Industry (New York: National Association of Manufacturers, 1947), p. 8.

³The pamphlets themselves.

national scale, NAM held a series of ten "pilot" round-table discussions in New York City attended by many of the nation's leading experts on job security and by representatives of state, trade, and local employers' associations affiliated with the NIC. After gathering many ideas and techniques in these pilot conferences, NIC affiliates in cooperation with NAM sponsored Employment Stabilization meetings in twenty-five states. In eight months of 1947, more than three thousand employers of some five million industrial workers took part in one hundred and fifteen informal round-table meetings. Here they discussed and studied the techniques and ideas being used to stabilize employment. As a result, during 1947 alone, manufacturers in fifty cities formulated Employment Stabilization Committees to study the community aspects of the problem as an aid in making individual cities more depression-proof.¹

These clinics came to serve two purposes: (1) they were a means of acquainting industrialists with the facts about employment stabilization and (2) they were a membership building device for the NAM. David Malthrop, who was directing the Clinics, explained: The original budget for the program was set at fifty thousand dollars. When the NAM showed a deficit in 1947, it was cut back to four thousand dollars. Continuation of the program was permitted on the assumption that members could be signed up during the course of the conferences. Malthrop scheduled over two hundred meetings which were sponsored by local manufac-

¹Personal interview with David Malthrop, director of employment stabilization program in 1948, June 8, 1948.

turing associations. The reduced budget was used to travel from meeting to meeting. The appeal made was that employment stabilization would save money and strengthen the free enterprise system against failure or collapse. Frequent reference was made to experiences with employment stabilization in other industries. A manual for employer's conferences was provided and an outline of recommended procedures on employment stabilization distributed. Then, if there were any participants who were not NAM members, attempts were made to sign them up.¹

At the end of 1947 an NAM resolution again called upon all employers "to continue their efforts toward the establishment of all procedures which tend to regularize employment throughout industry."²

Employer-employee communications.--Point four of the 1946 preamble was the basis for the suggestions the NAM made to its members to improve employer-employee communication. The purpose, Bunting elaborated, was "to build good-will; to prevent demoralizing misunderstandings by getting more information to employees about what management is thinking and doing; and, by securing information from employees, to gauge their reactions and learn what they are thinking."³ F.C. Crawford was more candid:

It is my conviction that wages have nothing to do with labor relations and the conditions in your plant have nothing

¹Ibid.

²Industry Believes, 1947, p. 5.

³Bunting, "Industrial Relations Move Ahead," op. cit., p. 239.

to do with labor relations. If in the minds of the workers, they are getting a square deal from their management, they will be happy in their work, harmony prevails in labor relations and production results. . . . Help the worker to get rid of some of the bugaboos in his mind. First, help him to understand how work is produced. Second, the difference between honest ownership and actual income. The worker thinks they are one and the same. Help the worker understand that ownership should lie where it can be best administered.¹

During 1947 seven full-page articles on employer-employee communication appeared in NAM News and gave NAM members the benefit of a comprehensive study made by the Association. They covered all aspects of employer-employee communications and provided a management guide of suggestions. A committee authorized by the NAM Board of Directors and headed by Dean Donald David, of the Harvard Graduate School of Business Administration, selected as the subject for a study, to be published as a book, "Ways and Means of Building a Better Understanding Between Management and Labor Through Better Two-Way Communications." Dr. Paul Pigors of Massachusetts Institute of Technology was chosen to make the study under a scholarship award set up by NAM in addition to a bequest which a U.S. Marine Lieutenant, Ben Toland, made to NAM "to promote understanding of problems of employees and coöperative action in their solution."²

The Industrial Relations Department prepared a series of Information Bulletins on the subject. Advising that research and experience had indicated that above all employees want to know about was the company's policies, plans, and programs, the

¹NAM News, October 23, 1943, p. 5.

²The NAM Story, op. cit., unnumbered.

topic of profits was omitted. A vast number of methods of communicating this information to the employees was reviewed. Examples of the media used by various companies were cited.¹ Another Bulletin surveyed suggestion plans.²

This movement for communication, Carroll French said, was sweeping through industry. It "constitutes what might be termed a renaissance in human relations and is one of the most assuring indications that sound and mutually satisfactory labor-management relationships can be achieved in a free society."³

In 1949 the NAM's most comprehensive pamphlet on Employee Communications was published. It was based on the promise that "If free enterprise is to be saved, it must be shared. . . . To do this, we who manage industry must take every opportunity for teaching this truth to the people who work for us."⁴

This pamphlet differed from the previous issuances in that it advised telling employees of company operation and economics, including profits. It reported on the channels and media of communications that have been successfully used by scores of employers and have been the subject of more than one hundred and fifty Communication Clinics held in coöperation with state and

¹Industrial Relations Department, "Information Bulletin No. 17, Effective Employer-Employee Communications," January, 1948. (Mimeographed.)

²Ibid., "Information Bulletin No. 10," September 9, 1946.

³French, "The Score in Labor-Management Relations," op. cit., p. 3.

⁴National Association of Manufacturers, Industrial Relations Department, Employee Communications (New York: National Association of Manufacturers, 1949), p. 7.

local employer associations affiliated with the National Industrial Council. Oral-personal relationships were recommended through: supervisors and foremen, informal visits of top management to all departments, scheduled contacts, regular meetings with employees, customer complaints, open house for workers families and the public, and social and recreational activities. Among the printed media suggested were: letters to employees' homes, plant publications, product demonstrations and exhibits, financial reports, booklets and folders, bulletin boards, and newspaper advertisements. Further, "If union leadership is responsible and sincerely interested in promoting harmonious labor relations, it can be a valuable channel for helping you get the right kind of information to your employees. . . ." ¹

Assistance in Public Relations

Programs of "internal public relations" were conceived to help members carry on their own public relations activities. Their purpose was "to provide inspiration, information and leadership. . . ." ²

Industry Leaders Programs, put into operation in spring of 1947, were designed "to increase the number of businessmen trained and equipped to sell the Enterprise point of view." ³ NAM specialists visited twenty-eight key industrial centers where,

¹Ibid., p. 26.

²The Challenge and the Answer, op. cit., p. 8.

³Ibid., p. 9.

under the sponsorship of local NIC affiliates, over one thousand businessmen entered into two-day workshop conferences designed to equip them as trained "enterprise salesmen."¹

Summary

The aspiration of the NAM is to draft policies that are expressive of the values and goals of its members in support of which industrial and public opinion will rally and for which legislative and administrative sanction can be obtained. The extent to which the NAM is able to mold outside traditions and institutions is dependent upon the cohesiveness of the Association. For that reason "unit thinking and unit action" have been the goals of the NAM's indoctrination programs.

Indoctrination programs have the purpose of convincing the membership of the wisdom of NAM policies and objectives so that it will voluntarily accept them, though the membership may disagree with them in the short run, because it perceives the NAM as the common denominator of the employer's best interest in the long run. Thus, if direct action is called for, the members will willingly render enthusiastic endorsement and vigorous support.

The member service programs of information and assistance are the principal means of building membership and achieving cohesion. They serve a dual purpose. First, they are tangible evidence of the value of Association membership and thus attract industrialists who might not otherwise be immediately interested. Such members help to fill the ranks and the treasury and become

¹The NAM Story, op. cit., unnumbered.

targets for the indoctrination programs. Second, member services offer excellent opportunities for indirect sales to members. A busy executive might scarcely glance at a straight "educational" message, whereas the same appeal, combined with informative, technical, or specialized material, might be given careful consideration.

To enliven the spark of group consciousness through member service programs the Association expends much money, time, and energy and employs many channels and media of communication.

CHAPTER VIII

EXECUTION OF POLICY (II): PUBLIC RELATIONS

The public relations programs of the National Association of Manufacturers have been the most intensive, comprehensive, and expensive means by which the Association's labor policies have been effectuated and implemented. There have been several sides to them, for their purpose has been more than to give general publicity to NAM views on labor problems. The Association strives to express and interpret industrial opinion to the public. When necessary it undertakes to inform and enlighten the public toward the end that it would view industrial opinions, as expressed by the NAM, more favorably. But when the NAM has acted contrary to the opinion of the public which it seeks to mold, then it attempts to obtain public acceptance of that action.¹ The motivation behind the NAM's public relations and education campaigns is the

¹Paul Garrett, vice-president of General Motors Corporation, when discussing public relations programs in NAM News said: "Nor should management be governed in every decision precisely by what the public may think at the time. Men of management carry a responsibility through to an end result months or years ahead. When the public disapproves a move, very often management will need to modify its own decision out of respect for public opinion. Other times management may know it is right and decide it must proceed. Then it will want to inform the public of the reasons for its action and so hope to obtain public acceptance through a better understanding of the decision" (September 30, 1944, p. 4).

belief that "public opinion is the guiding force in this nation today."¹

Public relations programs of NAM have both long-run and short-run objectives. The long-run goal has been the creation of a climate of opinion in which the philosophy of individualism, free enterprise, and laissez-faire would be habitually accepted as a value of positive good and alternatives to it would be rejected. The short-run goal has varied with the problems and issues that have occupied the attention of the NAM. In general, short-run campaigns have sought a favorable response to the particular policy that the NAM forwards as a solution to current problems.

Neither of these goals should be considered apart from the ultimate objective of the NAM which is to preserve and protect the interests of employers, by influencing the determination of public policy. That group which is most successful in identifying itself with the public and the public's conception of the needs of the moment exercises a guiding influence in the determination of public policy. The creation of a climate of opinion in which the NAM's labor policies are accepted by the people strengthens the ability of the Association to influence policy-formulation. This fact has been frequently recognized:

. . . public opinion is what makes the laws of this country. If you will properly educate the people you will get proper laws.²

Public policies in our democracy are eventually a reflec-

¹Proceedings, 1913, p. 221.

²Ibid., 1914, p. 168.

tion of public opinion. If we are to avoid disaster, it is essential that this public opinion be informed and able to discriminate between the sound and unsound; between the true and the untrue or the half true. Today, the achievements of a hundred and fifty years and continued progress in the future are in serious jeopardy because the facts concerning past accomplishments and how they have been attained are being ignored or distorted.¹

More direct was the terse statement, "Public opinion! A wonderful thing it is--if it's friendly."² But most candid was the letter written by H.O. Patton, for the Board of Directors, to Horace Hayden, Jr.: "The hazard facing industrialists is the newly realized political power of the masses. Unless their thinking is directed toward sane and established measures we are definitely headed for adversity."³

Accordingly, the Association pledged itself to the task of educating the people. The NAM's first Constitution listed as one of its general objects and purposes "the education of the public in the principles of individual liberty and ownership of property." The 1946 Constitution reaffirmed this objective: "the dissemination of information among the public with respect to the principles of individual liberty and ownership of property."⁴ The only change was that "education" had become "dissemination of information."

¹Platform and Resolutions, 1934, cited by LaFollette Committee, Hearings, Part 17, p. 7720.

²Noel Sargent, "Community Program Service," cited ibid., Part 18, p. 8024.

³Dated September 24, 1936, cited in ibid., Part 17, p. 7693.

⁴Constitution, 1946, Article II.

Themes and Trends in NAM Public Relations

The themes and trends of NAM's public relations campaigns have reflected changes on the political and economic scene.

The themes of the two open shop drives (1903-1913; 1919-1926) on the public relations side and of the Industrial Conservation Movement (1916-1919) were generally the same. The NAM vigorously advocated the open shop and opposed the closed shop, the union label, the shorter day movement or any means for restricting production, and the practices of "present-day unionism," such as the strike, the boycott, the unfair list, and violence. Evidence was cited to show how cities like Detroit, Indianapolis, and Los Angeles, which had established the open shop, had improved the economic welfare of the cities. These benefits were contrasted with closed shop San Francisco to demonstrate how superior for industry and business the open shop was. Attempts were made to arouse the public against labor legislation.

On the positive side the Association advocated group life insurance by the employer as a means of reducing labor turnover, the piece or job basis for wage payments, equal pay for equal work for women as well as men, the reëmployment of ex-service men and the employment and training of disabled soldiers and sailors, the Americanization of alien workers through teaching the American language and ideals to employees, if necessary on company time, and encourageing habits of thrift through the sale of company and other securities to employees.¹

¹For a more extensive summary of the propaganda activities of this early period see Bonnett, Employers' Associations in the United States, op. cit., pp. 353-57, and Taylor, op. cit., pp. 64-66.

Both open shop drives were consciously organized education efforts directed specifically against the threat of unionism. The Industrial Conservation Movement, however, avowed the broader purpose of refocusing "the industrial perspective of the American people and . . . [giving] all classes of citizens a better understanding of their responsibility to our industries and of the bearing which industrial prosperity has on their own welfare."¹

The advent of Woodrow Wilson's administration which brought with it legislation pertaining to control of corporations; the war abroad, which created such demands upon American industry that the position of labor in the productive scheme was improved; and the growing impetus to labor organizations under the leadership of the AFL were causes for the inauguration of this campaign. Furthermore, the lobbying investigation of 1913 directed undesirable publicity toward the NAM which had to be answered. There was a "deplorable lack of knowledge on the part of our citizens in general, as to the great benefits which accrued to our communities and the individual from the prosperity of our industries." The "general misconception of the functions of industry and a country-wide ignorance of the vital importance of the industrial thread in the social fabric . . . had furnished fuel for the incendiary attacks of unscrupulous agitators, and had lent plausibility to the wild theories of well-meaning but irrational reformers." The result was a "myriad of unjust, burdensome, and uneconomic laws."² It was a patriotic duty of the Association to educate the people.

¹Proceedings, 1918, p. 211.

²Ibid., p. 214.

The movement flourished from 1916 to 1918. After World War I it was terminated and the Association directed its efforts toward the second open shop drive (1919-1926).

In 1932 a basic shift in the climate of political opinion occurred. A new education campaign was planned. Robert L. Lund (President, 1933) explained the reason for it:

A people thoroughly informed is a people armed against tyranny, autocracy, militarism, intolerance, economic heresies and all the threats to a progressive civilization. A nation of economic illiterates is prey alike to the wiles of the demagogue and the plausible fallacies of the impractical theorist.

Ignorance has contributed more to the downfall of nations than any other single cause, and this nation of ours may prove no exception. . . .¹

In a memorandum of September 7, 1933, Lund described what the NAM must do:

The association must have a more effective publicity staff than at present. The task of public relations, however, involves more than telling the public of the activities of the association. Discretion and careful planning must be used in carrying it out and all channels through which the public may be reached must be used. The job, it will be recognized, is similar to that which has been done for individuals and large corporations by men such as Ivy Lee, Bernays, Bruce Barton, and others.²

By February of 1934 an active public information program supported by funds raised especially for that purpose was launched. The "cultivation of public understanding" was the solution NAM proposed to cure current economic ills. The free enterprise system was acquitted of any blame for the economic collapse of 1929.

¹Robert L. Lund, Industry Speaks through N.A.M. (New York: National Association of Manufacturers, 1938), p. 3.

²Cited in La Follette Committee, Hearings, Part 17, p. 7550.

The solution did not lie in abrogation of free enterprise through increased governmental interference but in public education about the contributions made by industry to public welfare. "Management must take 'the mystery out of business'" to create "confidence between management and men built on a solid foundation of mutual understanding."¹ Lund maintained that the public information program and other education activities would "lay the foundation for wise decisions in political as well as economic issues."²

Little attempt was made to organize public opinion against the National Industrial Recovery Act before its passage. Afterwards the NAM publicized their opinion that "there is nothing in the bill that compels, or even encourages, employees to join any organization."³

An extensive effort to inform the people about the disadvantages of Senator Wagner's bill failed to prevent its passage. With the law on books, labor became the focus of NAM's public information programs. Cartoons and editorials proclaimed that workers did not want to join unions. Plant posters told workers that they did not have to join unions. News items declared that labor leaders had selfish interests and intended their organizations to become political instrumentalities. Company unions were extolled; legitimate trade unions were deemed irresponsible.

¹Cited in LaFollette Committee, Hearings, Part 17, pp. 7685-7686.

²Lund, Industry Speaks through N.A.M., op. cit., p. 12.

³Cited in LaFollette Committee, Hearings, Part 17, pp. 7566, 7570; cf. Part 35, p. 14056.

Government interference in labor relations was opposed. The advantages of maintaining the status quo in industrial relations were described. Editorials advised that the Wagner Act ought to be amended, that labor and capital should cooperate, and that the salaries of executives were not excessive. The core of the program during the period of the New Deal was objection to labor's right to organize and bargain collectively.¹

The program of opposition to the New Deal merged with its successor after the constitutionality of the Wagner Act had been determined by the Supreme Court. Actually it was in preparation as soon as the act became law, but on the assumption that it was invalid the program awaited court action.

The NAM's Labor Relations Bulletin digested an article by Don Gridley from Printers' Ink which called attention to a public relations approach that the NAM was soon to adopt:

If manufacturers would invest one-tenth of the money in advertising preparation that they are apparently quite willing to invest in labor spies, tear gas, and other methods, which have proved worse than useless, they will stand a far better chance of winning public support than is possible under present circumstances. . . . [M]any manufacturers today sincerely believe that advertising is a useless weapon to employ against strikers. . . . [I]n doing so they eliminate from their armory a weapon which, if properly used, has great potential good.²

The loss of public support during the New Deal threatened organized industry with disaster. The public had to be re-educated and impressed with the virtues of free enterprise. A poster campaign was begun in 1938 which concentrated on the value of in-

¹LaFollette Committee, Report, p. 171.

²Don Gridley, Printers' Ink, March 11, 1937, digested in "NAM Labor Relations Bulletin," cited in LaFollette Committee, Hearings, Part 18, pp. 7892-7893.

dustry and business to the families of America.¹ The next year posters saying "Let's All Work Together--It's an Old American Custom," were splashed on the billboards of the country.²

In April, 1940, the NAM publically launched what the New York Times headlined as a "vindication drive." H.W. Prentis, Jr. (President, 1940) appealed to every industrialist to volunteer in a "mobilization" to "buttress the foundation" of the American system of private enterprise. He told a public relations rally every member would find on his desk when he returned a blank "on which he is expected to pledge himself to become an active missionary in his own community in behalf of the fundamental American principle that private enterprise is inseparably linked with our representative democracy and traditional civil and religious liberties."³

World War II diverted the NAM from its effort to secure a change in national labor policy, but it did not detract from the Association's program of telling the people about the advantages of private enterprise. The National Industrial Information Committee appealed for campaign funds on the ground that war increased employers need for public relations:

. . . winning the war must mean also restoring a method of living that is traditionally and characteristically American. This the American people must be told and retold. . . . Full public confidence in management's motives is an essential raw material to the fabric of maximum arms production and victory. This confidence must be built and held. . . . [P]rivate enter-

¹New York Times, January 13, 1938, p. 37.

²New York Times, January 9, 1939, p. 28; February 25, p. 20.

³New York Times, April 1, 1940, p. 3; April 9, p. 20.

prise must be built firmly into the people's ideals for the post war world.¹

The job of reaching maximum industrial production for war was also conceived as a public relations matter. Frederick C. Crawford, when he was President in 1943, wrote:

If, in the minds of the workers, they are getting a square deal from management, they will be happy in their work, harmony prevails in labor relations and production results Help the worker to get rid of some of the bugaboos in his mind. Public relations will not win the war, but a carefully planned public relations program carried on in your plant or factory, will aid in attaining and continuing maximum production.²

The achievement of high industrial output was exploited by the NAM to build confidence in industry. The Association sought to convince the public that the nation's production accomplishments were due to industrial leadership; that goals were attained or exceeded despite hampering efforts of government and labor; that American industrialists were motivated solely by unselfish patriotism with no thought for profit or personal gain; and that the post-war survival of freedom and democracy was dependent upon the return of leadership to industry.³

In 1944, a year before the war was won, the NAM heralded the achievement of another campaign--the campaign to sell free enterprise.⁴ Thus, in World War II, the NAM won battles on two

¹National Industrial Information Fund-Raising Form, cited by George Seldes, Facts and Fascism (New York: In Fact, Inc., 1943), p. 95.

²NAM News, October 23, 1943, p. 5.

³National Defense and America's Future, op. cit.

⁴NAM News, May 27, 1944, sec. 3, p. 55.

fronts. It vigorously participated in the production effort leading to the defeat of Fascism overseas. And with equal fervor it established successfully, in its own estimation, a beachhead for free enterprise. The next phase of the campaign was to consolidate and expand this gain toward the end of repealing or modifying national labor policy. The campaign for free enterprise continued, however. It was named "fire prevention." "Fire fighting" was the term applied to the NAM's program of opposing every move that threatened their ability to advocate better solutions for economic problems and labor relations.¹

In 1945 the Board of Directors appointed a small task committee, the Wampler Committee, which was charged with the responsibility of making a thorough analysis of the Association's public relations problems and recommending a course of action to solve them. On April 25, 1945, the Board received the committee's report which suggested a program that had two purposes: (1) "To further enlightened performance on the part of managers of manufacturing enterprises." (2) "To make more and better friends for American business, and especially for the manufacturing segment thereof, among all groups of people."²

To achieve these objectives the committee advised that emphasis be shifted from centralization to decentralization, using extensively the "indirect method" of influencing public opinion. Furthermore, the committee suggested that public opinion polls

¹The Challenge and the Answer, op. cit., p. 4.

²Quoted by Cloud Wampler, "The Economic Background for Social Action," Three Keys to Industry's 1946 Job, op. cit., p. 4.

be conducted on questions related to the public relations goals of the NAM. The polls were to provide "a basic reservoir of information about public attitudes which will be useful in developing an integrated public relations program."¹ Rather than waste effort by scattering information broadcast, public relations programs should be directed where the polls indicated they would do the most good. With the appointment of a five-man Public Relations Advisory Committee which would have the power of the Executive Committee with respect to all public relations matters between meetings of that body, public relations became, in the words of Weisenburger, a "top policy function."² The program of action was based on the belief that "each group and each individual has the obligation and duty to speak up for those things which each believes to be right. This is a responsibility which comes with freedom."³

Reviewing these developments in the NAM's public relations activities Ira Mosher (President, 1945) wrote:

The most important decision was to project industrial management into a hard-hitting, constructive force--trans-

¹Ibid.

²Weisenburger, "Management's Responsibility--to Itself," op. cit., p. 20. To the committee were appointed prominent industrialists: Colby Chester, General Foods Corp., chairman; Walter D. Fuller, The Curtis Publishing Co.; John Holmes, Swift and Co.; Howard Pew, Sun Oil Co.; and Cloud Wampler, Carrier Corp. Three of these men had served on the task committee. Another step, looking toward the execution of the recommendations, involved the selection of technical advisors and a thoroughly competent man to take charge of public relations. The man selected was Holcombe Parkes, formerly with Southern Railway System. New York Times, September 1, 1945, p. 16.

³Quoted by Wampler, op. cit., p. 6.

forming management from its traditional defensive position of continuously answering the allegations of the collectivists into a progressive, attacking force. Henceforth NAM's representation of management will be at its proper station--on the offensive--with a direct, positive, constructive approach to every problem that arises. The year 1945 is a hallmark because it is the year in which industrial management forsook the defensive and went on the offensive.¹

The offensive gained momentum in 1946 and 1947. Public opinion was coralled and directed upon Congress for the passage of the Taft-Hartley Act. Readers of the NAM News were told that Congress would pass effective labor legislation only if they were firmly reassured by staunch public support.² "The people want to be for you," Walter Weisenburger assured the members assembled at the Golden Anniversary Congress of American Industry,

if you'll show them what to be for. Don't ever underestimate the loyalty and common sense of the American people. They're reading right, as witnessed in the best seller lists for months; they're turning right-- every public poll show this decidedly; they're thinking conservatively, as witnessed by the sobering slow-down on political experimenting with the system.³

Public opinion polls showed other results also. As recommended by the Wampler Committee, Claude Robinson, president of the Opinion Research Corporation, reported on his surveys. He told the 1946 convention:

You fellows are thought to be wonderful producers. . . . Technically, you are great guys.

. . . . But a large segment of the public thinks that you perform

¹Mosher, Achievement for Industry in the Year of Victory, op. cit., p. 3.

²NAM News, January 25, 1947, p. 1.

³Weisenburger, "Management's Responsibility--to Itself," op. cit., p. 29.

your management job well, not primarily because you love humanity, but because you worship the dollar sign. You are thought to be cold-blooded in your economic pursuits. You are interested only in making a profit. You are not as sensitive as you should be to humanitarian considerations. You tend to treat employees as serial numbers rather than as human beings. You put property rights above human rights.

That is one reason, says the public, why unions are necessary to protect the workingman.

. . . You are thought to be anti-union. You haven't really accepted the idea of collective bargaining. You would like to smash the unions if you could. Unions are necessary to make you divide up, to force you to give them security in their jobs.¹

Robinson's conclusions were: "Management should talk more to the people." "Companies need to dramatize better the fact that they accept the principles of collective bargaining." And, "Dramatize the fact that industry's goal is to serve the public."² His solution was a better and broader public relations program:

[R]unning a business nowadays is more than finance, assembly-line production, inventory control, and cost accounting; it is an exercise in politics as well. It is a continuous torchlight campaign to sell the social philosophy and institutions of business leadership.³

The secret to good public relations, he advised, was to follow the principle, "Work in the service of the Lord."

In your public statements and in your policy considerations, go out for the good life, declare your devotion to the public's goals, make it perfectly clear to the public that the thing you seek is the public good. . . . Talk more about the things you are for rather than the things you are against.⁴

Convinced that an "economic Armagedon" was upon them, Walter Weisenburger's counsel was even more candid:

You have got to stand up and fight. . . . The system-

¹Claude Robinson, "Your Boss--The Public--Speaks," Three Keys to Industry's 1946 Job, op. cit., pp. 13-15.

²Ibid., pp. 15-18.

³Ibid., p. 12.

⁴Ibid., p. 19.

changers in the Government temples are spouting the doom of our days;. . . .

. . . . We must stop this detouring of purpose and confusion of talks, and get our plan of battle and our objective joined

. . . . Actually, of course, we do have a united purpose. Ask any businessman and he will tell you right off the bat what it is; the saving of American private enterprise. And, those are exactly the words that most executives would use in stating the case--'Help us save Private Enterprise.' But the public is not interested in helping you save private enterprise.

That's a selfish-sounding, unappealing approach that wouldn't sell spring water in the Sahara Desert. Let's dress up our system-selling. Let's get competitive, as we do in our day-to-day prune-peddling. Only through competition does the customer get a fair break. Put the oomph in it!¹

The public relations program was expanded in 1947, the year the Taft-Hartley bill became law. The details of that program were extensively reported in the NAM booklet, The Challenge and the Answer. The challenge was conceived as coming "straight from the overwhelming majority of the American people; from those who sincerely believe in our traditional way of life."² The answer was an expanded program of public relations with new emphasis. A choice had to be made between three current theories of public relations work: (1) the "please-the-public" theory which necessitated avoiding all controversial issues; (2) the "fighting" theory which necessitated a militant attitude regardless of public opinion; or, (3) the "bank-account" theory which necessitated making regular and frequent deposits in the "Bank of Public Good-Will" so that valid checks could be drawn on this account when

¹Weisenburger, "Management's Responsibility--to Itself," op. cit., pp. 20-21.

²The Challenge and the Answer, op. cit., p. 1.

it became desirable to fight for that which was right or against that which would harm or destroy the enterprise system.¹ Weisenburger's advice in 1946 conformed with the second theory: "Stand up and fight." The 1947 program to amend the Wagner Act was classed as a "bank account" operation.²

The Audiences

The public relations and education programs of the NAM can be classified, according to the audience, as (1) "external," (2) "indirect," and (3) "internal."

(1) The major "external" appeal has been made to the general public, but special segments of the population also have been the object of these programs. In 1903 Parry asserted that the purpose of the education work was "to arouse the great middle class to a realization what trades unionism really means."³

Employees were the object of special attention, because "labor is hungry for truth, hungry for leadership. So hungry, it will follow anybody who comes along, in the absence of the honest leadership industry should provide."⁴

Employees cannot be expected to arrive at sound conclu-

¹Ibid., p. 4.

²That it was entirely can be doubted in light of the credit the NAM claimed for ending price-controls in 1947: "When we advocated the removal of price controlls we knew we were flying into the face of over-whelming public opinion." NAM News, September 27, 1947, p. 4.

³Robert Brady maintained that "the central appeal in American public-relations literature is directed largely, if not exclusively, to the middle class" (op. cit., p. 289).

⁴F.C. Crawford, NAM News, December 7, 1946, p. 3.

sions unless management lives up to its responsibilities of leadership, . . . by enlightening them with respect to simple economics. . . . Once given the facts and assured through experience of their accuracy, then I have little fear that they will not arrive at a sound decision.¹

(2) The "indirect" approach covered educators, churchmen, women's leaders, agricultural leaders and many similar community leaders. Group Relations and Opinion-Molders Programs (now called Community Leaders Programs) have been aimed at "the people whose opinions in turn influence many millions of Americans in every walk of life."²

(3) "Internal" programs have been directed at state and local associations affiliated through the National Industrial Council to induce and assist them in conducting Community Public Relations Programs.

The Media and Channels of Communications

To reach the various audiences the NAM has availed itself of almost every media and channel of communications: NAM publications, newspapers and magazines, the public platform, radio, and the film.

NAM Publications

Each year the policies and resolutions adopted at the annual Congress of American Industry are printed in pamphlet form and given a general distribution. The titles have varied through the years. During the thirties they were called simply, Platform

¹Hook, Principles behind Employer-Employee Harmony, op. cit., p. 10.

²The Challenge and the Answer, op. cit., p. 16.

and Resolutions. In 1943, it was Industry Has a Program for a Better America; in 1944, Victory for Freedom, Industry's Creed; in 1945, The Economic Background for Social Action. Since 1946 they have been entitled briefly, Industry Believes.

The speeches of the most prominent men to address the annual Congress or of NAM officials at other conferences are usually printed separately in pamphlet form. Recent examples are: The American Triangle of Plenty by F.C. Crawford, 1943, on the benefits of mass production methods; Challenge to Industry by Walter B. Weisenburger, 1946; Let's Stay Free by C.E. Wilson, General Motors, 1947; Industry's Answer to the Police State, 1947; and People vs. Rabbits by Earl Bunting, 1947, comparing totalitarianism with the American system. Occasionally a group of speeches on related topics has been joined in one booklet; e.g., Three Keys to Industry's 1946 Job contained talks by Cloud Wampler, Claude Robinson, and Walter B. Weisenburger, and Labor Relations, Today and Tomorrow, contained remarks by Raymond S. Smethurst, Herman W. Steinkraus, Leo Wolman, and Melvin H. Baker.

A newcomer in this area of speech reprints is the magazine Sum and Substance. With a format modeled on Readers' Digest, this publication digests speeches and articles by leaders in business, industry, and national affairs which the Association considers noteworthy. Between and at the end of articles are inserted epigrams and witticisms on taxes, the bureaucracy, socialism, communism, and free enterprise.

The Literature or Pamphleteering Department each year prepares numerous documents. A count of those issued during the

World War II showed that labor relations was the subject of the greatest number of pamphlets--eleven of forty-four. Next high on the list was foreign trade.

Pamphlets were necessary because,

For years, economic soothsayers have flooded the country with pamphlets selling phony economics and foreign ideologies under American labels. They employ simple words, effective illustrations and emotional approaches. Their brand of "truth" would seldom stand close scrutiny, but these pamphlets do appeal to people.

Consequently, NAM has launched a pamphleteering counter-offensive.¹

The 1947 program called for pamphlets to tell "what makes our economic system click," including such topics as collectivism, opportunity, security, productivity, profits, how machines raise living standards, and "the fallacy that property rights differ from human rights."² A description of the free enterprise system was published in a pamphlet of that title. Several special pamphlets covered particular issues which NAM thought required public understanding. The April pamphlet--Americans Won't Stand for Monopolies--was the first of this series. The discussion revolved around "labor monopolies." Others were: How Much Government Can You Afford?--dealing with spending and taxes;--Don't Be a Sucker--on collectivism; and Who Profits from Profits?

After the passage of the Taft-Hartley Act a description and analysis of the law was published in a small pamphlet entitled That New Labor Law. In the field of "American philosophy" several booklets have been issued: Faith (undated); Beyond the Horizon, 1949; Be Glad You're a Real Liberal; and Security Lives in the Heart.

¹The Challenge and the Answer, op. cit., p. 14. ²Ibid.

In 1949 a new series, Economics in Action, was inaugurated. Three pamphlets discussed Dollars in Shirtsleeves, Nothing Gained, Nothing Ventured, and Keys to Progress. Also new in the technique of pamphleteering is the resort to the comic-book. The NAM is now in the process of doing a series on the history of the world and the United States with emphasis on the Fight for Freedom.

Facts about the NAM and The Public Be Served were written to describe the association to the public.

A system of distribution has been developed so that these pamphlets reach factory workers, office employees, salesman, dealers, customers, stockholders, and civic groups. It provides for distribution by individual companies and by the three hundred and forty-one affiliated associations of the National Industrial Council--"at actual cost in all cases."¹ Also, thousands of copies are furnished free to leaders of farm, church, veterans' and women's groups upon request. A total of two million pamphlets and booklets were distributed in 1947--all upon request.²

During the thirties special attention was paid to employees. An Employee Information Service was developed to send educational material directly to employees as a special group. C.M. Chester, when he was President in 1936, appraised this service as "one of the most important pieces of work being done by the National Association of Manufacturers."³ A clip sheet was made available to

¹The Challenge and the Answer, op. cit., p. 14.

²NAM News, April 3, 1948, p. 3.

³LaFollette Committee, Hearings, Part 35, p. 14453.

plant publications. A survey by the Association made in 1938 showed that one thousand plant publications received this service,¹ which was described as a "regular monthly editorial and news service reaching house organs which are read by employees from cover to cover."²

The NAM also distributed to employees a series of twenty-five leaflets with a total circulation of eleven million dealing with such varied topics as taxation, strikes, and the Supreme Court. These leaflets were commonly known as "pay-roll stuffers," since they were made in a size small enough to permit their being placed in pay-roll envelopes. From an estimate made in 1938 by the Association, seventy-nine employers' associations, and 1,545 companies received leaflets and posters to be used for employee education.³ These stuffers were not identified, and employers to whom they were distributed were merely urged to inform their employees that the employer had bought this service for their information.⁴

A bulletin, Industrial Facts, was prepared bi-monthly for circulation among foremen, "your natural ally,"⁵ as Weisenburger put it. This bulletin was described as "carrying truth and knowledge to group leaders in industry--foremen, junior execu-

¹Ibid., Part 17, p. 7760. ²Ibid., p. 7696.

³Ibid., Part 35, p. 14381.

⁴Ibid., p. 14454; see also, Part 38, p. 15251 and Part 35, pp. 14414-14426.

⁵Ibid., Part 35, p. 14454.

tives, superintendents--who help shape the thinking of others."¹ Corporations were given the choice of distributing them to their employees either as coming from the Association or from the company. When distributed by the company, they were to carry the notation, "Material compiled by NAM."²

In 1946 the two volume work, The American Individual Enterprise System, prepared by NAM's Economic Principles Commission, was published by McGraw-Hill. In 1940 the Board of Directors requested the President of NAM to appoint a commission to study the American economic system. The commission, chaired by Robert R. Wason from 1943 to 1945 (also President of NAM in 1946) included among its members Ludwig van Mises; Harley L. Lutz, professor of Public Finance, Princeton University; Robert W. Burgess, chief economist for Western Electric Company; Bradford B. Smith, economist for U.S. Steel Corporation; and Rufus S. Tucker, economist for General Motors Corporation.

As an advance feature for the annual meeting of 1946 a copy of the book was flown to Washington, D.C. and presented to the Library of Congress in a special ceremony. The NAM officially described it as "the greatest philosophical study of capitalism since Adam Smith and the only complete philosophical study of American business."³

Many of the NAM publications listed in Chapter VII as information services for members were also given general circulation.

¹Ibid., Part 17, p. 7695. ²Ibid., Part 35, p. 14455.

³New York Times, December 4, 1946, p. 15.

Public Press

Little use was made of the public press until 1913 when the Association came under Congressional fire of a lobbying investigation. At that time press releases were issued. The use has persisted.

Awareness of the value of the press was expressed in 1914 when it was suggested that since American Industries did not reach the masses of the people the Association should "establish a bureau to send out its doctrine and if necessary pay for its publication in the leading papers of the United States."¹

Certain magazines and professional periodicals were recommended for their suitability as conveyors of the Association's principles. For example, it was noted that the Century "has been foremost in the publication of articles condemning the lawless and unjust methods of labor unions. . . . I need hardly say to you that such publications should receive our patronage. . . ."²

Articles published in popular journals were not to appear to come from the Association since material issued over the NAM's by-line "is naturally discounted."³

Advertisers were urged to withdraw their support from newspapers and other publications which "seek circulation through means that are destructive of the real welfare of the people and especially damaging to the interests of those who support them with their advertising."⁴ Legislation unfavorable to employers

¹Proceedings, 1914, p. 170.

²Ibid., 1911, p. 87.

³Ibid., 1908, p. 325.

⁴American Industries, November, 1912, p. 43.

was attributed to the failure to boycott "muck-raking" publications.¹

The NAM was particularly desirous of influencing publications that reached the workingman so as to counteract radical agitation.² In 1920 the Association took steps to suppress agitation that might cause social unrest. It adopted a resolution which declared that it was the duty of every businessman to challenge any statement in the public press, if he knew such statement to be untrue or misleading and which might cause social unrest. The Open Shop Department claimed credit, in 1922, for forcing the Daily News Record (New York City) to retract a story that the Department of Labor believed the open shop movement to be a failure.³

From year to year the annual convention heard reports on the extent of the publicity received in the press. Between 1916 and 1918, 1,408 newspapers used NAM material. Approximately 69,640 columns of news space were secured.⁴ In 1922, the Association reported receiving publicity to the extent of 7,488 separate stories or items and approximately 4,278 columns.⁵ In 1924 an average of sixteen articles appearing each day in the various parts of the country was reported. Actual clippings showed that 5,209 stories were published amounting to 2,755 columns, but it

¹Ibid., November, 1914, p. 14.

²Proceedings, 1914, pp. 168, 169.

³"Report of Open Shop Department, April 1-September 30, 1922." (Mimeographed.)

⁴"Report of Commission on Industrial Conservation," 1918, cited by LaFollette Committee, Report, p. 227.

⁵Proceedings, 1922, p. 159.

was added: "We believe that we may with perfect propriety multiply the number of clippings by two, which would show that the Association has been mentioned at least ten thousand times and occupied more than five thousand columns of space."¹ In 1926 seventy-five hundred clippings representing over twenty-six hundred columns and a circulation of more than 181,000,000 copies were reported.² Again, in 1927 eleven thousand clippings were reported. In addition, a "remarkable showing" was said to have been made in papers of England, Germany, Switzerland, Australia, and Brazil. Newspapers carried more than five hundred stories of their platform efforts.³ In 1929 the Journal of Commerce carried a page called "N.A.M. News."⁴

A prominent feature of the newspaper program was inaugurated during the New Deal--Industrial Press Service. It distributed prepared editorials, news articles, and editorial cartoons to weekly and small daily papers. The newspapers ordinarily printed these editorials and cartoons without mentioning their source. A rural editor in Missouri was quoted in an NAM News Letter as saying: "'Because of the known prejudices of our people, we have not credited Washington Snap Shots to your News Service, as we have believed, under the circumstances, that it would carry more weight without being so credited.'" When asked about the situation by LaFollette, during the Senate investigations, Walter B. Weisenburger replied: "No; we do not identify it for the read-

¹Ibid., 1924, p. 14. ²Ibid., 1926, p. 79.

³Ibid., 1927, p. 54.

⁴American Industries, October, 1929, p. 36.

ers any more than any other group in America identifies it for the readers, but the source is always very plain as to the origin."¹ That is to say, the source was plain to the editor who then did not print that information for his readers.

The Industrial Press Service was distributed to approximately one-fourth of the newspapers of the country. According to an estimate made by NAM in February, 1938, this service went to six thousand two hundred fifty-two weekly and small daily papers. The editorial cartoons were also distributed in mat form as a separate service to about twenty-two hundred newspapers.² Moreover, the NAM distributed material weekly to foreign language newspapers. In 1936 its weekly service translated into German, Hungarian, Polish, and Italian was received by one hundred and fifty-three foreign language newspapers with a circulation of two million four hundred thousand.³

As a daily feature, a cartoon entitled "Uncle Abner says" was distributed. Described as containing "homely homespun comments"⁴ the cartoon's bewhiskered philosopher observed: "All shirk and no work makes Jack a sit-down striker." Or, "Seems t'me like business could stand on its own feet a lot better if the politicians would get off'n its back."⁵

A feature known as "You and Your Nation's Affairs" was

¹LaFollette Committee, Hearings, Part 17, p. 7465; "NAM News Letter," March 18, 1935, cited in ibid., p. 7706.

²Ibid., p. 7760. Because of duplication, the total number of papers receiving the service was actually about 5,900.

³Ibid., Part 35, p. 14381. ⁴Ibid., Part 17, p. 7694.

⁵Ibid., Part 35, p. 14432.

another daily service provided by NAM. These columns were written by well-known economists¹ and were distributed by an organization known as the Six Star Service.

Both the cartoons and the daily columns were furnished to newspapers on mats which were ready for immediate printing-- but they bore no marks of identification. In 1936 the cartoon went to three hundred and nine daily newspapers with a circulation of more than two million. The daily column "You and Your Nation's Affairs" was received by two hundred and sixty papers with a circulation of more than four million five hundred thousand. Reprints of this service were received by more than three hundred trade and business papers reaching many small manufacturers. These two services together were distributed to more than four hundred and fifty daily newspapers with a circulation of over five million five hundred thousand making it, according to NAM, "one of the largest syndicates in the country."²

¹Ibid., p. 14394. The six contributors were: Gus W. Dyer, professor of Economics and Sociology, Vanderbilt University; Ernest Minor Patterson, president, American Academy of Political and Social Science; Eliot Jones, professor of Transportation and Public Utilities, Stanford University; Walter Spahr, secretary Economists's National Committee on Monetary Policy; Clarence W. Fackler, assistant professor of Economics, New York University.

Articles of the following writers appeared only in the first few weeks: Neil Carolthers, director, College of Business Administration, Lehigh University; James S. Thomas, president, Clarkson College of Technology; T.N. Carver, professor emeritus, Harvard University.

Contributions from the following writers were later added to the service: Harley L. Lutz, professor of Public Finance, Princeton University; Erik McK. Eriksson, associate professor of History, University of Southern California; J.E. LeRossignol, dean, College of Business Administration, University of Nebraska, LaFollette Committee, Report, pp. 162-63.

²LaFollette Committee, Hearings, Part 35, p. 14381.

From time to time the Voice of American Industry, a bulletin containing material upon which editorials could be based, was distributed to editorial writers of every daily newspaper in the country. The NAM also sent "spot news releases to daily papers and press associations on important questions of industrial policy."¹

A series of full page newspaper advertisements "telling the facts about American industry and promoting community harmony" supplemented the Association's distributions. And something new was added in the appeal to the general public--outdoor advertising --proclaiming on the billboards of the nation that "There Is No Way Like the American Way with Its 'World's Highest Standard of Living,' 'World's Shortest Working Hours,' 'World's Highest Wages.'"² Again, the billboards did not bear identifying signature. Weisenburger explained: "They were upon the American Way. . . as being superior to any other industrial system in the rest of the world, and [we] did not necessarily think at that time that it was necessary to identify a 'hurrah for America.'"³

After the war when the NAM was campaigning for modification of the Wagner Act, the public press was reached through the NAM's Publicity Department which "functions as a newsroom."⁴ The NAM explained how it operated:

Throughout the day, the NAM Newsroom receives a teletype news service maintained by the United Press. Thus, it is prepared at any moment for the 'quick answer' scotching of false-

¹Ibid., Part 18, p. 7863.

²Ibid., Part 17, p. 7694.

³Ibid., p. 7465.

⁴The Challenge and the Answer, op.cit.

hoods, half-truths and anti-business propaganda and is able to tie releases to the fast-breaking developments of the day.¹

The Department arranged frequent press conferences at which reporters received policy statements directly from NAM officers themselves. For example, in the first eight months of 1947, a total of forty-four press conferences were arranged to give President Earl Bunting an opportunity to present NAM's stand on prices, taxes, controls, fiscal policies, and labor relations.²

News releases were prepared and distributed. In 1945 the Publicity Department issued a total of seven hundred and eight stories about American industry.³ In 1946 thirty-nine releases were devoted to the labor program.⁴ From January through August of 1947, a total of seven hundred and eight releases, texts, articles and other material was prepared and distributed--an average of five stories for every working day.⁵

In addition, NAM furnished articles supporting and explaining its policies to magazines of national circulation. These included publications of general interest, as well as those in the industrial, professional, or fraternal fields. In the first eight months of 1947, twenty-five such magazine articles were prepared on request from such magazines as Pic, Look, and The Rotarian. Ten articles were on labor during the first four months of 1947.⁶ To supply statistical and background information as

¹Ibid. ²Ibid. ³NAM News, December 15, 1945, p. 29.

⁴Ibid., February 15, 1947, p. 14.

⁵The Challenge and the Answer, op. cit., p. 13.

⁶NAM News, April 16, 1947, p. 12.

news developments required, NAM also issued Industry's View to a list of twenty-five hundred editorial writers, columnists, and business reporters of newspapers and magazines. In the first four months of 1947, twelve issues on such subjects as the Nathan Report, labor problems, and prices were distributed.¹

National news stories were usually "backed up by 'localized' versions," fanned out through NAM's regional offices. Supplementing the daily press coverage, NAM's news and views were furnished regularly to the nation's "grass roots" press through the bi-weekly Industrial Press Service clip-sheet. The trade publication The American Press estimated that the IPS was "probably the most widely used 'free press service' offered to newspapers."² In 1945, the eleventh year of its operation, the IPS was mailed to forty-five hundred of the six thousand weeklies of the nation so that it reached twenty-five million readers.³ This represented an increase of almost twelve hundred over the past year. A total of three thousand three hundred fifty-five papers on the IPS list used its mats more or less regularly on an exclusive-in-their-territory basis. The first paper which requested a mat was granted the exclusive rights to it in that territory. The distribution breakdown was as follows: on each day of issue, 2,529 papers received "pocketbook of Knowledge," the most popular feature; 2,570 received the "Collier" cartoon;

¹The Challenge and the Answer, op. cit., p. 13.

²The American Press, June, 1945.

³NAM News, December 15, 1945, p. 29.

1,496 received "This Is America"; and 688 received "don herold says."¹

The 1946 nine point labor program reached fifty-four hundred weekly and small-town papers through prepared editorials, news articles, and cartoons of the IPS. These papers were circulated in rural areas which elected sixty per cent of the nation's Congressmen, according to NAM.² During the first four months of 1947, the Industrial Press Service carried ten cartoons, thirteen stories, six editorials and eight features on labor.³ This material reached 5,665 weekly newspapers and 2,500 trade and employee publications.⁴

The news releases, clip-sheet articles, and so forth, were printed at no cost to the NAM except for their preparation. Paid advertisements were resorted to as a means of presenting NAM's point of view for "emergency" purposes only. This medium was considered to be a way of reaching millions of people on "current and critical issues" in the shortest possible time at the lowest possible cost per person contacted. Typical of this type of "emergency" advertising was that prepared by the Advertising Department for the anti-price control campaign.

The NAM's 1947 labor relations advertising started off in January with full pages in seventy-three metropolitan daily

¹The American Press, op. cit.

²NAM News, February 15, 1947, p. 14.

³Ibid., April 26, 1947, p. 12.

⁴The Challenge and the Answer, op. cit., p. 13.

newspapers in important industrial cities, presenting the Association's entire nine-point program for labor relations to 23,500,000 readers.¹ The slogan was "For the good of all. . . ." ² This ad was followed in April and May by a series of five additional one thousand and seven hundred line advertisements. Appearing in two hundred and eighty-seven daily newspapers in one hundred and ninety-three key industrial centers, having a combined total of thirty-eight million,³ they dealt with specific phases of NAM's Program: "The price of MONOPOLY comes out of your pocket" ⁴ "How about some Pro-Public legislation?" ⁵ "Industry-wide bargaining is no bargain for you." ⁶ "The Road to Freedom for the American Worker." ⁷ "Who wants the 'Closed Shop?'" ⁸ During all of 1947, seven of the ten ads the NAM ran dealt with labor-management relations.

The NAM itself placed these ads only in the papers of cities of over five hundred thousand population. In cities of less than five hundred thousand local manufacturers and local affiliates of the NAM sponsored the campaign. The mats were made available by NAM as were reprints for mailing and display.⁹ In

¹Ibid. ²New York Times, January 8, 1947, p. 15.

³The Challenge and the Answer, op. cit., p. 13.

⁴NAM News, April 19, 1947, p. 7.

⁵New York Times, April 30, 1947, p. 15.

⁶Ibid., April 28, 1947, p. 19. ⁷Ibid., May 12, 1947, p.13.

⁸The NAM Story, op. cit., unnumbered.

⁹NAM News, January 11, 1947, p. 7.

the first four months of 1947 101,000 reprints were sent to members.¹

Besides "emergency" advertising a great need was felt for a continuing, long-range educational campaign to enlist public understanding of matters vital to the preservation of free enterprise. Magazine advertising was selected as the most effective and most economical for this purpose. For over a year NAM, working with research and advertising counsel, studied all known techniques of advertising layout in order that a "message" could be left with the readers.² Life, Look, Colliers', Saturday Evening Post--and eleven other leading news and farm magazines carried pictorial advertisements. Each ad had an estimated reading public of 73,430,000 people in 1947 alone.³

Public Platform

The NAM considered public speeches to be "one of the most effective ways of presenting facts to the public."⁴

In 1907 the NAM launched an education campaign in cooperation with the Citizens' Industrial Association. The NAM supplied speakers in their pay to lecture on the Chautauqua circuits of the country on problems of employee-employer relations. These speakers were not identified as representing or being paid by NAM.⁵

¹Ibid., April 26, 1947, p. 12.

²The Challenge and the Answer, op. cit., p. 11.

³The NAM Story, op. cit., unnumbered.

⁴Cited in LaFollette Committee, Hearings, Part 17, p.7694.

⁵LaFollette Committee, Report, p. 21.

The officers of the Association themselves were generous with their time in making public addresses. In 1910 it was reported that James Emery responded freely to all calls where it was possible to leave Washington, delivering addresses in twenty-four cities. J.W. Van Cleave made frequent speeches on a trip to the Pacific Coast and General Manager J.P. Bird spoke in fourteen cities, as did President John Kirby in ten cities.¹

Beginning in 1911 the President, together with his associates, conducted a series of "missionary or revival meetings" in leading cities in the East and on the Pacific Coast. President Kirby and Bird were the main evangelists. And in that year a report to the convention stated: "[I]n the matter of public appearances, it is roughly estimated that your President and his associates and colleagues have, during the past year, spoken to a quarter of a million persons." Added to the number reached through the press and NAM literature it was estimated that fully fifteen million people had heard and read of the objectives of the Association.²

The revival meetings were repeated in the Eastern half of the United States again in 1912.³ In 1919 and 1920 another series was held.⁴ Each time a number of new members were enrolled.

Between 1916 and 1918 four hundred and two meetings were provided with speakers. Seventeen states were covered.⁵

¹Proceedings, 1910, pp. 95-96. ²Ibid., 1911, p. 78.

³Ibid., 1912, p. 6. ⁴Ibid., 1920, p. 118.

⁵"Report of Commission on Industrial Conservation," 1918, cited by LaFollette Committee, Report, p. 226.

In 1928 President Edgerton was reported to have travelled through nine states, speaking to and with thousands of manufacturers and businessmen, addressing the joint assembly of the Colorado legislature, and having personal interviews with two governors.¹ In the next year Edgerton gave forty-five speeches and Emery twenty-two.²

The NAM's public relations Speakers' Bureau now handles requests for speakers for conventions, clubs, local radio programs. It provides special material for use by speakers wherever needed. It employs professional speakers to carry industry's message before groups of all types.³ Occasionally, non-NAM members have been called upon to help draft speeches, as George E. Sokolsky did for E.T. Weir.⁴

During the effort to alter the Wagner Act, NAM officers, Association staff executives, and representatives of the Speaker's Bureau all carried NAM programs on current questions to the public and to the business community via the public platform. In 1946 Holcombe Parkes, Vice President in charge of public relations, preached "the gospel of public relations" to 10,897 industrial leaders in twenty-four cities of fifteen states.⁵ Others addressed six hundred and ninety-one public and business meetings in all

¹American Industries, April, 1928, p. 9.

²Ibid., October, 1929, p. 34.

³LaFollette Committee, Hearings, Part 17, p. 7694.

⁴Ibid., Part 35, p. 14487.

⁵NAM News, February 8, 1947, p. 7.

parts of the country, with a total attendance of over three hundred thousand persons.¹

Radio

The first use of the radio was made preceding the national party conventions of 1924 when the Radio Corporation of America agreed to broadcast the "Platform of American Industry."²

Full use was made of the radio during the thirties. The NAM gratuitously furnished various programs to radio stations which gave the Association free time. According to William Warner (President, 1937), that free time would have cost a million dollars to buy.³

The most widely circulated program during the thirties was the "American Family Robinson," which was offered to radio stations as a series of fifteen minute electrical transcriptions. There were over two hundred and fifty transcriptions in the series which were broadcast weekly and semi-weekly over two hundred and sixty-eight stations.⁴ This program presented dramatic sketches built around the life of a small-town newspaper editor. Each episode contained a discussion of some phase of American industrial or economic life.⁵

Radio stations were also furnished with a series of transcriptions featuring George E. Sokolsky in weekly fifteen

¹The NAM Story, op. cit., unnumbered.

²Proceedings, 1924, p. 148.

³LaFollette Committee, Hearings, Part 17, p. 7761.

⁴Ibid., p. 7760.

⁵Ibid., Part 18, p. 7863.

minute talks and interviews with leading industrialists.¹ This series was broadcast over two hundred and forty-six stations.²

Other radio programs sponsored by the Association were six basic speeches in German, Hungarian, Swedish, Polish, Yiddish, and Italian--a total of thirty-six different electrical transcriptions which have meant a total of 1,188 different fifteen minute programs on seventy-nine foreign language radio stations, many of which have broadcasts in several languages.³

The radio audience was never aware that these programs emanated from the NAM. The first nineteen transcriptions of the "American Family Robinson" bore no identification; all the rest were distributed under the sponsorship of the National Industrial Council⁴ because "we were seeking the coöperation of the Industrial Council affiliates in the promulgation of these programs."⁵ The radio audience never was informed about their sponsorship.

The significance of the press and radio to the NAM's education program was revealed by the director of the Public Relations Department, James P. Selvage, who wrote, "[Now] more than ever before strikes are being won or lost in the newspapers and over the radio."⁶

During World War II the NAM continued some of its radio programs. "Music to Work by" and "This Nation at War" were two.

¹Ibid., p. 7863. ²Ibid., Part 17, p. 7760.

³Cited in ibid., Part 35, p. 14381.

⁴Ibid., Part 17, pp. 7464-67. ⁵Ibid., p. 7467.

⁶Cited in ibid., Part 18, p. 8019.

The latter was shortwaved to the armed forces in coöperation with the National Broadcasting Company.¹ Beginning in 1946 a series of fifteen minutes radio programs--"It's Your Business"--were jointly sponsored by NAM and the Chamber of Commerce.² In 1947 "It's Your Business" ran for twenty-six weeks, the time for which was generously donated by the American Broadcasting Company as a public service. Eight of the first thirteen programs were devoted to labor problems.³ It was then replaced by the "NAM Summer show." The NAM also participated for thirty-nine weeks, along with several other organizations, in "Cross-Section--USA," a Columbia Broadcasting Company half-hour show.

A new transcribed series, "Your Business Reporter," was inaugurated in April of 1947. Written and produced entirely by the Radio Department of NAM, it was offered free to stations in the United States and Hawaii. More than two hundred and fifty stations aired the series each week.⁴ "Briefs for Broadcasters," a program suggestion service, went to 1,150 radio stations in one hundred and forty issues.⁵ In early 1947 ten were concerned with labor matters.⁶

In the field of special broadcasts and debate or forum

¹New York Times, January 2, 1943, p. 8; May 10, 1943, p. 29.

²NAM News, January 5, 1946, p. 4.

³Ibid., April 26, 1947, p. 12.

⁴The Challenge and the Answer, op. cit., p. 12.

⁵The NAM Story, op. cit., unnumbered.

⁶NAM News, April 26, 1947, p. 12.

programs tied to news developments, NAM officers and members were heard on all the major networks "representing their views or answering attacks." In 1947 a total of eighty-three such network programs included NAM representatives, as did sixty-three local broadcasts.¹

During the week the Taft-Hartley bill awaited the President's signature NAM spokesmen took to the radio day after day. Earl Bunting spoke on a Saturday over "Cross Section--USA," Raymond Smethurst debated Lee Pressman on "The People's Platform" on the same day, Mosher talked on Tuesday, Whipple Jacobs, NAM director, appeared on Wednesday, Theodore M. Forbes, executive vice-president, Cotton Manufacturers Association of Georgia and Frank A. Costangy, Atlanta attorney, spoke on Saturday.²

Film

The Association could conceive of "no other method for the diffusion of accurate information and fair understanding of the relation of industry to the public and the Nation that is comparable to the motion picture."³ Between 1916 and 1918 motion pictures and slides were shown in three hundred and seven theaters. A cartoon trailer was also displayed on the Keith and Loew's circuit. In 1918 movies and film strips were reported to have been widely circulated.⁴

¹The NAM Story, op. cit., unnumbered.

²NAM News, June 14, 1947, p. 2.

³Proceedings, 1922, p. 363.

⁴Ibid., 1918, pp. 80-81.

In 1922 a resolution was passed providing for immediate contact with producers of films, owners of theaters, and university officials, with the view of making an approach through this new channel to students and the general public: "It is our opinion that exhaustive consideration should be given to the subject of interpreting industry in the broader sense to the public through the motion picture."¹

The motion picture was more widely employed in the 1930's. Ten minute shorts were prepared; e.g., one entitled "American Yesterday, Today and Tomorrow" with narration by John S. Young told the story of progress under the American industrial system and, "Men and Machines," with narration by Lowell Thomas, was devised to "banish the myth that machines were the principle source of unemployment." These films were shown in theaters, industrial plants, clubs, and schools.² The films were not identified as sponsored by NAM, but were presented under the name of the NIC.³

In 1946, through more than fifteen thousand showings of NAM's six films, a total of 1,300,000 persons saw the Association's presentation of the American competitive system. About 80 per cent of the showings were in city and country schools. In the adult field, the films were shown to women's clubs, church groups, and community organizations. Individual companies also requested prints to show to their employees. For instance, ninety-three

¹Ibid., 1922, p. 363.

²LaFollette Committee, Hearings, Part 17, p. 7695.

³Ibid., Part 35, p. 14482.

firms purchased their own prints of "Three to Be Served."

The NAM films, "Three to Be Served," "Your Town--A Story of America," and "American Anniversary," were seen by over one million Americans in 1947 at 10,944 showings. The largest showing was in the schools--sixty-two per cent. The other showings were to businessmen--twenty per cent; college students--seven per cent; and miscellaneous groups--eleven per cent.¹ To these have been added in 1948 and 1949: "The Price of Freedom," "Frontiers of the Future," and "America Marching On."

Indirect: Molding the Opinion-Molders

The general public is reached through the media of the press, the platform, radio and films. At the same time the NAM endeavors to reach the people indirectly by aiming campaigns at institutions like schools, churches, agricultural organizations and women's clubs which, in turn, can communicate with special sections of the public. This indirect effort is known as "molding the opinion-molders."

Schools.--The schools of the country have always figured as institutions through which NAM information was channeled to the public and usually have been the largest users of NAM films and literature.

On occasion, officials of the Association have appeared before colleges and universities. Noel Sargent, then manager of the Industrial Relations Department, gained a reputation for

¹The Challenge and the Answer, op. cit., p. 16; The NAM Story, op. cit., unnumbered.

"teaching the teachers. He is teaching the professors and college presidents."¹ In one year, 1929, addresses on subjects of economics were made before the classes at The University of Chicago, Northwestern University, William and Mary College, University of Pennsylvania, Butler, University of Minnesota, Cornell and New York University.²

Educators themselves sometimes supported the NAM cause. Dr. Charles W. Eliot, president emeritus of Harvard was a frequent contributor by tongue and pen. At times he arraigned labor unionism for its un-American, anti-democratic policy in practicing the boycott and restricting legitimate output.³ J. Laurence Laughlin, professor of Political Economy, The University of Chicago, wrote educational literature. Chancellor Day of Syracuse, President G.B. Cutter of Colgate and Dean Robertson of New York University also lent support.⁴ Many educators contributed to the "Six Star Final."

In 1910 the Association resolved to place "copies of its principles, year books, American Industries, and other literature in the public and leading college libraries throughout the nation."⁵ Frequently thereafter, much literature was put at the disposal

¹Proceedings, 1923, p. 283.

²American Industries, 1929, p. 34.

³Ibid., November, 1909, p. 22.

⁴Malcolm Keir, Labor's Search for More (New York: The Ronald Press Company, 1937), p. 166.

⁵Proceedings, 1910, p. 297.

of schools and colleges.¹ The Open Shop Department reported in 1921 that nearly fifteen hundred colleges and university teachers received literature. Students of labor problems in the Graduate School of Business Administration at Harvard University were reported to have been required to read the open shop literature of NAM.² In 1928 American Industries was made available to university and college economic classes at a special rate.³

Since debates were a popular method of discussing current events the NAM extended its assistance to college debaters. As early as 1904 President Parry was glad to announce that he had not heard of a single college debate on labor questions in which the side favoring the closed shop had won.⁴ Many requests for documents and material came to the NAM from debating teams. In 1910 forty-two sets of pamphlets were furnished to debating societies in the state of Nebraska alone.⁵ The most important assistance came in the form of the Open Shop Encyclopedia for Debaters, published in 1921. This was a detailed, indexed compendium of open shop data numbering over three hundred pages.⁶

A special series of pamphlets, "You and Industry," were designed in the thirties to carry the facts about industry to

¹See "Reports of the Open Shop Department," 1920's.

²"Report of Open Shop Department, May 14, 1921."
(Mimeographed.)

³American Industries, December, 1928, p. 2.

⁴Proceedings, 1904, p. 24.

⁵Ibid., 1910, p. 95.

⁶Noel Sargent (ed.), Open Shop Encyclopedia for Debaters (New York: National Association of Manufacturers, 1922).

schools and colleges. In the first series, The American Way recited the political principles upon which the government of the United States is based: "It is essential, in a free system, that there should be no bureaucratic control of the citizens."¹ Others in the series were: Men and Machines, You and Taxes, The American Standard of Living, and The Future in America. In At School--Not at Work it was argued that child labor was diminishing in industry and the "further progress can safely and properly be left to the operation of continued voluntary action and state regulation."² Pattern of Progress argued against the limitation of the work week to thirty hours. And the last, What Is Industry?, explained industry's role in the every-day life of Americans.

A second series included: The Freedom We Defend, Pattern of Community Progress, Inventive America, Taxes and What They Buy, Farm and Factory--Building America, Our Material Progress, Business in a Democracy, The Profession of Management, and What Makes Jobs.

Vocational guidance is the theme of the fourth "You and Industry" series: Your Opportunity in Management and Your Future Is What You Make It are the first two issues. Over six hundred thousand copies of the latter have already been distributed.

NAM-produced movies are made available to schools on a request basis. Sound slide films which deal with current civic

¹National Association of Manufacturers, The American Way ("You and Industry Series"; New York: National Association of Manufacturers, n.d.), pp. 12-13.

²National Association of Manufacturers, At School--Not at Work ("You and Industry Series"; New York: National Association of Manufacturers, n.d.), p. 15.

and economic questions are also made available. To those schools lacking the necessary projection equipment, the Association has proffered its aid in obtaining it from local manufacturers.¹

All booklets and films are offered without charge to teachers and education groups. A periodic bibliography, the fifteenth issued in 1949, lists all NAM literature, films, and posters of general interest and is circulated among educators. All printed material is available in bulk lots.

A unique call once came from the secretary of a local civic bureau who asked the NAM for a supply of its pay-roll staffers to hand to the school children along with a cookie as they were being shown through the local bakery.²

A monthly publication, Trends in Education-Industry Cooperation, is furnished without charge to more than forty-three thousand educators each year. The periodical covers work-study plans, vocational guidance, current economic and related developments in the educational and industrial fields. Frequent cartoons and graphs are printed for bulletin board display. Trends also notifies educators of new NAM publications as they are issued. It was in its fifth year in 1950.

Interest in the schools has taken other forms besides the preparation of literature. In 1940 a three point program on education was adopted calling for: (1) extension of the work of the Committee on Education Cooperation, formed in 1938, to

¹LaFollette Committee, Hearings, Part 35, p. 14484.

²Ibid., p. 14488.

hold conferences between business men and educators; (2) encouragement of manufacturers to accept the civic responsibility of acquainting themselves with education and its problems in their own communities; and (3) encouragement of educators to seek a better understanding of the private enterprise system so that it could be more effectively explained to students as the "indispensable concept of the American way of life."¹

Frequently, the NAM conferred with the National Education Association.² In 1942 the Association supported the NEA in urging that greater emphasis be placed on teaching United States history in schools and colleges.³ Joseph F. Landis, president of the American Federation of Teachers, distressed by this coöperation, told the World Conference of Teachers in 1946:

We find the National Education Association and the National Association of Manufacturers holding joint conferences throughout the nation presumably speaking for American education. We find our schools flooded by propaganda material of the N.A.M., an organization reactionary in nature, and which by written attestations a few years ago had no program of education.

· · · · · If not a shotgun wedding, this marriage of convenience in which the dowry is large, deserves the condemnation of every teacher who would keep our schools free from the dominance of big business.⁴

The president of NEA promptly replied:

He is entirely mistaken. We are not dominated by any group. . . . We believe in free enterprise in this country,

¹New York Times, December 11, 1940, p. 29.

²Ibid., June 28, 1942, p. 31; July 5, 1942, p. 5.

³Ibid., July 5, 1942, p. 5.

⁴Ibid., August 20, 1946, p. 21.

don't we? Then why sneer at business? Does he represent the American way of life or is he talking about something else? We have the Russian and the American way ahead of us--which road is Mr. Landis going to follow?¹

On occasion the NAM has given dinners for public school administrators, as it did at the Waldorf-Astoria in July of 1946. At that event Holcombe Parkes, Vice-President in charge of public relations, and Wilson Baden, head of the NAM Committee on Cooperation with Education, spoke.²

More unusual, for an employers' association, was the survey undertaken of some eight hundred public school texts. Ralph W. Robey, then professor of economics at Columbia University and an economist for NAM, was engaged to abstract all texts in the fields of history, civics, sociology, and economics. The purpose of the study was to permit the Association to take action against any books found prejudicial to the American form of government, American society, or to the free enterprise system.³ A few weeks later the American Historical Association passed a resolution empowering its executive council to investigate the proposal of NAM for this survey. The council was to offer the Association service in making the study and deciding what if any of the material was subversive.⁴

Churches.--The church has been another object of the indirect approach. Clergymen, "since they are the natural leaders

¹Ibid., August 21, 1946, p. 29.

²Ibid., July 16, 1946, p. 26.

³Ibid., December 11, 1940, p. 29.

⁴Ibid., December 29, 1940, p. 21.

of the people in every community"¹ were the recipients of NAM distributions. In six months of 1910 alone, more than forty-seven thousand pamphlets were mailed to preachers, along with educators, and politicians.² In 1922 the NAM assisted many local employers' associations supply literature to clergymen for Labor Day sermons.³ In appraising these efforts the Open Shop Department reported that so far as was known little or nothing was done to change the attitude of Catholic clergy, but the efforts with Protestant clergy had better results.⁴

On the other hand, two clergymen, John Haynes Holmes and Rabbi Wise of New York City, were denounced for condoning violence and assassination, and a halt was demanded to their activities.⁵ Other clergy were regarded more sympathetically as charitable but misguided men "who did not realize that they were encouraging a number of chronically unemployed and unemployable in a life of viciousness," when they gave shelter and food to the I.W.W. in New York.⁶

As a counterpart of Trends which is distributed to educators, Understanding is circulated today among over twenty-two thousand clergymen of all faiths in the contemporary Community Leaders Program.

Miscellaneous groups.--Program Notes is a monthly publica-

¹American Industries, May 1, 1909, p. 6.

²Proceedings, 1910, pp. 96-97. ³Ibid., 1922, p. 158.

⁴"Report of Open Shop Department, March 30-September 30, 1921." (Mimeographed.)

⁵American Industries, January, 1912, p. 7.

⁶Ibid., April, 1914, p. 10.

tion sent to over forty thousand national and state chairmen of women's clubs as well as to individual program chairmen. The "package program" on the Taft-Hartley Act illustrates the type of material that is made available to women's groups. Its purpose was stated to be: "a PRO not a CON." It included a sample invitation to a meeting at which the law would be discussed, suggested publicity releases, a sample program, advice to the participants on how to make a speech, suggested introduction for the chairman and the moderator, and a suggested summation. Detailed outlines of suggested speeches by each discussant were also included.

Each month some twenty thousand copies of Farm and Industry are distributed to farm leaders. Program Notes and Farm and Industry are aspects of the Community Leaders Program.

Vocational bulletins, debate materials, and program aids are provided for youth and veteran groups. A Junior Achievement Program was inaugurated in 1938 to encourage youth in industry and thus preserve the free enterprise system. In 1941 a request went out to extend the program so that at least one city in every state had a model achievement.¹ These programs have continued down to the present. Selected for their advancement as business leaders of tomorrow these young people have been awarded citations and scholarships.

The veterans' organization, the American Legion, also has figured in the NAM's public relations programs. The manual for the Civic Progress Meetings, used during the thirties, sug-

¹New York Times, December 6, 1941, p. 13.

gested using the American Legion as sponsoring organization. The Legion also sponsored the Harmony ads in some communities. There has been a traditional practice of exchanging speakers at the annual NAM and Legion conventions. A vast quantity of NAM literature has been distributed to Legionnaires by the Legion's National office in Indianapolis.¹ The American Legion's Americanism Commission annually sponsors the National High School Oratorical Contest, but the NAM donates the four thousand dollars in college scholarships awarded to the winners.² In 1943 Legion leaders accepted an offer from representatives of NAM to finance the Legion's Americanism program with a twenty million dollar fund. The offer was made by R.H. Barnard, then the executive vice-president of the Owens-Illinois Glass Company, who presented the idea to the Legion's national leadership with the assurance that funds would be readily available.

The idea for this twenty million dollar campaign, Barnard explained, originated at a "gathering of persons interested in the future of free enterprise and American initiative." Barnard was frank in explaining why the NAM itself did not publicly sponsor the campaign: "It might be misunderstood." As a result a study was made of all the available organizations which might be able to handle a campaign of such proportions and "sponsor the education of the public through all channels of opinion." The American Legion was selected.³

¹Justin Gray, "Who Runs the Legion?" New Republic, April 26, 1948, p. 14.

²Ibid., New York Times, March 6, 1945, p. 24.

³Quoted by Gray, op. cit., p. 13.

Personal contacts with these key groups were handled entirely at the national level. NAM staff specialists keep in touch with national leaders of the major organizations in each field. A Committee on Cooperation with Agriculture stressed industrial-agricultural interdependence in 1945, for example. Contact work and activities with local groups are carried on in all areas through regional offices in cooperation with state and local associations. Thus, under co-sponsorship of state farm bureaus, granges, and colleges of agriculture, industrial managers consult farm spokesmen. Similar conferences are arranged with the clergy; e.g., a series of monthly conferences with students of Presbyterian Institute of Industrial Relations--and with women's clubs. NAM regional offices in coöperation with state and local associations arrange these meetings. The regional offices which handle all community leaders programs at the local levels, do so by employing detailed "blue-prints" furnished by NAM.

Internal: Community Public Relations Programs

The Community Public Relations Programs are internal programs that have been directed at member firms and affiliates of the National Industrial Council. Their ultimate audience, of course, is the people in every community, because "the community is the basic unit in our national life. It is in the community that public opinion originates and helps to shape the national policies under which we live."¹

¹The Challenge and the Answer, op. cit., p. 8.

Community programs were inaugurated in 1935 in order to gain the widest possible distribution of NAM literature and to attempt to stimulate all industry into becoming more vocal in carrying its story to the public.

Following the annual convention in December, 1935, at which the Congress of American Industry declared itself committed to a "continuing campaign" for the repeal of the National Labor Relations Act, the National Industrial Council was reorganized. The principal structural change was to give local employers' associations a more prominent role in the affairs of the Council, particularly in promoting the public information program.

With the reorganization of NIC accomplished by 1936, plans for giving a wider distribution to publicity material prepared by the NAM was laid. The first step was to stimulate affiliates of the NIC to initiate their own educational programs under the guidance of the NAM. Local organizations were urged to distribute the Association's literature, organize civic progress meetings, and raise funds for the promotion of advertising campaigns which the Association's publicity men prepared. The literature was offered by NAM at cost.¹ The NIC offered to contribute fifty dollars toward the support of the civic progress meetings while the NAM agreed to furnish speakers and fifty to one hundred dollars to assist in publishing the advertisements.²

The greatest activity occurred in the industrial areas

¹LaFollette Committee, Hearings, Part 35, p. 14082.

²Ibid., p. 14087.

of New York, Pennsylvania, Indiana, Ohio, Illinois, Michigan, and California.¹ Extensive use was made of these resources in Ohio by employers' associations affiliated through the NIC, because an organization campaign in the steel industry was under way.²

During 1936 and 1937 the NAM refined and improved its program of community education. A highly developed program was formulated early in 1937, and on April 13, 1937, it was submitted to the Public Relations Committee. The statement of purpose in the introduction was important:

Now, more than ever before, strikes are being won or lost in the newspapers and over the radio. The swing of public opinion has always been a major factor in labor disputes, but with the settlement of strikes being thrown more and more into the laps of public officials, the question of public opinion becomes of greater importance. For it is public opinion--what the voters think--that moves those elected to action along one course or another.

Industry cannot be content, however, with negative victories won through the tactical errors of the leaders of discontent. Machinery should be set up in every community to cope with the issue of unscrupulous unionism and radicalism both in its immediate aspects and its long-range potentialities.³

In September, a new outline of organization and operations of a community program was prepared. The introductory statement of the above cited outline was dropped because "the

¹Ibid., Part 17, p. 7760.

²U.S. Congress, Senate, Committee on Education and Labor, Violations of Free Speech and Rights of Labor, Sen. Report No. 6, Part 5, Part II, The Associated Industries of Cleveland, pursuant to S. Res. 266. 76th Cong., 1st Sess. (Washington: Government Printing Office, 1939).

³"Memorandum on Community Public Information Programs," April, 1937, cited in ibid., Part 18, p. 8019.

intent there would be misunderstood," Weisenburger explained,¹ and in its place a cover letter was substituted over the signature of President William B. Warner:

Public opinion! A wonderful thing it is--if it's friendly. How many times have you wished for a proven, effective way to present Industry's case before the people of your community--a way to forcibly bring home to them the vital part local industries play in their daily welfare?

I urge you to study the enclosed memorandum and chart. See how this Community Program, as outlined, is readily adaptable to your particular locality. Note its flexibility; how it affords a tool to cope with any problem.²

The paper closed with the suggestion:

The Public Relations Department of the National Association of Manufacturers will be glad, and is anxious to advise with any community desirous of setting up such a program, particularly with functioning over a period of months or years as a part of the general Public Information activity of industry.³

In June, 1946, as a result of the Wampler report (discussed above) which stressed decentralizing public relations, the NAM launched another active community program. Again, its purpose was to encourage and assist industrial communities in setting up public relations programs under the sponsorship of local associations wherever possible. One of the pressing needs disclosed by initial explorations in this field was a medium for the interchange of ideas, case histories, and other information on community public relations work. To fill this gap, a mimeographed periodical, Exchange, was inaugurated in 1946 and since then has been distrib-

¹Cited in LaFollette Committee, Hearings, Part 18, p. 7812.

²Cited in ibid., p. 8019; see also p. 8025.

³Cited in ibid.

uted regularly to state, trade, and local association officers and to others who have expressed an interest in this work. Exchange, which was sent to over four hundred Community Public Relations participants in 1947, serves as a circulating library of ideas and samples on community programs. It lists the subject matter classification of the packages which embrace material from the files of the Community Relations Department of NAM's Public Relations Division. These packages can be had on a one week loan basis.¹ By November of 1947, Community Public Relations Program had been held in more than thirty communities during that year.²

Financing Public Relations

The assertion of President Kirby (1909-1912) that "no expense would be spared in the matter of protecting ourselves in our right to do business in our own way,"³ has been born out by the extent of the Association's educational and public relations programs.

Comprehensive figures on expenditures during the period of the first and second open shop drives and the Industrial Conservation Movement are not available. An indication can be had from scattered figures: The Association spent a sum of \$5,484.68 on publicity for the year 1919-1920.⁴ In 1921 the treasurer reported a total of \$43,365.48 spent for "public affairs." Included

¹NAM News, June 14, 1947, p. 7.

²Ibid., November 15, 1947, p. 9.

³Proceedings, 1903, p. 212.

⁴Ibid., 1920, p. 190.

in that was \$13,000 for the Platform for American Industry, \$5,000 for Open Shop, and \$5,000 for Tracts for the Times.¹ Expenditures reported by the Open Shop Department alone for the ten month period April 1, 1922, to February 14, 1923, was \$10,635, although it had been allocated \$15,000.²

After the passage of the National Labor Relations Act the members of the Executive Committee and the Board of Directors met in secret session on July 10 and 11, 1935, to consider "future organized effort necessary to protect the American industrial system." The result of the meeting was the establishment of the National Industrial Information Committee, which had as its purpose, raising funds in order to carry out the educational program mapped out by the Public Relations Committee. It was not to determine the use of the funds; that was within the province of the Public Relations Committee.

The NIC appealed to leaders of industry for financial support of the public information program on the representation that it was a program designed to sell industry to the public. The money was raised by personal contact and by letters to prospective supporters. There were also meetings in different cities at which industrial leaders gathered to cooperate in this campaign.³ As a result of this campaign the Association was able to collect large sums of money for the public information program, which

¹Ibid., 1921, p. 119.

²"Report of Open Shop Committee, April 1, 1922-February 14, 1923." (Mimeographed.)

³La Follette Committee, Hearings, Part 17, p. 7460; Part 34, pp. 13933-13934.

represented an increasing percentage of total NAM income each year. (Table 11.)

TABLE 11
FUNDS COLLECTED FOR PUBLIC INFORMATION PROGRAM,
1933-1937*

Year	Income for Public Relations	Per Cent of Total Income
1934.	\$36,500.00	7.2
1935.	112,659.00	18.2
1936.	467,759.98	39.9
1937.	793,043.06	55.1

* Source: LaFollette Committee, Hearings, Part 17, pp. 7586-7588.

These figures do not give a complete picture of the financial resources available for the Association's publicity program. It has been the NAM's technique to confine its expenditures principally to the preparation of the materials distributed. The program then is effectuated by arousing members and local associations into action. They are encouraged to obtain free radio time, to contact editors, to organize locally financed advertising campaigns, to promote local "civic progress meetings," and so forth. William B. Warner (President, 1937) informed the members by letter:

The main purpose of the N.A.M. public information program is to stimulate increased publicity and advertising that truthfully tell industry's story. The fact that this is a stimulating campaign is shown first in the small size of the national fund raised--\$750,000--which would not be sufficient, even partially, to pay outright for radio, outdoor advertising, movies, and newspaper advertising. It would be more like that amount for each state, instead of for the United States, if it were on a pay-as-you-go program. . . .
. . . Our effort in this connection was in line with N.A.M.'s continual attempt to use the funds available to

motivate action in behalf of industry rather than attempting to underwrite the total cost of advertising or other programs.

As a matter of fact, it is the judicious use of money as a stimulus that permits us, within our budget, to reach the public day after day on a national scale through every known avenue of approach--newspaper services, radio, motion pictures, slide films, outdoor advertising, direct mail, speakers, etc.¹

An illustration of the service obtained by NAM with a small expenditure of actual cash was its outdoor advertising campaign. The billboard posters proclaimed the theme "What Is Good for Industry Is Good for You."² In the promotion of the billboard advertising campaign the Association received the hearty coöperation of the outdoor advertisers. F.D. Richards, president of Campbell-Ewald Company, the firm which prepared the Association's posters, estimated that the free space provided to the NAM would have cost over one million dollars for a period of three months. The labor cost alone in putting up the posters on the billboards was estimated at \$180,000.³

Apparently a similar degree of success was had with other media of public communication. In appealing for funds to carry on the campaign, William Warner wrote to prospective contributors on November 29, 1937:

(a) Last year's outdoor advertising which cost \$50,000 to prepare, would have cost a million and a quarter to buy outright;

(b) Last year's newspaper campaign, 2000 pages, would have cost above a million dollars to buy;

(c) Our radio program, over 270 stations, would cost another million dollars.

¹Ibid., Part 17, pp. 7761-7762.

²Ibid., Part 18, p. 7863.

³Ibid., Part 35, p. 14466.

I could recite a similar series of savings, involving less money but nevertheless impressive, on all phases of our program, because it is on a stimulating basis.¹

For the first full year of peace, 1946, NAM members subscribed \$2,341,239.88 for implementation of the Association's expanded public relations program. This figure represented an increase of 45.7 per cent over 1945.²

In 1947 NAM members contributed \$2,281,636.55 in dues and subscribed \$2,429,225.13 for the public relations program. Total expenditures for 1947 were \$4,603,627.29. Of that total \$3,240,216.54 represented direct service to members and the public relations program proper. Much, although not all, of the direct services to members were an aspect of the internal relations. The breakdown of expenses was as follows:

I. Direct services to members		
A. NAM News		\$210,159.41
B. Member service and membership development (regional)		374,540.05
C. Information services and promotion including regional meetings, annual meetings		316,219.26
D. Industrial Relations Department		146,193.48
E. Law Department		125,348.03
		<u>\$1,172,460.23</u>
II. Public Relations		
A. Community Level programs		
1. Leaders training program		59,775.48
2. Community public relations program	\$	15,920.24
3. Community leaders program and periodicals		157,172.90
4. Public relations conferences		5,389.46
5. Motion pictures and film bureau		12,896.93
6. Printed material and pamphleteering		72,141.35
		<u>\$ 323,296.36</u>

¹Ibid., Part 17, p. 7762.

²NAM News, February 15, 1947, p. 16.

³The NAM Story, op. cit., unnumbered.

B. National publicity	
1. Radio programs	\$ 121,202.65
2. Newspaper and magazine publicity	86,098.54
3. Industrial Press Service	39,973.44
	<hr/>
	247,274.63
C. National advertising	
1. Magazine	240,002.32
2. Newspaper	773,699.11
3. Promotion	20,533.50
	<hr/>
	\$1,034,234.93
D. Public relations programming, committee counsel and opinion research	168,563.26
E. Fund-raising and regional office imple- mentation of public relations program	294,387.13
	<hr/>
TOTAL	\$3,240,216.54

The fund raising drive for 1948 lagged seriously after the Taft-Hartley bill became law. At both the half way and at the two-thirds mark the drive was short of the projected goal.¹ F.C. Crawford, national campaign chairman, at one point called the fund quota "pitifully small."²

On December 2, 1947, the Board of Directors voted to discontinue the National Industrial Information Committee. Thereafter, NAM members would not be asked for a supplementary subscription to NIIC each year. At the same time "a more equitable dues schedule was adopted which would provide adequate funds for all NAM activities."³ The elimination of the former system of dual financing permitted every member, with the payment of the annual dues, to give financial support to the entire range of NAM activities and services, including public relations which became an

¹NAM News, October 11, 1947, p. 7.

²Ibid., July 26, 1947, p. 1.

³The NAM Story, op. cit., unnumbered.

integral and essential part of the Association's overall effort on behalf of the American enterprise system. "The chief effect of this important step," read the 1947 financial report, "is to provide increasingly effective service for the members of the Association and to build a stronger NAM--an Association better equipped to serve industry and our country in the days ahead."¹

The amalgamation of NIIC with NAM must be considered in light of another factor. The Lobby Registration Act of 1946 requires any person or group who "solicits, collects, or receives money or any other thing of value" for use in influencing legislation to register.² With the NIIC no longer in existence, the NAM was able to report to the Clerk of the House of Representatives in April of 1948:

The NAM does not "solicit, collect, or receive" any money for the purpose of influencing legislation. The Association's dues and subscriptions are paid and received to carry out all of the purposes and activities of the Association as outlined. No income is received or ear-marked for the special or particular purpose of influencing federal legislation. Consequently, designation of any portion of income intended for legislative purposes would be arbitrary and entirely theoretical.³

Conclusion

The NAM's public relations and education programs have been vast in cost and scope, subtle and indirect. Tapping the

¹Ibid.

²60 U.S. Statutes 839 (1946).

³Letter from Raymond Smethurst, NAM General Counsel, to the Clerk of the House of Representatives, dated April 29, 1948, p. 21. (Mimeographed.)

resources of corporate wealth,¹ the Association has blanketed the country with material which sometimes has not been identified to the public as coming from the NAM. In some cases the Association has arranged for the sponsorship of its literature by others so that the NAM's authorship source would not be revealed.

Coverage has been so complete, Noel Sargent wrote, that a United States Senator once said that the Association used every possible method of reaching the public but the carrier pigeon.² Programs of indirect contact have been devised by which the people could be reached through educational, religious, farm, and other community leaders. NAM members and affiliates of the National Industrial Council have been encouraged to launch community programs of public relations using manuals and material supplied by NAM. To contact the people directly the NAM has utilized myriads of house publications, the public press, the public platform, the radio, and the film.

¹After conducting a two-year investigation of violations of free speech and the rights of labor, the LaFollette Committee concluded about the NAM's public relations program of the middle thirties:

"The National Association of Manufacturers' campaign of propaganda stems from the almost limitless resources of corporate treasuries. Not individuals but corporations constitute the membership of the association and supply its funds. It is this fact that makes the political aspects of the association's campaign of propaganda a matter of serious concern. In effect the National Association of Manufacturers is a vehicle for spending corporate funds to influence the opinion of the public in its selection of candidates for office. It may be questioned whether such use of the resources of corporate enterprise does not contravene the well established public policy forbidding corporations to make contributions in connection with political elections" (LaFollette Committee, Report, pp. 221-22).

²Sargent, "Purposes and Operations of NAM," op. cit., p. 6.

The NAM apparently looks upon public relations as a panacea for industrial and social ills. Public relations was used as a solution to depression problems. When the New Deal philosophy won public acceptance and the traditional values supported by the NAM lost popular favor, the Association sought to restore faith in them through public relations. A program was commenced in 1938 which endeavored to impress the American public with the virtues of the free enterprise system. The traditional symbols were employed. But the content of this program differed from the unsuccessful attempt to defeat the National Industrial Recovery Act and the National Labor Relations Act. Those programs were almost wholly negative in character. William Albig points out that change in opinion is brought about more generally by specific positive appeals.¹ Since 1938 the NAM's public relations sought support and approval for positive proposals which demanded government intervention in employer-employee relations along lines that would be acceptable to industry. Although it would appear that the NAM departed from traditional laissez-faire, the principle which had won public acceptance was incorporated into NAM's proposals and offered as a means of preserving its value system.

The Association's program of opposition to New Deal labor legislation validates another generalization about opinion change that Albig makes. In large publics, few opinions are changed by being disproved. Much more often, attention is simply diverted to something else. The NAM's attempt to disprove the validity

¹William Albig, Public Opinion (New York: McGraw-Hill Book Company, 1939), p. 216.

of labor's right to organize and bargain collectively was replaced by limited approval. Attention was then directed to injustices that resulted from a law which guaranteed these rights. The injustices were characterized as violative of employee's and employers' rights and destructive to the welfare of society.

The solution was to modify the Wagner Act along lines proposed by the NAM. The public had to be convinced that their interests were identical with employers' welfare and that the free enterprise system allowed the development of these common interests.

The NAM attempted to sell the symbol "free enterprise," which had replaced "capitalism." In 1944 the National Industrial Information Committee reported success: "The National Industrial Information Committee now feels that the symbol of free enterprise has been successfully sold, and that the time is now ripe to show the public how business management, operating under the free enterprise banner, can lead the way into a peaceful era of new opportunities and higher standards of living."¹

The success of more recent public relations campaigns was revealed, the NAM asserted, in a series of public opinion polls conducted by the Opinion Research Corporation. The polls indicated (1) that the people's estimation of the NAM was much higher than NAM members thought it would be and (2) that between 1945 and 1947 the people's attitudes toward the NAM seemed to grow more favorable.

¹NAM News, May 27, 1944, sec. 3, p. 55.

(1) In the member's estimation thirty-six per cent of the people disapproved of the NAM while only thirty-three per cent approved.¹ These figures were in striking contrast with those obtained, also in 1947, from a nation-wide cross section of the voting public. Fifty-three per cent of the voting public had heard of the NAM. Of these sixty-eight per cent indicated approval of the NAM and only eight per cent expressed disapproval.

(2) What also heartened the NAM was the increased favor with which the NAM was accepted. In 1945, and again in 1947, surveys were made using almost identical questions. In 1945, forty-two per cent of the voting public had heard of the NAM; in 1947, fifty-three per cent. Of the group who had heard of NAM, in 1945, sixty-five per cent indicated approval and eleven per cent, disapproval; in 1947, sixty-seven per cent expressed approval, eight per cent, disapproval. Responding to the question, "Would you say that NAM's thinking on labor questions is up-to-date or behind the times?" in 1945, forty-six per cent indicated "up-to-date" and twenty-five per cent, "behind-the-times." In 1947, fifty-five per cent responded "up-to-date" and twenty-three per cent, "behind-the-times." Another question asked was, "Would you say that NAM is more interested in a high standard of living for workers, or is it mainly interested in high profits for manufacturers?" In 1945, thirty-eight per cent indicated profits; thirty-one per cent, standard of living; in 1947, the response was thirty per cent, profits; thirty-seven per cent, standard of living.

Translated from percentages into people, the NAM concluded

¹NAM News, November 8, 1947, p. 8.

that roughly 7,000,000 more people approved of NAM in 1947 than did in 1945, and about 200,000 fewer people disapproved of the NAM.¹

The significance of these surveys is not clear. Certainly the NAM has had some degree of success in identifying its cause with the greater good of society. But to what extent these figures do not indicate conclusively. Apparently some Congressmen felt that the people of the country wanted a labor law embodying the principles contained in the Taft-Hartley bill. How these principles accorded with the principles the NAM carried to the people in its public relations program will be investigated in the next chapter.

In the two year period, a greater shift was shown from ignorance to knowledge of the NAM (11%) than a shift, among those who had heard of NAM, to approval of the Association (2%) or away from disapproval (3%). It is conceivable that there was little change of attitude among the core of people who had already heard of the NAM, but rather increased approval resulted from those newly acquainted with the NAM.

The question about whether the labor policies were "up-to-date" or "behind-the-times" did not reveal directly whether the people conceived of the NAM's labor policies as being desirable or in the public interest. The terms were so ambiguous that they could mean all things to all persons. Again, the question as to whether the NAM was more interested in high profits or in

¹Ibid., September 27, 1947, pp. 4-5.

a high standard of living did not give a direct answer. A high standard of living for the workers and a high profit for the manufacturer need not be mutually exclusive as recent economic history has testified. Phrased to elicit the people's attitudes of the employers' interest in the welfare of his employees, the question actually revealed nothing about the people's attitudes of the employers' views toward employees' security or their feeling of satisfaction or integrity resulting from their job.

Although seventy-one per cent of the people polled in 1947 wanted to hear more from business leaders, this figure represented a decline from 1945 when seventy-six per cent wanted to hear more. In 1945, seventeen per cent felt they were already getting enough publicity from business; in 1947, twenty-one per cent.¹

The heart and soul of an education program, Walter B. Weisenburger explained to the LaFollette Committee, should be built around a constructive, affirmative story of industry. "It is not political and is not anti-anything, but is simply pro-industry. It is legitimate exercise of the right of free speech."² But this has not always been the character of the NAM's programs. In 1936, a survey was made of the employers who used any part or all of the literature in the Employee Information Service. Based upon this survey a report was released, from which the following are excerpts:

¹Ibid.

²LaFollette Committee, Hearings, Part 18, p. 7862.

Judging from the Employer angle, the majority of opinion heartily endorsed the Employment service they used, but an appreciable, although smaller group took exception to the extreme tone and temper of most of the material sent them.

. . . In several cases, employers hesitated to distribute leaflets, feeling that they were too blunt and too biased in their text. . . . A few employers, after careful study, decided against using it at all, thinking there might be the danger of antagonizing employees by leaflets and posters that were both partisan and biased.

Another small group evidenced their conviction that the material was too obviously propaganda on behalf of Industry and the Management, that it carried too great pressure in an attempt to influence the worker's attitude and opinion. Many leaflets, they indicated, stressed the capitalistic viewpoint so markedly, that there was a fair chance they would result in adverse comment.

. . . Considerable comment criticized the partisan aspects of leaflets, posters and films, indicating that employees are suspicious of political pressure and definitely resent it. A strong majority emphasized the unfortunate 'time-element' that entered into the distribution of this material, since it coincided, unfortunately with 'pre-election' bitterness and high feeling. Much of the Employment Service drew adverse reaction from employees because of its political cast and its apparent attack on the present administration.

A fair number of respondents deplored the use of subject matter that seemed to reflect on the government, feeling that it aroused antagonism in their employees.¹

Carroll French, head of the Industrial Relations Department, has been aware of this character of some public relations literature. Before public relations issuances pertaining to labor are published they pass through his department. The Industrial Relations Department staff, not wanting the Public Relations Department to be vindictive or vituperative, has, in some cases, pulled out references to "labor barons" and the like.²

¹LaFollette Committee, Report, p. 177; ibid., Hearings Part 35, pp. 14449-14453.

²Personal interview with Carroll French, June 9, 1948.

Engaging in what she called "soul-searching" Vada Horsh wrote to John Suman of Standard Oil Company:

We have perhaps shown an inadequacy or weakness in the Association's techniques and tactics in demonstrating that the long-run interest of the public is to the good of industry; or, vice-versa, the long-run interest of industry is for the benefit of all.¹

¹"Memorandum from Vada Horsch to John R. Suman,"
op. cit., p. 8.

CHAPTER IX

EFFECTUATION OF POLICY (III): INFLUENCING PUBLIC POLICY

The Political Character of the NAM

The opprobrium that frequently has been attached to the term "lobby" has prompted the Association to deny that it ever was a lobby. Emery reflected the sentiment of many people when he defined a lobby as carrying with it, "the suggestion or implication of the use of illegitimate means, whether by the individual engaged in such activity or the organization that was maintained for the purpose of exerting such influence upon the course of legislative proposal."¹

Consequently, the Association has frequently denied that it ever was a lobby. President Search, 1910, asserted: "I trust that it is thoroughly understood that the National Association of Manufacturers maintains no lobby."² What the NAM did was "to keep the interests of the Association constantly before members of Congress and to afford to them all needed information and assistance in the shaping and passage of such legislative measures as have been pledged the support of the Association."³

¹The Political Activities of the Manufacturers, Education-literature, No. 35, 1913, p. 37.

²Proceedings, 1901, p. 12.

³Ibid.

The identical view was reiterated in 1928: "Not to lobby--but to coöperate with Congress and the Government in the guidance and development of those laws that will influence the advancement of our industrial growth and prosperity as a nation."¹

By any other name--assistance, coöperation, guidance--any endeavor to influence legislation in any manner whatsoever is still lobbying, according to the definition of the 1913 House Select Committee.² The evidence is irrefutable that the NAM has political objectives which it seeks to achieve by influencing the determination and execution of public policy.

President Search addressed the Convention in 1901:

From the very beginning of this Association the promotion of federal legislation touching the business interests of the country has occupied a very large share of our attention and a great deal of effort has been put forth in continuous endeavors to protect and advance the interests of our members. There is no line of work that is more appropriate to such an organization as this and I know of no body of business men that possesses possibilities for the rightful exertion of influence in Washington.³

S.O. Bigney, in opposing a proposal to lower the fifty dollar membership fee, said in 1903 that it should be maintained because of the purpose for which the NAM was formed--"to influence national legislation."⁴ An editorial in American Industries the next year read:

¹Pocket Bulletin[American Industries], April, 1928, p. 26.

²U.S. Congress, House of Representatives, Select Committee of the House of Representatives, Charges Against Members of the House and Lobby Activities, House Report 113, 63rd Cong., 2d Sess. (Washington: Government Printing Office, 1913), p. 15.

³Proceedings, 1910, p. 12.

⁴Ibid., 1903, p. 252.

Today, however, we are preaching organization--for political and social purposes, as well as for business purposes--and not patriotism, especially since there is plenty of this last.¹

American Industries, in 1908 urged:

Go into politics! Employers must fight labor class legislation, and must fight it now. The battle is for good government for capital and labor alike, for personal liberty for every man in the community, of every station and occupation, and for honest, stalwart, clean-handed Americanism. Go into politics!²

The next year American Industries announced: "The business men were in politics in 1908, and they intend to stay in politics."³ Kirby justified the reason for NAM's existence by telling a subcommittee of the Senate Committee on the Judiciary in 1913:

That is it; and it is a shame, it is a sad commentary on this country, that such an organization should be necessary. And I will say to you further, Senator, that if you eliminate the legislative power and force of the American Federation of Labor from this country we will dissolve like a snowball in July.⁴

Edgerton, speaking in 1922, considered the influencing of legislation not only legitimate but also "one of the sacred obligations of citizenship."⁵ In 1935, the NAM suggested "Let's Look at the Record" to see "The N.A.M.'s participation in the Seventy-Third

¹American Industries, May 2, 1904, p. 8.

²Ibid., March 1, 1908, front page.

³Ibid., January 1, 1909, p. 6.

⁴U.S. Congress, Senate, Maintenance of a Lobby to Influence Legislation, Hearings on S. Res. 92 before a subcommittee of the Committee on the Judiciary, U.S. Senate, 63rd Cong. 1st Sess. (Washington: Government Printing Office, 1913), Part 56, p. 4526.

⁵Proceedings, 1922, p. 114.

Congress."¹

When sentiment for the repeal of the Wagner Act was crystallizing, Claude Robinson told the 1946 convention: "Running a business nowadays is more than finance, assembly-line production, inventory control, and cost accounting; it is an exercise in politics as well."² And the next month NAM advised members that Congress would pass effective labor legislation only if firmly reassured by staunch public support.³

The 1946 Constitution of the NAM, as have all of the past constitutions, lists as one of the Association's purposes, "the support of legislation in furtherance of those principles [promotion of industrial interests, fostering of commerce, bettering of employer-employee relations] and opposition to legislation in derogation thereof."⁴

Lobbying Objectives

Legislation Opposed

The NAM directed its attentions to all three branches of government when it appeared that legislative, judicial, or executive action might threaten the common interests of industry. Since, during the period from 1895 to 1937, the position of industry was more secure in the absence of government assistance

¹Cited in LaFollette Committee, Hearings, Part 17, pp. 7528-29.

²Robinson, "Tour Boss--The Public--Speaks," op. cit., p. 12.

³NAM News, January 25, 1947, p. 1.

⁴Constitution, 1946, Article II.

or intervention in labor relations it was the policy of the NAM to concern itself with government mainly for defensive reasons: "our course of action has been largely confined to defense."¹ The Association consistently opposed legislative and executive action that would interfere with industrial self-rule or encroach upon the ability of the courts to protect the rights of enterprise, property, and contract.

Usually the first resort to protect industrial interests was to the courts. At the same time, and especially when that protection was endangered by attempts to alter the basic laws of the country or to lessen the courts' power of protection, the next line of defense was in the legislature.²

Even before the Association concerned itself with labor problems it was establishing itself in Washington. President Search exultantly announced in 1900: "The serious consideration that is afforded to every suggestion that is put forth in the name of the National Association of Manufacturers cannot fail to impress one with the strength and influence of this organization as a factor in national legislation."³

The first protest the NAM registered against a labor bill was in 1902.⁴ This bill limited to eight hours the daily services

¹Proceedings, 1910, p. 289.

²James Emery deplored the fact that "the business man has been going to the courts when he ought to go to the legislature" (Proceedings, 1916, p. 232).

³Circular of Information of NAM, No. 39, 1900, p. 8.

⁴Proceedings, 1902, p. 24.

of laborers and mechanics employed upon work for the government.¹ President Search described it as a "serious and unwarranted interference with the business of many manufacturers who have contracts with the government. . . ." ² Eight-hour legislation was successfully opposed until 1912, when an act applying to a range of government industries was passed. The NAM, however, secured amendments to the law that limited somewhat the scope of the measure.³

The NAM also opposed all bills tending to lessen the power of the courts to issue injunctions in labor disputes. Its opposition began in 1902, intensified in 1904,⁴ and continued with complete success until the enactment of the Clayton Anti-trust Act of 1914. It opposed an anti-injunction bill in 1912 on the grounds that its task was to defend the "judiciary of the country against proposals calculated to impair its integrity."⁵ It fought amendments to the Sherman Anti-Trust Act and provisos in appropriations bills whereby labor unions would have been exempted from prosecution under the Anti-Trust Act. But at the same time it demanded that the Sherman and Clayton Acts be revised so as to permit "collective economic action in business transactions. . .

¹H.R. 3076 (1902). ²Proceedings, 1902, p. 24.

³U.S. Congress, Senate, Eight-Hour Law, Hearings before the Committee on Education and Labor, U.S. Senate, 62d Cong., 1st Sess., on H.R. 9061 (Washington: Government Printing Office, 1912), passim; American Industries, July, 1912, p. 33; April, 1913, p. 14; Citizens' Industrial Association of America, Bulletin No. 1, p. 3.

⁴Proceedings, 1904, p. 116, 184-85; 1907, pp. 11-14.

⁵"The Nation's Industry in Convention," NAM Bulletin, p. 19.

beneficial to the public interest."¹ It vigorously opposed defining property rights which defined the right to do business as a personal right and not a property right.² Bills for jury trials in contempt of court cases in labor disputes were combated by the Association,³ as were bills allowing federal employees to affiliate with the AFL.⁴

The Association was distinctly unfavorable to the seamen's legislation of 1915 and to legislation tending to check the use of scientific management or efficiency measures. Its opposition to the Seamen's Act did not cease when the bill became a law, but continued in the form of demands for the repeal or serious modification of the Act. It condemned compulsory sickness insurance as a menace. It denounced the passage of the Adamson Eight-Hour Act. It opposed the National Child Labor Law of 1916 and was not favorable to minimum-wage laws. With the exception of the act creating the Federal Board for Vocational Education, there were apparently no measures favored by the AFL before 1937 which had not been opposed by the NAM.⁵

Emery appeared before Congressional committees in opposi-

¹Proceedings, 1908, pp. 110-11, 143, 274-80; 1910, pp. 289-90; American Industries, April, 1913, pp. 13-14; May, 1913, pp. 12, 14-15; Proceedings, 1913, pp. 105-06; American Industries, July, 1913, p. 7; Proceedings, 1918, p. 107, 334-38; 1919, pp. 285, 334-37.

²Proceedings, 1908, pp. 272-74; 1918, p. 247; 1910, p. 289.

³American Industries, 1913, p. 15.

⁴Proceedings, 1911, p. 127; 1912, p. 138.

⁵Bonnett, Employers' Associations in the United States, op. cit., p. 309.

tion to the proposed Child Labor Amendment of 1924, the railway labor bill in 1926, which guaranteed the rights to organize and bargain collectively, and, in 1928, the anti-injunction bill that later became the Norris-LaGuardia Act. In 1930 Emery objected to a bill which provided for old-age pensions on the ground that federal participation would interfere with the sovereignty of the states. Both Emery and Noel Sargent appeared before a select committee the next year in opposition to enactment of any federal system of unemployment compensation, insisting that this should be left with several states or with private enterprise.

Emery testified in 1932 in opposition to bills providing an appropriation for the relief of destitution and to provide for coöperation by federal government with states in relieving hardship and suffering caused by unemployment. The federal government, it was alleged, was not the proper agency for the administration of relief. Rather, it should be left to states or political subdivisions thereof. In the same year Sargent appeared before a House Committee to oppose bills which provided a minimum rate of wage to be paid laborers and mechanics employed on buildings constructed for the government, unless the rate of pay was limited not to exceed the prevailing or average rate of pay on private construction in the particular community in which the building was to be done.¹

Between January 1, 1932, and August 19, 1935, the NAM made forty-two statements at hearings before Senate and House

¹This is only a partial listing of legislation NAM opposed. See LaFollette Committee, Report, pp. 26-27.

Committees considering legislation. Of these only four were in favor of and thirty-eight were against pending legislation. Among the thirty-eight measures opposed were twelve directly pertaining to labor. The four favored had nothing to do with labor.¹

Legislation Favored

The labor legislation that the NAM has favored has been favorable to the interests of manufacturers.

The Association advocated a strong militia, and a large army and navy, not only for war, but "to squelch the rebellion that springs into existence with every strike."² It asked for legislation to prevent strikes on the railroads. It urged the establishment of publicly supported trade and industrial schools, and pleaded for national appropriations for advancing industrial education. Industrial education supported by the government was advocated because trade schools had proven expensive to the employers when privately conducted, and because employers wished a sufficient supply of skilled workmen not obtainable under union restrictions on the number of apprentices.

The demand was made for drastic legislation restricting the sale and transportation of dynamite. Such legislation was desired because of the use that had been made of dynamite to intimidate the employer through the destruction of his property and because of the belief that legislation could make detection

¹LaFollette Committee, Hearings, Part 35, p. 14039.

²Proceedings, 1913, p. 71; cf. ibid., 1911, p. 264; American Industries, March, 1915, p. 8; April, 1915, p. 11.

of the dynamiter less difficult, if not discourage him entirely.

The most progressive attitude taken was in support of workmen's compensation laws. Instead of attempting to block all compensation laws, it attempted to secure such laws as appeared fairest to the employer, and thus to forestall radical laws, under which the employer was to pay for all the costs of liability insurance and had to be liable for all accidents that might occur in his shop or at his place of business. To this end the Association prepared and circulated a "Model Workmen's Compensation Act." It claimed credit for the enactment in several states of laws based upon this model. The NAM still points with pride to its advocacy of the workmen's compensation law as evidence of its liberal character in furthering the interests of labor.¹

The Association also advocated legislation to make trade unions legally responsible for the acts of their officers. In other words, the unions were to be forced to incorporate or become quasi-corporations, so that they might be sued in the name of the unions and the union treasury levied upon for damages.²

With the Jones-Laughlin decision upholding the constitutionality of the Wagner Act came awareness that there was a statute on the record which seriously threatened industry and the whole free enterprise system, as conceived by the NAM. In the past,

¹NAM News, April 7, 1945, sec. 3, p. 3; National Association of Manufacturers, "Significant Highlights of the Organization and History of the National Association of Manufacturers, 1895-1948," 1948, p. 1 (mimeographed); The Public Be Served, op. cit., p. 10.

²Bonnett, Employers' Associations in the United States, op. cit., pp. 318-20.

other laws had been enacted altering the status quo in the relationship between employer and employee. But, except for the Clayton Act, which the courts proceeded to emasculate, and the Norris-La Guardia Act, which was limited to one aspect only of industrial relations, no law was felt to be so dangerous to employers' interests.

The policies that the NAM urged upon Congress for the modification or repeal of the Wagner Act have already been examined. To recapitulate, they were concerned with (1) the desirability of a national labor policy that recognized the legal rights of employees to organize and encouraged the practice of collective bargaining rather than individual bargaining as a means of settling industrial disputes; (2) problems of representation for purposes of collective bargaining; (3) limitation and regulation of the right to strike; (4) inequalities of the act and proposals for redefinition of unfair labor practices; (5) regulation of unions and the imposition of legal obligations and responsibilities; and (6) procedure, organization, jurisdiction of the NLRB. Prior to and during the war the NAM carried to Congress suggestions to curb or control strikes in war industries, to eliminate work permit fees and excessive initiation fees, and prohibit closed shop decrees by the War Labor Board. Out of the President's Labor-Management Conference of 1945 evolved a set of principles which constituted industry's solution to labor-management problems. On these principles the Association's policy-making machinery constructed the 1946 labor policies which served as basis for the NAM's legislative proposals.¹

¹Industry Believes, 1946, op. cit., p. 5; see chap. 111.

Influencing Legislation

Transition from the "Old" to the "New Lobby"

In discussing the techniques that have been used by various lobbies Pendelton Herring distinguished between what he called the "old lobby" and the "new lobby."¹ The stains of political corruption, underhanded methods, payment of election expenses, even bribery characterized the old lobby. The new lobbies have learned to work in the open; they have nothing to hide; they know what they wanted and they know how to get it. By comparison, Herring wrote, the old lobbyist pales into insignificance. They use propaganda and publicity among the public generally and focus this pressure on Congress. They offer advice, assistance, their services to willing Congressmen. Some Congressmen come to rely upon them.

A reform in the legislative procedure that tended to change the methods of the lobbyists was the adoption by Congress in the early years of this century of the policy of holding open committee hearings on all important bills. Another and more immediate cause for the change in lobbying techniques, was the 1911 reform of the House rules. The new rules served to break up the small clique in power at that time and gave all the representatives generally more control over procedure. This was a blow to the old lobby. It became patently impossible to attempt to cajole or bribe an entire Congress.²

¹Herring, op. cit., pp. 31-41.

²Ibid., pp. 41-46.

Following closely upon this reform came the Seventeenth Amendment.¹ Popularly elected Senators were not as corruptible and had to be influenced through the techniques of the new lobby.

But the government action that contributed most directly to the transition from the old to the new lobby occurred in 1913. Extensive investigations were conducted in that year and the next by both House and Senate committees concerning the maintenance of a lobby to defeat the Underwood tariff bill.² The hearings cast considerable light upon the methods and activities of the Washington lobbies in general and the NAM in particular.

The central figure in this episode of NAM's history was Martin M. Mulhall. He entered the service of the NAM in 1902 at the instance of Marshall Cushing, then Secretary of the Association, and acted as a field agent under his direction until 1907. During this period he was known as No. 11 and not by name. Just why this plan was adopted was never understood except that it was

¹The 17th Amendment was not well liked by some NAM members. President Edgerton told the 1924 convention: "[T]his carefully drawn line of demarkation between the two houses of Congress has been almost blotted out by the gloved hand of the socialist" (Proceedings, 1924, pp. 113-14).

²U.S. Congress, House of Representatives, Select Committee of the House of Representatives, Charges against Members of the House and Lobby Activities of the National Association of Manufacturers of the United States and Others, Hearings before the Select Committee of the House of Representatives appointed under H. Res. 198, U.S. House of Representatives, 63rd Cong., 1st Sess. (Washington: Government Printing Office, 1913); U.S. Congress, Senate, Committee on the Judiciary, Maintenance of a Lobby to Influence Legislation, Hearings on S. Res. 92, before a subcommittee of the Committee on the Judiciary, U.S. Senate, 63rd Cong., 1st Sess. (Washington: Government Printing Office, 1913).

in line with the policy of secretiveness practiced by the Secretary.¹ Emery testified that his employment was not brought to the attention of the officers of the Association. In 1907 Cushing was compelled to resign because of his failure and refusal to disclose his acts as an executive officer of NAM to his superiors. Mulhall was subsequently rehired by President Van Cleave.²

Mulhall's duties as field agent were to solicit membership. He also devoted much of his time to lobbying in Washington. He would obtain information about measures pending before Congress, arrange for hearings before committees, and visit members of the Association to inform them of legislative matters which interested them. Giving political aid to friendly candidates for Congress sometimes occupies his time. Before a political campaign he formed "Protective Associations" made up of workmen assembled into local ephemeral units. They dissolved when the campaign was over. These associations were said to be composed largely of members of organized labor, apparently those who did not sympathize in all respects with the political policies and purposes of the labor unions generally. At times he was sent into sections where strikes were in progress, evidently for the purpose of trying to break them.

These same activities continued under the aegis of the NAM when Mulhall was reemployed. He devoted a large share of

¹Charges against Members of the House and Lobby Activities, House Report 113, op. cit., p. 19.

²James Emery, "The Political Activities of the Manufacturers," American Industries, October, 1913, pp. 8-12.

his time to political activities in various states and congressional districts. In 1911 Mulhall attempted to play off certain liquor interests against the Republican Party in Maine. In return for financial assistance from a brewers' association for the election of a candidate favorable to the NAM a prohibition amendment was to be attacked. The testimony of the investigation was conflicting as to whether Mulhall instituted this arrangement by his own initiative or was proceeding with the consent and approval of his superior officers. The affair enraged a dry Republican Congressman, Charles E. Littlefield, who had been a long-time friend and supporter of the NAM in Congress. Mulhall was forced to resign.

He had in his possession a voluminous correspondence relating to the lobbying practices of the NAM for the preceding decade. This material he offered to turn over to the AFL, and also sought to interest William B. Wilson, then chairman of the House Committee on Labor, in using them as basis for a disclosure of the practices of the NAM. These offers were not accepted, and so, in 1913, he endeavored to bring the matter to the attention of William Randolph Hearst, but again failed. In no case did Mulhall seek compensation in connection with these offers. Unsuccessful in these efforts he finally sold the letters and a personal narrative to the New York World for ten thousand dollars. The World made an agreement with the Chicago Tribune to release the story simultaneously on June 29, 1913. This sensational article, involving charges of corruption against several members in both houses of Congress, led to the lobbying investigation by

each house which extended through 1913 and 1914.¹

In his news story Mulhall claimed to have spent two hundred thousand dollars for lobbying in ten years. The campaign of Charles E. Littlefield in Maine allegedly cost the Association sixty thousand dollars. He claimed that the NAM worked to elect James E. Watson as Governor of Indiana and that an attempt to bribe Samuel Gompers with forty thousand dollars was made.² He described in detail his work through James T. McDermott, Congressman from the stockyards district of Chicago and member of a labor union who was elected through labor's support. McDermott's franking privilege was used and information was gathered through I.H. McMichaels, McDermott's confidential secretary and chief page of the House. The employment of McMichaels was ratified by both Emery and Bird, General Manager of NAM. At a salary of fifty dollars a month with the instruction that an extra amount would be paid for special items of information, the chief page was to obtain public documents, bills, and reports desired by Emery and Mulhall. He was also to "hang around" where Congressmen met in private to overhear conversations. A room, according to Mulhall, was supplied by McDermott in the basement of the Capitol where they could meet in secret with the chief page. Congressman McDermott was pictured as having relied upon a substantial money income from Mulhall and from members of the NAM in his district.

¹Charges against Members of the House and Lobby Activities, House Report 113, op. cit., passim.

²"National Association of Manufacturers Attacked," American Industries, August, 1913, pp. 6-7.

After defining a lobby as seeking to influence legislation in any manner whatsoever, whether proper or improper, the House Select Committee concluded that the NAM and the National Council for Industrial Defense (NIC) had maintained lobbies for the purposes of influencing legislation. In appraising the propriety of NAM tactics, the Committee concluded that inducing of members to remain away from Congress was "highly improper."

Casuing Congressman to change their opinions was reproached: "We entertain the gravest doubt as to the propriety of the acts of Mulhall and Emery relative to this matter."

The charge that the chief page was in the employ of Mulhall, with the approval of the Association's Counsel, was substantiated. The committee registered its "severest censure" upon all persons connected with the arrangement. It was characterized as "a violation of all the proprieties."

There was no evidence that Congressmen were employed for improper purposes, but McDermott was declared guilty of "acts of grave impropriety, unbecoming the dignity of the distinguished position he occupied."

Error was found in some of Mulhall's allegations. He was found to be extravagant in many of his claims. The charges of direct bribery and corruption were never substantiated.

The majority of the committee concluded:

The correspondence between officials and employees of the association laid before your committee and placed in evidence shows it to have been an organization having purposes and aspirations along industrial, commercial, political, educational, legislative, and other lines, so vast and far-reaching as to excite at once admiration and fear--admiration for the genius which conceived them and fear for the ultimate

effects which the successful accomplishment of all these ambitions might have in a Government such as ours.¹

J. Philip Bird, general manager of NAM, was asked by the committee whether he, as manager of the Association, would have been perfectly satisfied if Mulhall could have done what he claimed he had done. Bird answered: "If he could have done it, he would have been a wonderful man and I would have been entirely satisfied."²

Techniques of the "New Lobby"

Pressure groups do not observe the separation between the three branches of government. The NAM has attempted to influence, or has shown concern in, all three branches.

The influence on the legislative branch of government has been exerted on three fronts: (1) securing Congressmen favorable to the NAM, or defeating those unfavorable; (2) influencing party platforms; and (3) influencing Congress directly and indirectly at every stage of the legislative process.

Securing Congressmen favorable to the NAM.--In 1908

Association members were told to drop partisan badges:

The partisan badge, Republican or Democrat, which a candidate carries must not count for anything with us. Our aim must be to influence public sentiment in favor of candidates, regardless of their party, who stand for good government, true Americanism, and the promotion of the country's

¹Charges against Members of the House and Lobby Activities, House Report 113, op. cit., passim.

²Hearings before a Select Committee, Charges against Members of the House and Lobby Activities of the National Association of Manufacturers of the United States and Others, op. cit., Part 24, pp. 2087, 2129.

prosperity at home and the extension of its influence abroad.¹ But the facts of political life made the NAM, and manufacturers in general, act otherwise. The Republican Party candidates and platforms have been endorsed with a consistency that refutes the bipartisan advice.

The Association openly and vigorously entered the political arena in 1906. Prior to that date, its political activities were only hinted at in its publications. In 1904, for example, it was announced with satisfaction: "At last the business elements and the good citizenship are coming to the support of the men in public life."² But by 1907 John Kirby could assure the Association that it

has wielded a tremendous influence . . . in making ineffective the political boycott in the last election [1906], when the stamp of 'unfair' was placed upon all candidates for re-election to Congress who exercised the courage of their convictions with respect to the anti-injunction and eight-hour bills and who without exception were re-elected in their respective districts.³

One such man was Republican Charles E. Littlefield of Maine, whom the hitherto non-partisan AFL had attempted to defeat.⁴ Two agents of the NAM personally went to the district and took part in the contest, one in both the nominating campaign and election, the other in the election campaign.⁵ The Association also sup-

¹American Industries, May 1, 1908, p. 19.

²Proceedings, 1904, p. 24.

³American Industries, May 1, 1907, p. 24.

⁴Ibid., August 15, 1906, p. 1.

⁵Charges against Members of the House and Lobby Activities, House Report 113, op. cit., p. 37.

ported Joseph G. Cannon, who had sworn that he would not recognize anyone to speak for the Eight-Hour bill.¹

The Association took an active part in the campaign of 1908. The legislative fight in Washington was transferred to the Republican Convention, and then into the open field of political appeals and attacks.² President Van Cleave advised all "conservative, law-abiding and public-spirited people" to "get into politics" because "all the vicious and disturbing elements of society are always in politics."³ A severe attack was made on William Jennings Bryan and the Democratic platform by Van Cleave and Emery: "The result of the convention has made it the duty of employing interest regardless of party to bury Bryan and Bryanism under such an avalanche of votes that the work will not have to be done over again in 1912."⁴ Bryan was condemned because of his advocacy of government ownership, guarantees for bank deposits, anti-injunction legislation, tariff for revenue only, business franchises, and free coinage of silver.⁵ Therefore, William Howard Taft, who was known to labor, NAM said, as the "injunction judge," and the Republican party platform, which upheld the "authority and integrity of the courts, to issue injunctions,"⁶

¹Wilfred E. Binkley, American Political Parties (New York: Alfred A. Knopf, 1947), p. 361.

²Proceedings, 1908, pp. 111-12; 1909, pp. 58-59; American Industries, November, 1909, p. 19.

³American Industries, March 1, 1908, p. 19.

⁴Ibid., July 15, 1908, p. 5.

⁵Ibid., October 1, 1908, front page.

⁶Binkley, op. cit., p. 362.

received NAM endorsement.

American Industries boasted: "One of Mr. Taft's first utterances after the election, was that, in a large degree, he owed his victory to the support which the business men of all parties gave him."¹

Even though the NAM had threatened to form a new political party in 1910² their support went to the Republicans again in 1912. The Democratic platform was

unsatisfactory to the business man, because of its unsound attitude in relation to the tariff, the Constitution, the judiciary and the labor question. . . . The Republican platform is entirely acceptable and its conservative principles should enlist the active support not only of business men but of all who thrive when business thrives.³

The elements of positive government regulation inherent in Woodrow Wilson's New Freedom were distrusted:

The manufacturing interests of the country are opposed to any change of administration which will result in a disturbance of business, a check to present commercial improvement, and possible wage reduction. Radicalism in tariff revision or radicalism in labor legislation are equally menacing to continued prosperity.⁴

The common practice was to endorse or support those who were favorable to industry and who had opposed labor legislation. A published list of votes of important labor bills served to acquaint the manufacturers with the position of Congressmen on vital issues.⁵

¹American Industries, June 1, 1909, p. 11.

²Ibid., July, 1910, p. 11.

³Ibid., October, 1912, p. 20.

⁴Ibid., November, 1912, p. 7.

⁵American Industries, June 15, 1908, p. 27.

Practically all public officials who won the enmity of the AFL were supported and all the public officials noted for their support of labor union measures were approved. Members were told to obtain the names of those Congressmen "and see that they do not go back" to Congress."¹ A reprint of the "white list" of the AFL was used as a "blacklist" by the NAM.²

Kirby explained to the Senate Committee investigating the Mulhall charges:

We have endeavored both to elect and to defeat candidates for office. We have tried to elect to Congress man whom we have known to possess the courage of their convictions, and to get under the skin of this industrial question, and who fearlessly opposed the legislation that we have been opposing. We have used every endeavor to put them back into Congress, or to elect such men to Congress. We have as openly endeavored to defeat men who have openly done the other thing, and that we proposed to continue as citizens, as a duty which we owe to our country.³

The NAM has not publicly endorsed or condemned candidates for Congress by name or actively participated in election campaigns in recent years. In 1946 Walter Weisenberger told a House Campaign Expenditures Committee: "We do not support or try to defeat any candidate for either federal or state jobs, directly or indirectly."⁴ "We have no desire to influence voters."⁵ However, before the 1946 elections the voting records of members

¹Proceedings, 1912, p. 342.

²American Industries, November 1, 1906, p. 19.

³Maintenance of a Lobby to Influence Legislation, op. cit., Part 56, p. 4502.

⁴NAM News, October 19, 1946, p. 5; November 16, p. 4.

⁵New York Times, October 16, 1946, p. 30.

of Congress were published for the information of NAM members.¹

Influencing party platforms.--In 1908 the Association called upon its members to send telegrams of protest to the Committee on Resolutions of the Republican party against the insertion of labor planks in the platform. Satisfactory results were reported:

. . . it was estimated that from 30,000 to 40,000 telegrams poured in on the resolutions committee in one day, protesting against the party putting itself on record as approving of such measures; and as a result of such a flood of protests, backed by the forceful argument of Mr. Emery, the objectionable planks were stricken from the platform after they had been adopted by the resolutions committee.²

No attempt was made to influence the Democratic platform. Rather, it was severly denounced as being hopelessly under labor's influence.³

In 1912 the NAM adopted the more non-partisan method of influencing both Democratic and Republican platforms.⁴ Again, in 1920 the "Platform of American Industry" was submitted to both parties, and employers were urged to work for the adoption of the planks it contained.⁵ Both parties accepted some of the ideas in the Platform, but the Republican party embodied more

¹Ibid., October 16, 1946, p. 30.

²Proceedings, 1911, pp. 84-85.

³American Industries, July 15, 1908, p. 5; October 1, 1908, p. 5.

⁴Ibid., August, 1912, pp. 31, 35.

⁵Ibid., August, 1920, p. 7; New York Times, April 14, 1920.

of the planks in its platform than did the Democrats.¹

Since 1920 the Association has continued to present the "Platform of American Industry" to the Resolutions Committee of the major parties.² There is no evidence that the NAM has ever again sought to influence the actual writing of party platforms as they did in 1908.

Influencing the legislative process.--The NAM has focused both "direct" and "indirect" influence on Congress at each of the various stages in the legislative process. Direct influence on legislation has occurred when the NAM has communicated with members of Congress through letters, by appearances of witnesses representing the Association before congressional committees, and by personal visits to members of Congress. The influence has been indirect when the NAM, its members, or affiliated organizations have mobilized mass reactions against undesired bills or for desired measures and then have directed that sentiment upon Congress.

To influence Congress, the NAM first has to know what is in the legislative mill. James Emery, whose legal service for NAM extended from 1907 to 1947, supplied much of the information. Operating through the Law Department of the Washington office, he took notice of every bill that was introduced which affected the interests of industry. The proposed measures were

¹Taylor, op. cit., pp. 103-05. Taylor reproduces the NAM platform and the Republican Party platform side by side.

²Letter from Vada Horsch to John R. Suman, op. cit., p. 2.

carefully analyzed, abstracted, card indexed, filed, and their progress observed and recorded. The Washington Service Bulletin informed members semi-monthly of the nature and status of the bills that affected them. Points of objection to the employer were indicated and arguments of rebuttal drafted.¹ Special bulletins issued by the National Industrial Council have given members a digest of state legislation affecting industry.² The weekly column "Washington Newsletter" in NAM News and the Law Department's Law Digest, Law Digest Supplements, and Memos supply NAM officers, members, and affiliates with necessary data for pressure campaigns.

Sometimes special legislative situations call for special information services. For example, the New Deal program of labor legislation forced the NAM into a state of perpetual mobilization. The Association called an "emergency conference" on April 28, 1933, and appointed a "special manufacturers' committee," which carefully followed and reported on the progress of the National Industrial Recovery Act.³

Informed through these various channels the NAM has been able to exert pressure on Congress at the proper time. When

¹Proceedings, 1920, p. 123; 1908, p. 285; 1924, p. 11; Bonnett, op. cit., pp. 321-22; Charges against Members of the House and Lobby Activities, House Report 113, op. cit., p. 16; Answers to questions submitted by Special Committee to Investigate Lobbying Activities.

²Taylor, op. cit., p. 107.

³Among the members were Robert Lund, Lamot Du Pont, Robert Lamont, president of American Iron and Steel Institute, and James H. Rand, Jr. LaFollette Committee, Hearings, Part 17, p. 7562.

it appeared that unwanted legislation would be introduced the NAM campaigned to prevent introduction. Thus, when Senator Wagner, in 1934, announced his intention of introducing legislation to strengthen the National Labor Board, the NAM descended on Congress. According to Emery, "[W]e met the challenge . . . the legislation has not been proposed and there is evidence that, in the highest quarters there is unwillingness to support legislation of this character."¹

The Congressional committee system, which has been called the Achilles heel for the lobbyist's arrow, has been a principal object of NAM pressure. To insure a sympathetic response by Congressional committees Emery once attempted to influence the selection of committees in the House.² When bills were ready for the committee stage the Association sought to divert them to committees that would act favorably to industry. The success of NAM in defeating labor's repeated attempts to amend the Sherman Act lay in part in its ability to have such bills referred to the House Committee on the Judiciary, the personnel of which was not sympathetic to labor.³

Once a bill was in committee, several courses of action could be followed. Some bills were simply killed in committee. Ex-congressman Littlefield, long a friend of the NAM, volunteered

¹Letter from Emery to William Frew Long, January 17, 1934, cited in ibid., p. 7575.

²Maintenance of a Lobby to Influence Legislation, op. cit., Part 54, pp. 4349-50; Part 35, p. 4096.

³Charges against Members of the House and Lobby Activities, House Report 113, op. cit., pp. 82, 84.

details on how this happened:

The gentleman who will appoint the committee [House Judiciary Committee] . . . will be a man by the name of Joseph G. Cannon, and when he appoints the Judiciary Committee in my judgment it will be a committee that will see that nothing but wise and judicious legislation is reported therefrom. . . . One of the members of that committee heretofore, who I have no doubt will be a member again, is my friend, Mr. Malby of New York. . . . I do not hesitate to assume now the individual responsibility of guaranteeing that Mr. Malby will stand like a rock in connection with these legislative propositions, no matter what the storms may be. This Association will find in him a warm friend and an active supporter.¹

The most common technique employed by the NAM in influencing Congress directly has through the testimony given before a Congressional committee. In 1902 the NAM made its first Congressional appearance in opposition to a labor bill when James Emery spoke against the eight hours for laborers on government work bill before the Senate Committee on Education and Labor.² From that date down to the passage of the National Labor Relations Act in 1935 spokesmen for the NAM made eighty-three appearances before Congressional committees. Emery alone testified fifty-nine times. Forty-one of these appearances related to labor problems, immigration, or the court's power to issue injunctions.³ Between 1932 and 1935, forty-two statements were made before

¹Proceedings, 1909, pp. 256-57.

²Even before 1902 representatives of NAM appeared before Congressional committees for legislation other than labor. President Search told the convention in 1900: "As president of the Association I have found it necessary to make frequent trips to Washington to appear at hearings upon bills in which we have been interested and to confer with members of Congress who have desired information concerning the views of the manufacturers of the United States with regard to various matters" (Circular of Information, No. 39, May 15, 1900, p. 7).

³LaFollette Committee, Hearings, Part 35, pp. 14035-38.

Senate and House committees. Of these, only four were in favor of and thirty-eight were against the pending legislation.¹ In 1945 NAM representatives "told industry's story" to Congressional committees on twenty different occasions. Eight statements were in regard to labor legislation.² By correspondence with Senator Kilgore and Senator O'Mahoney management's views on current problems were forwarded. Ira Mosher conferred with Senator Kilgore on manpower problems.³ In 1946 testimony was presented on portal-to-portal legislation and on a number of pending labor bills.⁴ In 1947 fourteen appearances were made by NAM spokesmen before Congressional committees on subjects including portal-to-portal legislation, United States Employment Services, and labor legislation. Ira Mosher testified before both the Senate Committee on Labor on the original Taft proposal (S.55) and the House Committee on Education and Labor on the Hartley bill (H.R. 3020).⁵ Raymond

¹Ibid., p. 14039.

²Achievement for Industry in the Year of Victory, op. cit., p. 13.

³Ibid., pp. 14, 15.

⁴"Letter to Clerk of the House of Representatives," op. cit., p. 19. On one occasion, however, the NAM rejected an invitation to testify before a subcommittee of the House Labor Committee on the causes of labor disputes. Asserting that Congress already had enough data at its disposal to permit immediate action on "necessary corrective labor legislation" the NAM simply refused to appear. New York Times, June 24, 1946, p. 18. Representative Kelley, chairman of the subcommittee, hinted at contempt charges if the NAM did not reconsider its decision. Ibid., June 25, 1946, p. 12.

⁵Labor Relations Program, op. cit., Part 2, pp. 927-71; "Statement of Ira Mosher before House Committee on Education and Labor, March 7, 1947," pp. 1-26. (Mimeographed.)

Smethurst testified before the Senate Judiciary subcommittee on portal-to-portal pay suits.¹ Twelve supplemental written statements and briefs were submitted to congressional committees.²

After a bill has passed through committee stage the NAM has sometimes attempted to keep the legislation from reaching the floor for debate and vote. The Wagner labor disputes bill of 1934 did not reach the Senate floor. The NAM claimed credit for this failure.³

If this strategy failed, before the bill reached the floor, the Association has attempted to secure concessions in the proposed measures. The Association reported success in this maneuver, in regard to the Labor Disputes bill of 1934, by securing "three important concessions from Wagner, which made the bill less acceptable to Labor."⁴ On another occasion the NAM succeeded in pressuring a Congressman to reverse his position on a certain piece of legislation. Emery explained:

. . . at the time the Hepburn Bill was introduced, John Sharp Williams, minority leader on the floor, during his filibustering tactics, said that they would help the President amend the Sherman Anti-Trust Law, that they would help him pass the Hepburn Bill, and they made a big fuss about it. After we got in touch with the Southern organization and brought this statement to their attention, twelve days after that, Mr. John Sharp Williams went before the American Academy of Social and Political Science at Philadelphia and delivered the most drastic and bitter criticism of the Hepburn Bill that has come out of the mouth of any public man. In that he showed a

¹NAM News, January 18, 1947, p. 7.

²The NAM Story, op. cit., unnumbered.

³Cited in LaFollette Committee, Hearings, Part 17, p. 7534.

⁴Ibid.

marvelous facility and adaptability to circumstances.¹

The Association's communications with Congress in regard to the Taft-Hartley bill present a case study in the techniques of exerting direct influence.

When Congress was in the process of drafting and enacting the Taft-Hartley Act the NAM conveyed their suggestions to Congress through their paid lobbyists.² Ira Mosher testified before both the Senate Committee on Labor on the original Taft proposal (S. 55) and the House Committee on Education and Labor on the Hartley bill (H.R. 3020).³ Supplemental written state-

¹Proceedings, 1908, p. 297.

²Walter Chamblin registered under the Lobbying Act in 1946, reporting a salary of \$28,000. New York Times, November 21, 1946, p. 24. Chamblin, as well as the rest of the Washington Office were well qualified to perform their job and make contacts with Congress. Chamblin became NAM's Vice-President in charge of the Government Relations Division in 1945. For seven years he was with the Washington Bureau of the Associated Press. After two years as Washington director of the National Industrial Council, he became Executive Director of the NAM Washington Office. James W. Douthat, Executive Assistant to Chamblin, was with AP for eighteen years, fifteen of which were spent in the Washington Bureau covering the Senate, various Executive department, and the Supreme Court. James M. Brewbaker, Specialist on Labor, joined the NAM in 1944. Before that time he had worked for the federal government in the following capacities: general services officer, Office of Emergency Management; assistant to director of information, War Production Board; administrative analyst, Office of War Information; administrative officer, division of information, Office of Emergency Management; and information clerk, office of clerk, House of Representatives.

Arthur F. DeGreve, another Specialist in the Government Relations Division, worked for twenty years for the United Press. He joined NAM in 1946. The Chief of NAM's Capital Reporting Staff, William S. Neal, came to NAM in 1945. For nineteen years he had been the chief of the Capital bureau for International News Service. During this period he covered the Senate, House, and Supreme Court. Of Those Who Serve You, op. cit., unnumbered.

³Labor Relations Program, op. cit., Part 2, pp. 927-71; "Statement of Ira Mosher before House Committee on Education and Labor, March 7, 1947," pp. 1-26.

ments and briefs were submitted to the committees.¹ On one occasion the counsels of NMA, Chamber of Commerce, AFL, CIO, independent unions and private firms of attorneys met with the Senate committee.² On another occasion Gerald D. Morgan, who had been hired by Fred A. Hartley, chairman of the House Committee on Education and Labor, to serve as special counsel to the majority members of the committee, sought advice from Raymond S. Smethurst, NAM general counsel. "I guess Mr. Hartley asked me to talk with him," Morgan told a special subcommittee of the House Committee on Education and Labor conducting hearings on a bill to repeal the Taft-Hartley Act.³ Morgan also sought advice from Gerard D. Reilly and Theodore Iserman. Reilly had been a member of the NLRB from 1941 to 1946. After engaging in a private practice for a few months he was retained by the Senate Committee on Labor and Public Welfare as special counsel to assist in drafting the Taft bill. He was also a registered lobbyist for General Motors (at \$3,000 per month), General Electric, Pond Creek Pocahontas, a coal company, and the Printing Industry of America--"the largest group of small manufacturers in the country."⁴ While working for the Taft committee and when in consultation with Morgan, however, he

¹The NAM Story, op. cit., unnumbered.

²Congressional Record, 80th Cong., 1st Sess., 93 (April 7, 1947), Part III, 3134.

³U.S. Congress, House of Representatives, National Labor Relations Act of 1949, Hearings before a Special subcommittee of the Committee on Education and Labor, 81st Cong., 1st Sess., on H.R. 2032, a bill to repeal the Labor-Management Relations Act of 1947 (Washington: Government Printing Office, 1949), p. 1160.

⁴Ibid., p. 572.

was not so employed. Theodore Iserman was an attorney with an extensive labor-law practice "whose writings on labor-law problems had received wide circulation." One of his principal clients was Chrysler Corporation. Asked how he happened to consult Iserman, Morgan explained: "No one directed me to get in touch with Mr. Iserman, no. I did that on my own." The purpose for these consultations, Morgan said, was to obtain "expert technical assistance in connection with numerous legal, administrative, and practical problems that were involved in the various policies being considered."¹

The direct influence that the NAM has exerted upon Congress has been supplemented by indirect campaigns to stir people into action to influence the formulation of public policy. The NAM frequently has induced its members, or affiliated organizations, to marshal their forces for a direct assault upon the law-making machinery. The Association, along with these forces, have in turn mobilized and focused mass public opinion on the legislature, for and against particular bills.²

Edward B. Logan wrote in 1929 that the indirect method

¹Ibid., pp. 1162, 1171-72.

²The campaigns of indirect pressure that the NAM has focused upon Congress are distinguishable from the indirect public relations programs discussed above (chap. viii). The public relations programs were conducted by members and affiliated organizations, at the prodding of NAM, to create a favorable climate of public opinion and to win public approval or disapproval for particular bills the NAM was supporting or opposing. The purpose of the indirect pressure campaigns was to induce members, affiliates, and the people to exert influence directly upon Congress.

of lobbying was just in the development stage.¹ However, as long ago as 1900 the NAM sent out an appeal to members "to advocate the early passage of the bill now before Congress. Conference or correspondence with members of Congress . . . will be very helpful in accomplishing the desired result."² In 1907 an impressive show of strength was exerted upon Congress. On that occasion, according to an NAM official,

The pressure had been so terrific upon Congress that it seemed that it had lost all the courage that it usually has, or at least sometimes has, but through our counsel and through the machinery of the organization, within forty-eight hours we had over ten thousand telegrams and letters sent.

In 1908 a general call went out to the members and, as Emery pictured it,

telegram after telegram and letter after letter rained upon the White House and Capitol like a summer storm. The public men received a new impression. The citizen in business had given astonishing and overwhelming evidence of a vigorous and impressive interest in public affairs.⁴

During the New Deal large-scale campaigns of indirect influence on Congress were initiated. On March 1, 1934, Senator Wagner introduced the first of his labor disputes bills in the Senate. The NAM began cautiously with this letter to its members:

It would be ill advised to move hastily in protest on the new Wagner Bill until more is disclosed about it. . . .

¹Edward B. Logan, Lobbying, supplement to Vol. CXLIV of The Annals of the American Academy of Political and Social Science (July, 1929), pp. 78-79.

²Circular of Information, No. 38, 1900, p. 15.

³Proceedings, 1908, p. 107.

⁴Proceedings, 1908, p. 283; cf. ibid., 1912, p. 148; American Industries, March 15, 1908, p. 18; Proceedings, 1925, pp. 323, 329.

We'll keep you advised. But keep informed about its possibilities. Lay your plans to revive and be part of the splendid protest machinery that functioned so well originally, and being thus prepared to move hastily as the possibilities justify.¹

When the bill was reported on the machinery was set in motion:

Industrialists, your course is plain. Just as in February and March you made your expression on this bill plain to Congress. YOU MUST DO IT AGAIN. It makes no difference how many times you have written before; if you have a viewpoint on this measure, get it to your Congressman, Senators and Representatives, AT ONCE.²

The advice to members hammered away:

TAKE NO CHANCES. KEEP AT IT! Never mind what the news is about Congress adjourning or about no Wagner Bill; the threat of this legislation isn't over until the gavel drops finally. SO TREAT THE WAGNER BILL AS BEING EVERY BIT AS THREATENING AS IT EVER WAS!!!³

The Wagner bill never reached the floor of the Senate. For this failure the NAM claimed credit.⁴

When Senator Wagner announced in 1935 that he would introduce a new bill to broaden the powers of the NLRB, the NAM was fully prepared. The bill did not become law until the protest machinery of the NAM had mobilized and directed the sentiments of its members and affiliated organizations against the bill. Three days after the bill was dropped in the hopper the NAM News Letter suggested that manufacturers communicate with their Senators and Representatives, giving their views upon the labor bill. Apparently this letter was written even before the bill had been

¹"NAM News Letter," May 12, 1934, p. 1.

²Ibid., May 26, 1934, p. 1.

³"NAM News Letter," June 9, 1934, p. 2.

⁴LaFollette Committee, Report, p. 86.

introduced.¹ Upon announcement that the Senate Committee on Education and Labor would commence hearings on the bill the Association sent out a call through its News Letter of March 4, for industrialists to communicate with NAM's New York office to make arrangements to appear before the committee.² As the hearings progressed President Bardo wrote to the manufacturers again urging them to write Congress and to induce other businessmen to do the same.³ Walter B. Weisenburger, Executive Vice-President, wrote a letter to executives of affiliates of the NIC in which he suggested that industrialists organize "Washington pilgrimages" through local or state employers' associations:

There is nothing quite so effective as these personal calls: So therefore do not overlook the value of doing this Let us know if this is possible. It does not have to be a big delegation. We will gladly meet with your committee in Washington before their calls and check over the presentation of material.⁴

After the committee report on S. 1958 reached the floor of the Senate the campaign was intensified. James P. Selvage wrote to industrialists and Association executives on May 6, suggesting that they resort to radio broadcasting in opposition to the Wagner labor disputes bill and the social security bill then pending. Upon telegraphic request Selvage promised to rush literature to be used in the preparation of radio programs.

To achieve concentrated pressure upon Congress, a special

¹Ibid., p. 102.

²"NAM News Letter," March 4, 1935.

³Cited in LaFollette Committee, Hearings, Part 35, p.14188.

⁴Cited in ibid., pp. 14194-95 (italics in original).

"legislative action conference" was called to be held in Washington on May 22, 23, 24, and 25, at the Mayflower Hotel.

But don't gather from this that this is 'just another meeting' with a lot of speeches. The meeting is for informatory and organizational preparation. The real purpose is to concentrate as many executives and officers of industrial organizations as is possible at the Capitol to express personally to their Congressmen and Senators their viewpoint with respect to pending legislation.¹

This letter suggested that "at least one business leader from each congressional district" be brought direct to Washington to this conference in order to bring pressure upon members of Congress. It advised that: "In selecting the officers and others who will represent you, please bear in mind the calls they are going to make on Congressmen, and bring those best acquainted with the legislative situation--and with the Congressmen."²

President C.L. Cardo, made a personal appeal to prominent business leaders to appear personally in Washington and "participate in conferences with Senators and Representatives from your State."³ Bardo also communicated with Sayre of the National Metal Trades Association with whom the NAM had coöperated through the entire campaign. The meetings in Washington, he wrote, were "the last chance for industry to present a united, frontal attack on these measures aimed at crippling it." These organizations will mobilize "for the sole purpose of subdividing into State and Congressional district delegations, so that each group can spend the last three days of the conference in contacting its own chosen representatives at the Capitol."⁴

¹Cited in ibid., p. 14201.

²Ibid.

³Cited in ibid., p. 14203.

⁴Cited in ibid., p. 14204.

When the campaign for altering national labor policy was inaugurated in 1938, Robert Lund (President, 1933) wrote:

[B]usinessmen in America must go into politics--not as business executives but as private citizens of a great republic--to battle for those principles in which they believe.

. . . . We can no longer sit back calmly and feel that politics is too dirty a business for us. The cleansing process must come from without. It will never come from within. And the Public Information Program of this Association, and other such educational activities will lay the foundation for wise decisions in political as well as economic issues.¹

Reminiscent of a much earlier statement that industry must "coöperate with Congress and the Government in the guidance and development" of laws, Walter B. Weisenburger, in 1946, called on management to "start a help-Government movement":

Not a drive on Congress or the agencies, not power demonstrations, not as pressure groups, but as experienced men who know something about the economic legislation that is being considered. Business has made most desirable headway in telling its story to Congressmen; they honestly want to know, if you tell them the facts without oratory. Congressmen are up against the multitudinous problems of legislating on everything, upon which they can't possibly become experts. You cannot, therefore, expect them to legislate with the wisdom of a Plato and the science of an Aristotle on your affairs if you don't give them a helping hand.

. . . [L]arger corporations, at least, should have representatives in the capitol, or make it a matter of greater importance for those who are there to assist in presenting the business viewpoint on taxes, on labor relations, on a hundred and one other things affecting the whole economy which will make or break all business.²

The NAM News for March 30, 1946, carried a directory of the 79th Congress with the suggestion: "As an influential member of our community you can help shape the policies to be written

¹Lund, Industry Speaks through N.A.M., op. cit., pp. 10, 12.

²Weisenburger, "Management's Responsibility--to Itself," op. cit., pp. 27-28.

by Congress."¹ To assist members to exert influence upon Congress the Association distributed a directory of each Congress listing the members of both houses and all separate and joint committees.² Changes and additions were carefully noted in subsequent issues of NAM News. In 1947 the suggestion was made that business executives send their stockholders letters urging them to write their Congressmen--"It is a patriotic duty."³

NAM and the Regulation of Lobbying Act

The first federal regulation of general lobbying activities was incorporated as Title III of the LaFollette-Monroney Legislative Reorganization Act.⁴

On the advice of the Association's Counsel, the Board of Directors concluded that the NAM was not obligated to file under Section 307 since the law applied only to persons or organizations whose "principal purpose or activity" was the influencing of legislation, and such was not the principal purpose or activity of the NAM.⁵ Consequently, during 1947 the NAM filed no report. However, Walter Chamblin, Jr., Vice-President in charge of NAM's Government Relations Division, did register immediately. He re-

¹NAM News, March 30, 1946, sec. 2, p. 3.

²Ibid., March 10, 1945.

³Ibid., May 10, 1947, p. 9.

⁴Public Law 601 (Senate Bill 2177), 79th Cong., 2d Sess.

⁵Letter to Irving E. Kaufman, Special Assistant Attorney General, from Raymond S. Smethurst, dated December 24, 1947; letter to Clerk of the House of Representatives, dated April 29, 1948 (copies in author's possession).

ported an annual salary of \$28,000.¹ Those members and officials of the NAM who merely appeared before a committee of Congress in support of or in opposition to legislation were exempted from filing by a provision in Section 308.

As a result of informal conferences with representatives of the Department of Justice in December of 1947 and January, 1948, the NAM agreed to compile and report its legislative expenditures for the calendar year of 1947.² The NAM's first report

¹New York Times, November 21, 1946, p. 24.

²The figures available on NAM expenditures to influence public policy are meager for the years preceding 1947. Only twice during the period in which Proceedings were published was "legislation" listed as a separate item of expenditure in the annual financial reports. In 1904 the largest single expenditure for the year, \$18,285.78 of a total of \$148,564.84, was for legislation. Proceedings, 1905, pp. 103-05. In 1905, \$9,175.39 of a total of \$146,141.95, was spent for legislation. Ibid., 1906, p. 31. During these years NAM agitation against the Eight-Hour bill and anti-injunction proposals was particularly strong.

Figures are also available for the years, 1933-1936, for "Washington Office" expenditures. A portion of these sums were undoubtedly spent on functions other than lobbying; i.e., administration, housekeeping, etc. But they have some value in showing the increasing trend of expenditures:

TABLE 12

WASHINGTON OFFICE EXPENSES, 1933-1936*

Year	Washington Office	Total Expenses	Rank among Expenses
1933.	\$58,464.99	\$217,335.67	1st
1934.	92,376.39	406,116.99	2nd
1935.	94,553.20	520,729.04	3rd
1936.	94,960.56	966,255.78	5th

* LaFollette Committee, Hearings, Part 35, pp. 14039-40.

under the 1946 act was filed April 29, 1948. In filing the statement the Association did "not admit any statutory obligation to file such report."¹ Thereupon, the Association followed what appeared to be an unusual course by appealing to the District Court for the District of Columbia in a civil action for an injunction to enjoin enforcement of the Federal Lobby Act, which is a criminal statute.²

In the report that it filed the NAM explained that it had "been forced to choose a definition of 'Legislative activity' for the purpose of determining the amounts expended during 1947."³ In so doing, the view that the law might require reporting receipts and expenditures in the general field of member and public information services was rejected: "Since any such broad interpretation would raise important Constitutional questions involving freedom of speech, assembly, and the press, it has seemed reasonable to assume that Congress did not intend any such broad application of Section 305, but on the contrary intended to reach and include activities which seek more directly and specifically to secure the support or opposition of individual members of Congress toward legislation actually pending in either House."⁴ (The law defined legislation as also including "any other matter which may be the subject of action by either House."⁵

¹Letter to Clerk of the House, op. cit.

²Belle Zeller, "The Federal Regulation of Lobbying Act," American Political Science Review, XLII (April, 1948), 256, n.5.

³Letter to Clerk of the House, op. cit., p. 3.

⁴Ibid. ⁵Public Law 601.

In order to define "legislative activity," the Association's interest and activity with respect to federal legislation were divided into five stages: (1) formulation of Association position or policy with respect to legislation; (2) development of an understanding of an acceptance by members of the Association and other business groups of the policy, viewpoint or attitude developed by the Association; (3) seeking to inform the public of the import and possible effect of legislation with the definite object of gaining public acceptance of the principles or viewpoint of the NAM; (4) acquiring and reporting information concerning the scope, effect, and prospects for legislation of particular interest to manufacturers; (5) direct efforts to influence legislation by communication with members of Congress through letters from NAM officers, by appearance of witnesses representing the Association before committees, by personal visits to members of Congress by members of the Washington office staff, and by direct communication to members of the Association suggesting that they communicate with their representatives.

It was the view of the Association that, except for some of the activities described in point five, no other activity, treated separately, was necessarily and universally covered by the Lobby Registration Act. In general, the activities included under point five, therefore, served as the basis for determining the expenditures to be reported--supplemented in some instances by expenditures under points one, two, three, or four when such expenditures, by reasonable implication, could be said to be for the purpose of directly influencing legislation. Thus calculated,

a total of \$85,231.52 was spent for the purpose of influencing federal legislation in 1947. (Tables 13 and 14.) This figure represented 3.6 per cent of total expenditures for 1947, excluding those of its Public Relations Division; 1.9 per cent including them. Using the higher percentage (3.6 per cent), an additional amount of \$60,954.60 was computed and included as additional administrative expense, arrived at by applying the legislative percentage (3.6 per cent) to the total expenditures of the Executive Office, Business Management Division, Economic Policy Division, etc., which made no direct legislative expenditures. Adding this additional administrative expense to the legislative expenditures of \$85,231.52 gave a total of \$146,186.12 for 1947.

The NAM rejected the other possible method of computation. That would involve the use of 1.9 per cent as the correct legislative percentage which would be applied to obtain additional administrative expense (including here expenditures of the Public Relations Division as well as Executive Office, Business Management Division, etc.) amounting to \$72,810.97. The total would have then amounted to \$158,042.49.¹

Influencing the Executive Branch

The actions of the NAM to influence public policy have not been confined to the lobbyist's pressure on Congress. The Washington office of the NAM endeavors to ascertain forthcoming administrative recommendations and decisions; establish formal and informal contacts with agencies having cognizance of matters

¹Letter to Clerk of the House, op. cit., pp. 17-22.

TABLE 13

TABULATION OF LEGISLATIVE EXPENDITURES, 1947*

Department	Legislative Expense	Total Expense	Percentage
Government Finance	\$5,539.38	\$ 60,287.64	9.1
Industrial Relations	7,225.41	146,193.48	4.9
Governmental Relations Divi- sion	44,247.78	166,495.09	26.6
Law Department	3,877.69	125,348.03	3.0
International Economic Rela- tions	103.89	14,605.76	.7
Industrial Capital	123.61	3,427.47	3.6
Patents and Research	1,208.09	36,167.06	3.3
National Industrial Council: State Group . . . 18,679.05			
Manufacturing Trade Group . . . 561.79			
Industrial Rela- tions Group . . . 1,081.21			
Office of Executive Director . . . <u>1,557.83</u>			
	21,879.88	115,888.66	18.8
Social Security	1,025.79	2,508.75	40.8
Total Direct Legislative Expenditure	85,231.52	670,921.96	12.7
Administrative and Overhead	60,954.60		
	<u>\$146,186.12</u>		

* Source: Letter from Raymond S. Smethurst to the Clerk of the House of Representatives, dated April 29, 1948.

TABLE 14

PER CENT RELATIONSHIP OF DIRECT LEGISLATIVE
EXPENDITURES TO TOTAL EXPENSES*

	Expenses	Percentage
NAM Programs	\$2,364,105.27	3.6
Public Relations Program	<u>1,947,362.34</u>	
Total	\$4,311,470.61	1.9

* Source: Same as for Table 13.

affecting industrial interests; advise administrators of NAM policies through petitions, letters, telegrams, conferences and printed publications; attend administrative hearings; staff advisory committees and boards; and urge the Association's membership to speak up and tell its story to the administrative bodies. Specifically, the NAM has, at one time or another, (1) pressured the Chief Executive to take, nor not to take specific action and (2) participated directly in the bureaucracy.

Pressuring the Chief Executive

In 1913 Wilson was urged not to sign a law exempting labor unions from the Sherman Anti-Trust Act. American Industries vaunted:

It is doubtful if any President has even been appealed to more earnestly by business men throughout the country than in the protests lodged with him urging executive disapproval of the policy of class legislation now sanctioned.¹

James Emery called upon President Roosevelt to veto the National Labor Relations bill when it reached his desk for signature. He told him that the Senate was "uninformed" about labor affairs.² At a special National Industrial Council held from May 22 to May 25, 1935, the NAM urged the Council and its affiliates to register their opposition to the bill with the President.³

Attempts have been made to induce the Chief Executive to take specific action desired by the NAM. President Pope sent

¹American Industries, July, 1913, p. 7.

²Cited in LaFollette Committee, Report, p. 121.

³LaFollette Committee, Hearings, Part 35, p. 14208.

a telegram to President Wilson appealing for action to prevent a threatened railroad strike in 1917.¹ A letter from President Edgerton urged President Coolidge to refuse to intervene to enforce union demands in unionized bituminous coal fields.² This method of direct appeal to high governmental offices received its first impetus from a resolution passed by the Association in 1907 pleading for opposition to legislation intended to weaken the Sherman Act as it applied to labor. The resolution provided that the Secretary be instructed to transmit a copy of the resolution "to the President and the Attorney General of the United States, to each member of the Senate and House of Representatives, and to the Governor of each State of this Union."³

When hearings were being held on Senator Wagner's first Labor Disputes bill (1934), the NAM appointed a committee to visit President Roosevelt and Hugh S. Johnson for the purpose of registering a protest.⁴

Participating in the Bureaucracy

During World War II several NAM officials participated in government in an official capacity. Donald Nelson established a Management-Labor Council within the War Production Board to meet periodically with him to discuss WPB plans and policies as

¹New York Times, March 17, 1917.

²Letter from J.E. Edgerton to Calvin Coolidge, dated November 23, 1925, cited by Taylor, op. cit., p. 108.

³Proceedings, 1907, p. 218.

⁴LaFollette Committee, Report, p. 84.

they might affect organized industry and labor. F.C. Crawford, president of NAM in 1943, and Malcolm Muir, NAM Director and chairman of the Association's War Committee, served on the Council along with two members from the Chamber of Commerce, AFL, and CIO.¹

The Association assisted the War Production Board in the development and coördination of an anti-industrial accident campaign in which CIO, Chamber of Commerce, and National Safety Council participated too.² Also in 1943, Crawford was on the Management-Labor Policy Committee of the War Manpower Commission along with representatives of eight other business and labor organizations.³

President Roosevelt met from time to time with a small group of business men with whom he consulted on matters concerning the participation of business and industry in the war. Crawford sat in on these meetings along with Benjamin F. Fairless, U. S. Steel Corporation; Eric Johnston, Chamber of Commerce; David Sarnoff, RCA; and others.⁴

The Business Advisory Council established by the U.S. Department of Commerce in 1944 numbered thirteen business executives of whom nine were NAM members.⁵

¹NAM News, April 3, 1943, p. 5.

²Ibid., January 29, 1944.

³Ibid., March 27, 1943, p. 8.

⁴New York Times, October 28, 1943, p. 35.

⁵NAM News, January 1, 1944, p. 6.

Robert M. Gaylord, President of NAM, and Eric Johnston appointed in 1944 a joint advisory committee of leading business executives to aid and advise industry members of the National War Labor Board. F.C. Crawford, then NAM Board of Directors Chairman, was appointed co-chairman of the committee, with William P. Witherow, Chairman of the Executive Committee, as alternate. Two additional members of the Board, Wysor and Herman W. Steinkraus, together with three members from the Board of the Chamber of Commerce were also appointed.¹ Later that year Roosevelt named Hill, vice-chairman of NAM's Committee on Labor Relations, as alternate industry member of the National War Labor Board.²

NAM and the Courts

The relations of the NAM with the judicial branch of government has been fundamentally different from its relations with the legislative and executive branches. The Association has never attempted to influence a judge in his rendering a decision. Satisfaction has been expressed, however, when appointments to the bench appeared desirable. President Kirby spoke of Taft's appointments of Charles E. Hughes and Horace H. Lurton to the Supreme Court as "satisfactory evidence of the President's sound and discriminating judgment."³

The NAM has not hesitated to condemn a judge for "incendiary language and encouraging violence" when he gave a deci-

¹Ibid., February 19, 1944, p. 7.

²Ibid., July 22, 1944, p. 3.

³Proceedings, 1910, p. 99.

sion in favor of a "union conspiracy."¹ But most of the court's decisions concerning labor legislation down to 1937 were favorable to employers: "[T]he courts have taken the same attitude towards the unions that the Association has taken."³ Therefore, the NAM first line of defense was to appeal for law enforcement in labor disputes rather than to undertake much litigation.

Law enforcement was seen to be the proper check for radicalism.³ The NAM urged federal and state authorities to

investigate vigorously and thoroughly all labor organizations and where their acts are found to be illegal and in restraint of trade or commerce, or otherwise in violation of law, to punish the parties responsible for every such violation according to the punishment prescribed therefor.⁴

Members were instructed:

Get busy with the officers of the law who have not upheld the law and who have not been honestly and earnestly enforcing it and punishing those who violate the law and who have been and are still law-breakers and headbreakers striking at the liberties of men and our institutions.⁵

Publicity was given to evidence that cities were liable for damages to property resulting from the lack of protection by the police during labor troubles and that it was to the interest of the municipality to enforce the laws during such times.⁶

When organized labor sought to secure legislation exempt-

¹American Industries, February, 1915, p. 13.

²Ibid., August 15, 1908, p. 6.

³Ibid., November, 1920, p. 24.

⁴Proceedings, 1907, p. 270.

⁵Ibid., 1904, p. 81.

⁶American Industries, January, 1910, p. 7.

ing combinations of labor from the operation of the Sherman Act, the NAM rushed to the defense of the judiciary. The Association met the Hepburn bill of 1906 by an "exposure of its dangerous features" through the press; effective influence over the minority leader in the House; the substantial support of Littlefield, chairman of the sub-committee of the Judiciary, during the hearings on the bill; and the valued coöperation of Daniel Davenport, counsel for the American Anti-Boycott Association.¹ After the defeat of the Hepburn bill in committee, the NAM, by resolution, registered its protest "against the passage by Congress of any legislation giving to organized labor immunity from the operation of any of the provisions of the Sherman Law that are operative against any other class or classes of citizens."² In 1912 the NAM represented its chief task to be the "defense of the judiciary of the country against proposals calculated to impair its integrity."³

The defensive legislative fight was accompanied by an aggressive attack upon organized labor through the courts. Co-operating closely with the NAM was the American Anti-Boycott Association, created in 1902, which assumed the leadership in conducting litigation against labor.⁴ This organization, known after 1919 as the League for Industrial Rights, absolved the NAM of all financial responsibility in the prosecution of the famous

¹Taylor, op. cit., p. 136.

²Proceedings, 1908, p. 143.

³"The Nation's Industry in Convention," NAM Bulletin, p. 19.

⁴Taylor, op. cit., p. 137.

Bucks Stove and Danbury Hatters' cases. F.R. Boocock, Secretary of the Anti-Boycott Association, conceded that in legislative matters the two organizations worked hand in hand at Washington under the joint leadership of Daniel Davenport and James Emery, counsels for their respective organizations, but that the judicial matters were left largely to the Anti-Boycott Association.¹ An article carried in the NAM magazine, American Industries, described the work of the Anti-Boycott Association:

Each member shall be entitled to legal advice from the counsel of the Association on matters within the scope of the work of the Association, and any member desiring legal action for protection against labor conspiracies may present his case to the Executive Board for approval. If the application is approved, the case may be conducted at the expense of the Association.²

The NAM's interest in the Bucks Stove case³ was heightened by the fact that the president of that company was J.W. Van Cleave, who was also a President of NAM and a member of the American Anti-Boycott Association which prosecuted and financed the case.⁴ An aftermath to the Danbury Hatters' cases⁵ which indicates the significance the NAM attached to these decisions came in the late 1920's when the NAM granted Dietrick E. Loewe an annuity of \$5,000 a year to save him from destitution and as a reward for

¹Ibid., pp. 137-38.

²American Industries, December, 1912, p. 23.

³Gompers v. Bucks Stove and Range Company, 221 U.S. 418 (1911).

⁴Taylor, op. cit., p. 139.

⁵Loewe v. Lawlor, 208 U.S. 274 (1908); Lawlor v. Loewe, 235 U.S. 522 (1915).

the benefits conferred by him in lending his name and business troubles to a most important labor case.¹

In 1917 the NAM itself appropriated the sum of fifteen hundred dollars to be used in connection with a like sum appropriated by the National Council for Industrial Defense to assist in paying the expenses of the Oregon Minimum Wage Case² which was then pending in the Supreme Court.³

The legislative picture changed by mid-1935. The Norris-LaGuardia Anti-Injunction Act was on the books. Section 7 (a) of the National Recovery Act had come and gone. Agitation for repeal of the anti-injunction act was in progress⁴ when the Wagner Act was enacted. The last best hope was in the courts. Members were advised that the law was unconstitutional.⁵ The Association distributed between ten and twelve thousand copies of this legal opinion in the July 23 Law Department Bulletin.⁶

Not until the Supreme Court had reviewed the NLRB did the NAM accept its legality. In the meantime, between August 27, 1935, and March 1, 1937, eighty-three injunction suits were brought against the NLRB in the District Courts of the United States.⁷

¹Keir, Labor's Search for More, op. cit., p. 246.

²Bunting v. State of Oregon, 243 U.S. 426 (1917).

³Proceedings, 1917, p. 135.

⁴LaFollette Committee, Hearings, Part 17, p. 7425, 7549.

⁵Ibid., p. 7589; supra, chap. 111.

⁶The NAM's legal opinion was only one of many similar opinions circulated at the time among business interests. The American Liberty League, for example, issued an opinion widely publicized which declared the law unconstitutional.

⁷LaFollette Committee, Report, p. 127.

Among the companies which took advantage of injunction proceedings in order to retard the application of the NLRA were such well-known companies and large contributors and supporters of the NAM as E.I. du Pont de Nemours and Company, General Motors Corporation, Bethlehem Shipbuilding Corporation, Chrysler Corporation, Good-year Tire and Rubber Company, Remington Rand, Incorporated, and others.¹

During the portal-to-portal pay suits episode the NAM filed a brief which asserted that all claims for back pay should be rejected.²

Influential Lobby or Kiss of Death?

At various times the NAM has claimed, and its opponents have charged, that the Association was responsible for pressuring Congress into enacting, modifying, or refusing to enact certain measures. On other occasions its opponents have disparagingly asserted that NAM support for a bill amounts to the kiss of death. And, in moments of modesty, the NAM has doubted that its influence was appreciable, and has denied allegations that it influenced Congress. Some NAM officials have repeated the charge that NAM approval of a bill has condemned it to failure.³

Which is the case? Is the NAM in influential lobby--or does its support bear the kiss of death? How effective has NAM pressure been on the political parties and American government?

¹Ibid. ²NAM News, January 11, 1947, p. 9.

³Robinson, "Your Boss--The Public--Speaks," op. cit., p. 19.

In 1908 the NAM reported success in influencing the Republican Party to strike out objectionable planks in its platform after they had been adopted by the resolutions committee. Secretary Boudinot claimed in 1925 that both major political parties had "recognized the merits and general public good in the industrial platform" and had "incorporated substantially most of the recommendations made."¹

The NAM asserted that they were sometimes successful in keeping bills from reaching the floor for debate and that they have secured concessions in certain unwanted measures.² On April 15, James Selvage, director of public relations, sent Homer D. Sayre of the National Metal Trades Association the following quotation from an article by the Washington correspondent of the Kansas City Star and suggested that Sayre disseminate it among his membership: "The National Association of Manufacturers and the Metal Trades Association have been largely responsible for the demoralization of the Wagner Labor Disputes Bill, the pet measures of the American Federation of Labor."³

Influence upon the legislative process was reportedly effective in many instances. According to the NAM, it was successful in defeating attempts to amend the Sherman Act by having such bills referred to the House Committee on the Judiciary, the personnel of which was not sympathetic to labor.⁴ The Association

¹Proceedings, 1925, p. 49.

²LaFollette Committee, Hearings, Part 17, p. 7534.

³Cited in ibid., Part 35, p. 14196.

⁴Charges against Members of the House and Lobby Activities, House Report 113, op. cit., pp. 82, 84.

also claimed success in killing such bills as an anti-injunction bill in the sub-committee of the House Judiciary Committee.¹ This claim was supported by a former Congressman who was a member of the House Judiciary Committee.² At one time the Association claimed credit for delaying a hearing on an anti-injunction bill for one month.³ For the enactment of workmen's compensation laws in several states the NAM took credit.⁴

Frequently the NAM has testified before Congressional committees. Although it has been said that if one wants to defeat a bill, Emery should be sent to Washington to testify in favor of it,⁵ the evidence of thirty-three years indicates, that Emery did not always exert such a negative influence. He alone testified fifty-nine times out of the total of eighty-three appearances the NAM made before Congressional committees during this period. Many times praise was heaped upon Emery for his efforts. Kirby, for example, said:

If you have a batch or bad bills before your legislature and you can arrange with your committee for a general hearing and will request Mr. Emery to come and appear before the committee, he will be glad to do it, and I can assure you that no objectionable bill will pass through the hands of any committee after Mr. Emery has had a chance to tell them what it means--I don't care whether it is a committee of labor skates or what it is. If he gets a chance at them I will promise you the bill is dead from that moment.⁶

¹Proceedings, 1905, p. 84.

²Ibid., 1909, pp. 256-57. ³Ibid., 1904, pp. 28-29.

⁴"Significant Highlights," op. cit., p. 5.

⁵Personal interview with Carroll French, June 9, 1948.

⁶Proceedings, 1909, p. 228; see also ibid., 1920, pp. 298-99.

An Indiana Congressman verified the extent of Emery's influence in state legislatures:

I want to testify to the exact truthfulness of what you have just now said. In the recent legislative session in Indiana we had both houses in the hands of the opposing party, and I think the largest list of malicious class bills ever presented. The general subjects might be classed under employers' liability, master and servant, assumption of risks, fellow servants, our old friend anti-injunction, aesthetics and hygiene in factories, and every thing of that kind, and we thought we were up against it; but through the insistent persistence of Mr. Emery we were able to prevent every one of those bills from getting to the Governor.¹

The support that the NAM has given to certain Congressmen to carry out their complex duties was praised by Congressman James E. Watson, of Indiana:

When my friend Littlefield, and dear friend Charlie Fowler, who always does the right thing, and I went to Congress, the organization assembled here to-night was not so forceful as it is now, and men who wanted to do things along the right lines were not intelligently and forcefully backed up and reinforced, and therefore men who wanted to do the right thing felt that they would take their political lives in their hands and march to martyrdom. It is not so now. With you gentlemen intelligently and forcefully backing up Congressmen who stand for right principle and right action and correct legislation, there need be no doubt as to the future.²

The NAM has also experienced notable failures. The labor provisions of the Clayton Anti-trust Law were enacted over NAM opposition. So was the Norris-LaGuardia Anti-Injunction Act. With the advent of the New Deal the NAM suffered one defeat after another as legislation that changed the law of labor in the country passed in spite of vigorous objection from the Association. Between 1933 and 1945 no major labor legislation was enacted, except for the Smith-Connelly Act, which was acceptable to the NAM.

¹Ibid., 1909, p. 228.

²Ibid., p. 245.

The measures to which the NAM lent support were the unsuccessful series of bills to repeal or modify the Wagner Act.

By 1946 the NAM recovered from this period of eclipse. In a "legislative box score for industry," the NAM News boasted: "NAM heeded often as 79th Congress wrote record of help to enterprise, scant attention to leftists."¹ Tabulating the progress of various pieces of legislation, the NAM reported that, of the labor legislation before Congress, five bills which NAM supported became law, five opposed by NAM failed, and only three bills supported by NAM failed to become law--a record of ten victories and three defeats.²

The next year saw the successful achievement of the NAM ten year campaign to amend the Wagner Act. Out of the heat of floor debate and from certain labor unions came the charge that the NAM wrote the Taft-Hartley Act. In this instance the NAM was prompt in denying the allegation, claiming no credit for the authorship of the measure. Taft and Congressman Hartley supported this denial. These are the charges:

Representative Arthur G. Klein (Democrat, New York), a member of the Committee on Education and Labor, stated during the initial House debates that no full committee meetings were held to discuss the Hartley Bill and that the Democrats were never consulted. He alleged:³"The bill was actually written with the

¹NAM News, August 3, 1946, p. 2.

²Ibid., pp. 2-6.

³Congressional Record, 80th Cong., 1st Sess., 93 (April 15, 1947), Part III, 3421.

help of several industry representatives and some lawyers from the National Association of Manufacturers. . . ."

On the same day as Klein spoke Frank Buchanan (Democrat, Pennsylvania) maintained that

several sections of this NAM program [1946 labor program] are written into the bill word for word. . . . Yes, the voice of the Republican majority, but the hand is the hand of the National Association of Manuractueres.¹

In the Senate, James E. Murray (Democrat, Montana) asserted that "the National Association has been the principal organization behind this legislation."² While not alleging that the NAM had written the act, Senator George D. Aiken (Republican, Vermont) included the NAM in the group who were conducting "the most intensive, expensive, and vicious propaganda campaign that any Congress has ever been subjected to."³

Both the CIO and the AFL denounced the bill as NAM-inspired. Murray charged that the Congressional majority had acted "under the impetus of a national propaganda campaign organized under the leadership" of the NAM.⁴ George Meany, secretary-treasurer of the AFL broadcast over Mutual Broadcasting System that the House Labor Committee's bill was "not the creation of Hartley and his colleagues at all but was actually the product of the National Association of Manufacturers."⁵ And the executive board of the International Ladies' Garment Workers Union, AFL,

¹Ibid., p. 3451.

²Ibid. (June 20, 1947), Part VI, 7469.

³Ibid. (May 12, 1947), Part IV, 5015.

⁴New York Times, May 17, 1947, p. 19.

⁵New York Times, April 17, 1947, p. 24.

declared that "the labor-baiting program which Congress is now rushing to completion is a bare-faced and undisguised replica of the National Association of Manufactureres."¹

From Senator Taft came specific denial regarding his portion of the bill: "The National Manufacturers Association had nothing to do with it, and the allegation of the various labor ads on this respect is pure demagogy."² Three days later he repeated: "After hearing the evidence, the committee drew its own bill which is a composite of the bills introduced by Senators Ball, Smith, Morris, Ives, Ellender and myself. No business organization had anything to do with it and this allegation in the labor ads is pure demogaguery."³

Congressman Hartley similarly denied the charges: "This Bill [H.R. 3020] was written by the House Committee on Education and Labor. Those of us on the Majority side accept full responsibility for what is in this Bill. It was our responsibility in the first place, and I think we have fulfilled that responsibility."⁴ Representative Richard M. Nixon (Republican, California), who was also on the House Committee with Hartley, supported him:

The direct answer is that the Hartley Bill was written

¹Ibid.

²Debate between Senator Taft and William Green, May 11, 1947, cited in "Who Wrote the Taft-Hartley Bill?" (Undated mimeographed compilation; copy in writer's possession.)

³Speech by Senator Taft over Station WJZ, ABC network, May 14, 1947, cited in ibid.

⁴Congressional Record, 80th Cong., 1st Sess., 93 (April 15, 1947), Part III, 3533.

by the members of the Labor Committee of the House, of which Mr. Kersten and I are two of them. Most of the actual work in the draftsmanship was done by the lawyer members of the committee. A particular group was set up for that purpose.¹

The NAM also responded: "The NAM neither drafted nor sponsored any labor bill at the 80th Congress. The NAM simply set forth the broad principles which the NAM believed essential to bring about industrial peace."²

Since 1937 the NAM was setting forth "broad principles" to alter national labor policy and was conducting extensive public relations programs to win acceptance for these proposals. A startling similarity between the NAM proposals and the final version of Taft-Hartley is apparent. The similarity is more striking if a comparison is made with the Hartley bill,³ which the Association felt was more effective than the Taft Bill.⁴ The original Hartley Bill contained bans on industry-wide bargaining and mass picketing which accorded with NAM principles. The Hartley Bill also contained a specific definition of collective bargaining and made it an unfair labor practice to strike for any issue not specified on this list. As defined, the issues which were legiti-

¹Richard Nixon speaking on the "American Forum of the Air," April 22, 1947, cited in "Who Wrote the Taft-Hartley Bill?" op. cit.,

²"Who Wrote the Taft-Hartley Bill?" op. cit. It is difficult to reconcile this denial with an announcement in NAM News that, on an "It's Your Business" program, Ira Mosher told the radio audience that "adoption of NAM's proposed labor legislation would protect its interests" (NAM News, February 22, 1947, p. 3 [*italics added*]).

³See the comparison John A. Blatnik (Democrat, Minnesota made in a speech of April 16, 1947, Congressional Record, 80th Congress., 1st Sess., Vol. 93, Part III, pp. 3541-42.

⁴NAM News, April 12, 1947, p. 5.

mate subjects for collective bargaining included such issues of similarity with NAM principles as: practices relating to wages, hours, and conditions of work; conditions, procedures, and practices governing safety, sanitation, and protection of health; and vacations and leaves of absence.¹ These provisions of the Hartley Bill were eliminated by amendment and conference committee consultation with members of the Senate.

In spite of the prediction of Raymond Moley that "an angry Congress is likely to enact a labor program which will be vastly more severe than the alternatives outlined by the N.A.M.,"² these three provisions were not included in the final version of the Taft-Hartley Act having been deleted by amendments and the conference committee. Ira Mosher pointed out to the subcommittee conducting hearings on the bill to repeal Taft-Hartley in 1949 that "a great many of those [NAM] principles are not in the Taft-Hartley Act. They are much broader than even the Taft-Hartley Act is." By broader he meant, "They would have a greater protection for the American public. I think the industry-wide bargaining and the closed shop issue are the particular ones."³ The NAM's proposal to outlaw the union shop was not included in either the Hartley Bill or the Taft-Hartley Law. With these exceptions, the core of the Taft-Hartley Act coincided with NAM recommendations for a

¹Congressional Record. 80th Cong., 1st Sess., Vol. 93, Part III, p. 3318; cf. supra, chap. iii.

²Newsweek, December 16, 1946, p. 116.

³National Labor Relations Act of 1949, op. cit., p. 827.

national labor policy.¹

Did the NAM Write the Taft-Hartley Act?

It is important to bear in mind, when attention is concentrated on just one organization which has seen the successful achievement of its legislative program, that it was only one of a number of influences that stream toward Congress. Legislative policy making is the result of a confluence of factors flowing from an almost endless number of tributaries: national experience, contributions of theorists, clash of powerful economic interests, quality of Presidential leadership, initiative, efforts and ambitions of individual legislators, policy commitments of political parties, and predominant culture symbols in the minds of both leaders and followers in Congress.

The effectiveness of pressure groups in the United States is related directly to the (1) weakness of the party organization and (2) the success of the group in identifying its special interests with the public's and Congress' conception of the general welfare.

Pressure groups have no control over the character of party government. An analysis of the American party system is outside the scope of this paper. Briefly, it can be noted that the American party system lacks central organization and direction. Party discipline and responsibility are frequently non-existent. Pressure groups thrive on this weakness of the parties. Since parties do not discipline members, pressure groups trade on the

¹See Appendix XIX.

fears and confusion of individual Congressmen. In the struggle for survival in a highly chaotic political situation, Congressmen may be thrown on their own resources, may seek support where they can find it, and may tend to yield to various pressures. Further, no legislator can expect to be informed through their own experience and study about all legislative matters. The lobbies supply the necessary and sometimes useful information in areas in which they are authorities because of their special interests.

Party control of the Eighteenth Congress, which enacted the Taft-Hartley Act, had shifted from the Democrats to the Republicans in 1946. When the Democratic President vetoed the bill, party discipline within the Democratic party was not adequate to uphold the veto. Many Democrats voted with the Republicans to override the veto.

The effectiveness of a pressure group is also dependent upon another factor which lies within the control of the group. A pressure group is a force in American political life when its voice seems to echo that of the people. It is essential, therefore, that the special interest group create a climate of opinion in the country in which the public will habitually accept the group's system of values. Symbols of traditional values--individualism, freedom, equality, laissez-faire--may be used to generate this support. As concrete proposals are formulated within the framework of the value system for which public acceptance has been gained, public approval is sought, corralled, and focused upon Congress.

Thus it was that the NAM represented its program for

labor legislation. Clarence B. Randall, who presided over the Committee which drafted the NAM's 1946 policy declaration said:

We do not seek a labor policy that shall serve the special interests of manufacturers. We ask only that there shall be a federal labor policy so conceived and so executed that the well-being of all the people will best be served.

The effectiveness of a pressure group's influence over Congress is dependent upon the group's success in convincing them that its demands are the answer to the public's desires and needs. A reasonably convincing demonstration of an organized demand which is formulated in symbols of accepted American values is likely to impress the Congressman, perhaps out of proportion to the real weight of the group. Many legislators vote their consciences. What they may fail to recognize is that their consciences may have been previously conditioned by the climate of values assiduously cultivated by some interest group. It is, therefore, not in campaign contributions, direct lobbying, or letter campaigns that the real and enormous power of some important lobbies rest.

From the evidence that is at hand the charge that the NAM actually wrote or participated in the drafting of either the the Hartley bill or the Taft-Hartley Act cannot be substantiated. Aside from the testimony presented to the House and Senate Labor committees in public hearings and a joint meeting of counsels of NAM, Chamber of Commerce, AFL, CIO, independent unions, and private firms of attorneys with the Senate committee, the only direct contact the NAM had with the authors of the bill was the conference between Smethurst and Morgan. The unusual practice of

¹NAM News, December 6, 1946, p. 1.

hiring private attorneys whose practice had placed them in a position of familiarity, and perhaps sympathy, with the policies of NAM members probably lent credulity to the rumor. The rumor may have been intensified by Morgan's consultation with the Counsels for the NAM and for such NAM members as Chrysler, General Motors, and General Electric.

The real influence of the NAM over the preparation of the Taft-Hartley Act resulted, not from direct pressures upon Congress, but from participation in waging what Senator Aiken called, "the most intensive, expensive, and vicious propaganda campaign that any Congress has ever been subjected to."¹ Senator Aiken wondered "that Members of the Senate can hold their tempers and vote on the bill according to their best judgment" because of the campaign.² He estimated that the total cost of this program of publicity would amount to "at least \$100,000,000."³ The NAM spent, during 1947, a seemingly insignificant sum by comparison: \$2,067,756.31 for public relations and \$1,172,460.23 on direct services, many of which were concerned with the transmission of labor policies and information.⁴

The NAM was confident that these public relations programs were responsible for the enactment of the law. NAM News carried this item:

¹Congressional Record, 80th Cong., 1st Sess., 93 (May 12, 1947), Part IV, 5015.

²Ibid. ³Ibid.

⁴Supra, p. 418.

The overwhelming Congressional action, however, is an indication that NAM and other organizations and individuals have successfully produced convincing evidence of the need for revision of the Wagner Act if the country is to have industrial peace and free industry is to be preserved.¹

The conclusion that may be drawn is that the Taft-Hartley Act enacted into law, with certain exceptions, the labor principles of the NAM. Although the Association may not have drafted the principles in the form of legislation for use by Congress, their suggestions were frequently conveyed to Congress through paid lobbyists, conferences with Congressmen, direct testimony before legislative committees, and a vast and intensive program of public relations. Certainly the Association was engaged in no questionable or illegitimate practices. Actually, the tactics of the "old lobby" as well as the traditional technique of "buttonholing" Congressmen are outmoded. The use of mass channels of communication and the fine arts of public relations have rendered them feeble by comparison.² With increasing vigor since the New Deal, the NAM has concentrated on creating a state of mind--a climate of public opinion--so identified with the views on labor-management relations that its concrete proposals would find natural expression in statutory and administrative policy.

¹NAM News, May 17, 1947, p. 1.

²Belle Zeller, Pressure Politics in New York (New York: Prentice-Hall, Inc., 1937), p. 229; Peter Odegard and E. Allen Helms, American Politics (New York: Harper and Brothers, 1947), p. 780; U.S. Congress, Temporary National Economic Committee, Economic Power and Political Pressures, by Donald C. Blaisdell, Monograph No. 26, 76th Cong., 3rd Sess. (Washington: Government Printing Office, 1941), p. 4.

This sentiment was mobilized and directed at Congress. Congress enacted a law for which the Association was "deeply grateful."¹

¹French, "The New Labor Law--A Challenge to Management," op. cit., p. 1.

CHAPTER X

SUMMARY AND CONCLUSIONS

The Techniques of Analysis

The purpose of this study is to answer two complementary questions. What is the nature and political behavior of the NAM as an employers' association? Before a satisfactory answer to this question can be given another question must be answered. How can the political scientist analyze the nature and behavior of a private group?

A rich store of factual material concerning the NAM is readily available in published sources. NAM books, pamphlets, newspapers, and magazines; speeches and articles of NAM officials; the files of the public press; and relevant commentaries on the Association were searched. These original and secondary sources were supplemented and made more meaningful by interviews with NAM officials and staff members and by a study of unpublished files, records and minutes that were made accessible to the writer.

The observer has no way of bringing order out of this vast body of minutiae without some frame of reference to guide the selection, ordering, and analysis of the material. A random search for meaning may reveal many interesting and unique details, but it gives no assurance of arriving at a systematic analysis of the group. The problem, therefore, is to find a significant van-

tage point from which to view the NAM. A coherent body of relevant theories is needed which will integrate into an over-all analysis (1) the origins of the group; (2) its conception of society's values and the policies and objectives necessary to achieve them; (3) the external and internal organization and structure of the group; (4) the processes by which it determines and executes policy.

The unifying frame of reference which guides this study is the hypothesis that group development is a continuous process of discovering, expanding, and changing its objectives. Private groups are viewed as adaptive social structures which are molded by external and internal pressures tangential to their rationally ordered structures and formal or stated goals. Internal demands result from the group's conception of the needs of society and the policies that are necessary to satisfy the desires of the group and society. External pressures come from the group's environment to which resistance or adjustment may be manifested. These pressures are reciprocal; i.e., the conception of social needs is guided by resistance or adaptation to an evolving environment and, in turn, the environment is altered by the political behavior of the group. The role and influence of a private group varies directly with its ability to formulate goals that can be identified with the values of society and its ability to accommodate to a changing environment. An analysis of the dynamics of resistance, adjustment, and accommodation to social change reveals an integrated picture of the political behavior of a private group.

This hypothesis of the conditions and forces which shape

a private group's role and influence in society was tested by applying it to a political analysis of the NAM as an employers' association. The frame of reference provided a criteria of significance but did not prejudge what was significant and what was not. It furnished the tools for the selection and analysis of facts and did not demand any special conclusion about the material under investigation.

The conclusion reached is that the NAM's conception of the needs of society has consistently lagged behind social, political, and economic developments and the Association has been slow to accommodate to a changing environment. The Association's political influence has tended to be greater when it has approximated the needs of its environment and less when it has not. This fact explains the NAM's failure to exert effective influence on national labor policy between 1933 and 1945 and its apparent success in 1947 when the Labor-Management Relations Act became law.

This conclusion is submitted as being a substantially accurate and meaningful generalization based upon an empirical analysis of the data which is here recapitulated.

Origins of the NAM

The NAM grew out of the need, in an increasingly complex and specialized society, for an organization to serve the special interests of manufacturers, particularly in regard to problems of trade and tariffs and the depression of 1893-1894. Over three hundred and eighty industrialists assembled in Cincinnati for the initial meeting of the Association in 1895.

The stated goals of the NAM as revealed in its first

official publication contained no hint or threat of an organized front against labor unions. Five years later the President of NAM emphatically affirmed that the group had no interest in employer-employee relations. Yet, in 1903 the NAM placed itself staunchly against union "radicalism" "to fill the full measure of its possible usefulness to the manufacturers and the people of the country."¹ The convention of that year adopted a list of nine labor principles which proclaimed the open shop as the sine qua non of industrial safety, advancement, and supremacy and set the course for NAM's hostility to labor.

The pressure for a restatement of NAM objectives came from outside as well as within the organization. Employers' associations, organized by employers to promote their interests in labor matters, were characteristic of American industrial life as far back as 1836. During the period of prosperity that followed the organization of the Association, labor union activity increased rapidly. The anthracite coal strike of 1902 suddenly focused attention on the power of unionism. The militancy of the already belligerent employers' associations began to spread to other businessmen's associations. Some of the members in these associations were manufacturers who belonged to NAM. And some of the key leaders in the belligerent employers' associations held positions of leadership in NAM. The pressure from these men, the political and economic environment, and the competition from other associations which served their members by combatting

¹Parry, Proceedings, 1903, pp. 15-16.

labor was directed upon NAM in 1903. The desire to have a national organization in the anti-union campaign which previously had been confined to specific trades or localities also motivated the transformation.

The internal pressures resulted from the fact that the common interests which originally bound industrialists together were not sufficient to sustain a national organization. The problems that resulted from the depression or related to the tariff were not universal among all manufacturers. Membership and finances declined rapidly after the initial organizational burst. The life of NAM was running out when it rephrased its principles and objectives in terms that provided an unmalleable bond among manufacturers--opposition to organized labor. The Association's membership and income increased sharply after it entered the ranks of belligerent employers' associations.

Over seven years elapsed before the NAM shifted its orientation. In making this transformation the Association was not a leader but a follower. Only after the way was cleared and other groups had entered the stream of belligerent employers' associations did the NAM take the plunge.

Continuing Values and Evolving Labor Policies

Since 1903 the NAM has concentrated primarily on problems of labor. Social and industrial interests have been promoted by a policy of vigorous opposition to social change that would weaken the power and position of employers in industrial relations and, since 1937, by a policy supporting social change if it would weaken labor and strengthen industrial interests. These policies

and NAM's conception of social needs have been rooted in a value system that has remained constant and unchanged throughout the Association's history. Resistance and adjustment to social change has been rationalized by the values of individualism, natural rights, and free enterprise.

Classical economics and the Spencerian concept that economic forces, like biological forces, are subject to natural laws are inherent in NAM's understanding of individualism. It is assumed that by protecting the freedom of the individual to choose his occupation or business and the freedom to enter freely into contracts for the acquisition or disposal of private property and for the purchase or sale of personal services maximum social welfare would be produced. Other freedoms which the NAM views as basic and fundamental are the freedoms of religion, speech, and press, academic freedom, and the right to vote. Economic liberties are viewed as inseparable from political freedoms. Consequently, free enterprise and the American form of government are held to be one and the same. An attack upon free enterprise is an attack upon the fundamental principles of Americanism. However, freedom from fear and freedom from want are not deemed inherent rights of the individual.

The freedoms and rights of the individual are not derived from government, NAM held, but are attributable to the laws of nature. The concept of a higher law pervaded much of NAM's early thinking. This spirit was reminiscent of the eighteenth century liberalism that surrounded the drafting of the basic documents of American government. In the higher law was found ample basis

for industrial self-rule and opposition to social and labor legislation which violates natural freedoms.

NAM's conception of individualism and natural law has not led the Association to an unqualified belief in the equality of men. The view that men are born unequal convinced some leaders that the attempt to create equality through state action interfered with the plan of divine Providence. The utterances of President John Edgerton contained overtones of racism.

In its early history the NAM attributed equality only among equals and in so doing distinguished between employers and workers. For years the NAM held that "Labor is a commodity." As recently as 1946 the Association's counsel termed the phrase "labor is not a commodity" a "platitude."¹

Free enterprise is viewed as the only system which preserves competitive individualism in accordance with the order of natural law. Since 1938 the NAM has abandoned the term capitalism in reference to the American economic system, preferring to call it the American individual enterprise system. According to the NAM the system has four attributes: (1) the right to manage free from outside interference; (2) the right to own and use private property without arbitrary external control; (3) free competition as the regulating force; and (4) profits as the incentive.

These values of individualism, natural law, and free enterprise have naturally conditioned NAM's conception of the nature and function of American government. The individual is viewed as a self-governing unit; society is pictured as being ordered by a higher law. Government has the right to exercise

¹Smethurst, "Settlement of Industrial Disputes by Peace-

only those powers that individuals confer upon it. The individual "reserves the right to withdraw government powers if he sees fit, or to grant more."¹ However, individuals acting in the "aggregate," presumably the majority, may not contravene the personal rights of other individuals. A conflict arises between majority rule and minority rights which conditions the NAM's interpretation of the nature of American government. A distinction is drawn between a republic and a democracy. The American government is alleged to be a republic which does not necessarily possess all the characteristics of a democracy, particularly the device by which the governed express their consent--majority rule. The belief arose out of a fear of a "tyranny of the majority"--a fear that property rights would be imperiled by the majority vote of the propertyless. The various limitations upon government--separation of powers, checks and balances, federalism, judicial review--built into the Constitution by the Founding Fathers, who were not primarily interested in establishing democracy, have been scrupulously defended by the NAM. Only by limiting government could the rights of life, liberty, and property be protected against executive and legislative invasion. "Hope for the future of our republic," concluded the Association's President in 1940, "does not lie in more and more democracy."² As pitfalls of de-

ful, Legal Process," op. cit., p. 8.

¹Cited by LaFollette Committee, Hearings, Part 17, pp. 7472-73.

²Prentis, cited by Jackson, "Democracy under Fire," op. cit., pp. 303-04.

mocracy he listed the direct election of Senators, the primary, initiative, referendum, and recall. Other NAM spokesmen have held similar views toward these and other techniques of popular participation in government. Even the women's suffrage movement drew NAM fire.

Government has been traditionally regarded as an alien intruder in the free enterprise economy. The NAM assumes that the free play of individual initiative, stimulated by the acquisitive instinct, will result in the maximum production of wealth, and that the competitive instinct, operating through the law of supply and demand and the resulting price system, will result in as equitable a distribution of wealth as the natural qualities and defects of men would permit. Therefore, except where government can stimulate or promote industry or regulate the economy to promote the NAM's conception of the general welfare, its functions should be confined to keeping open the channels of communication and commerce, defining and guaranteeing the rights of private property, enforcing the rules of contract, and preserving social order. Government action which does not specifically aid or promote industry constitutes control and is deemed dangerous and undesirable because it requires legislative action which adds to the growing bulk of legislation and because of the impropriety and incompetence of government control of industry.

These are the values which have been used to rationalize NAM's solutions to contemporary problems. They have satisfied the Association's understanding of the expectations of society. Around these constant symbols the NAM has built its resistance

to social change. Only when the Association has realized that further resistance could not dam up the swell of social change has it yielded to the pressures of external conditions. Then has it modified its policies and proposals--but not its value system which remains fixed on NAM's horizon. When new policies are forwarded they serve as means to attain the traditional ends. In effect, the Association sells a different product but continues to wrap it in the same package.

Great importance is placed on the continuity of values even though the means of promoting and preserving them reverses programs and policies of the past. One explanation is that the NAM conceives one of its functions to be the defense of these traditional values. To alter them would destroy one of the Association's principal appeals. NAM officials offer another explanation. Altering the values would amount to admission that the group was wrong at one time in defending them.

The evolution of NAM's conception of changing social needs and the gradual accommodation to external pressures can be traced concretely by an analysis of NAM's developing labor policies. Between 1903 and 1933 industrial employers were relatively unhampered in assuming the responsibility for formulating industrial policies and promoting employee welfare in a manner that would be favorable to employers. The theories of individualism, free enterprise, and laissez-faire were employed to justify the power and autonomy of employers to deal with their employees as they saw fit. It was presumed that the unrestrained exercise of employers' economic power infallibly coincided with the inter-

ests of both his employees and society at large. Because of this mutuality of interests, employers had to be endowed with a capacity for leadership.

The Association viewed the employer as being obligated to assume the leadership for establishing employment conditions that would promote employee welfare. This leadership could only be exercised free from the compulsion of organized labor or government. Thus the NAM, after some initial resistance and not without internal opposition, came to support policies of industrial safety and accident prevention, workmen's compensation insurance, industrial education, and employee representation. Such policies were not in conflict with free enterprise or the profit motive, for by careful attention to the human element in industry--by improving the standards of employee health, safety, incentives, and training--heightened productive efficiency and profits would result. At the same time, the Association's policies of industrial betterment not only had the effect of maximizing employer responsibility for conditions of industrial employment, but also provided a more sophisticated argument for minimizing organized labor's participation.

The efforts of employees to help themselves through labor organizations were regarded as attempts to sever the bonds of mutual interest that held employer and employee together. It was the duty of the employer to rescue the worker from the clutches of organized labor. Friendship to the workingman, NAM argued, demanded that the employer oppose unions.

The NAM formally endorsed the abstract right of labor

to organize but qualified its use. If the purposes of a union were un-American, illegal, un-Christian, conspiratorial, immoral, monopolistic, socialistic, Bolshevistic, or to assault the liberties guaranteed by the Constitution and the Bill of Rights the union was illegitimate and not worthy of recognition. Organized labor was regularly accused of each of these indictments. Other purposes for which labor could not legally exercise the right to organize were to raise wages, shorten hours, and teach men disloyalty to their employers. The NAM concluded that it must prevent unions from working injury to the general welfare. The open shop policy was an expression of this conviction. Collective bargaining was considered an infringement of the employers' right to manage his business free from outside interference. The strike, picket line, and boycott were vigorously condemned. In a few instances the NAM itself turned its policies of opposition to unionism into direct action. Action ranged from refusal to hire union men to use of the black-list, industrial spies, strike-breakers, vigilantes, and the riot gun.

Almost all legislation which sought to guarantee employees the right of self-help techniques or to improve the workers' welfare was opposed. The NAM's objection to attempts to outlaw child labor by federal action were especially intense. Rest and quiet was recommended on this issue for "we must be careful about legislating young people out of work into idleness, temptation and crime."¹ When the child labor amendment was submitted

¹Proceedings, 1912, p. 175.

to the states for ratification, NAM opposition was based upon charges that it abridged states' rights, family rights, and human rights and that it was Russian inspired.

Legislation was supported only if it appeared to protect the employers' interests or weaken the power of organized labor. Since relatively little legislation regarding conditions of industrial employment and employer-employee relations was introduced during this period, the NAM did not devote a major portion of its time and energy to legislative policy. Rather, it concerned itself with industrial policies that preserved and strengthened the established power and position of employers.

The Democratic victory of 1932 significantly altered the political picture and compelled the NAM to abandon its tactics of industrial individualism. The new Congress was willing to enact labor legislation guaranteeing the right to organize and bargain collectively. Labor unions, protected by this guarantee, emerged as an influential power group which challenged the leadership of employers in industrial relations.

Unable to take the initiative in the determination of labor relations policies, the NAM resorted to the tactics of defending employers by opposing the enactment of the labor provisions of the National Industrial Recovery Act and the National Labor Relations Act, and by resisting the interpretation and application of these laws that would establish genuine collective bargaining. After NLRA became law NAM announced that it was unconstitutional and inapplicable. The NLRB was ridiculed for failure and the act was criticized for promoting strife. No

inclination was shown to abide by its provisions.

During this period from 1933 to 1937, except for encouraging company unions, the NAM seldom asserted the alleged natural leadership of employers by proposing positive programs for the solution of employer-employee problems. Most of its efforts were directed toward resisting legislation and union action that would strengthen the power and position of organized labor. Only in its attitude toward child labor legislation did the NAM reverse its previous policy and propose regulation of child labor. By 1937 federal action could no longer be withstood. The Association came out for a mild federal regulation that would exclude from commerce the products of child labor which had been manufactured in violation of state laws. The next year, when the Fair Labor Standards Act outlawed oppressive child labor in interstate commerce, NAM opposed the act as a whole.

By 1937 the NAM lost entirely the ability to exercise industrial leadership in employment relations. The NLRA was blamed. In the NAM's view it weakened the power and prestige of employers and unwarrantedly strengthened the power of organized labor to participate in the determination of industrial policies. Convinced that the tactics of negative opposition were futile, the NAM concluded that Wagner Act must be repealed or modified. In proposing alternatives to the act the Association departed markedly from its traditional laissez-faire policies. It proposed government intervention in industrial relations for the purpose of determining and guaranteeing the rights and rules of labor-management relations. However, the ultimate objective accorded

with basic principles--to regain employer initiative in the determination of labor policy by reestablishing the power of employers.

Prior to World War II the Association's criticisms and proposals for change of the Wagner Act questioned the desirability of a national policy that recognized the legal right of employees to organize and encouraged the practice of collective bargaining, rather than individual bargaining, as a means of settling industrial disputes. In addition, the NAM was concerned with problems of representation for purposes of collective bargaining; the right of unions to engage in concerted action; inequalities of the act and proposals for redefinition of unfair labor practices; regulation of unions and the imposition of legal obligations and responsibilities; and procedure, organization, and jurisdiction of the NLRB.

The preparation for and prosecution of World War II partially diverted the NAM from the campaign to alter national labor policy. When the war ended President Truman appointed a National Labor-Management Conference to allow labor and management to meet in a government sponsored forum and attempt to resolve their differences that had been accumulating through the war years. Labor and management failed to reach any basic agreement through this exchange of views. However, management's proposals were endorsed by the NAM membership at the 1945 Congress of American Industry and became the core of NAM's over-all legislative program to alter national labor policy.

The Case bill, which passed both houses of Congress

in 1946, was heartily endorsed by the NAM as a first step toward the accomplishment of their program. The President's veto of this bill shocked the NAM and spurred its efforts to alter the Wagner Act. Early in 1946, with an eye to 1947 and the possibility of a new Congress, NAM's policy-making machinery began to germinate a policy which ripened into a Declaration of Principles. Adopted by the Congress of American Industry in 1946, it contained NAM's proposals for the solution of labor-management problems and the amendment of the Wagner Act. Legislation which would bring national labor policy in accord with the Declaration would have to include these provisions: (1) legal protection of the right of employees to join or not to join a union; of the right to organize or not to organize; from being required to join, or refrain from joining, a union; of the right to work at any available job; of an employee, his family, and his property from harm or injury; (2) legal requirements that union and employer bargain in good faith and adhere to the terms of collective bargaining agreements; (3) legal prohibition on monopolistic practices in restraint of trade by union or employer; on mass picketing; on collective bargaining with foremen; on compulsory union membership; on interference with voluntary union membership; on compulsory arbitration; and on strikes which do not involve wages, hours, or conditions of work. The latter were defined as: jurisdictional strikes, sympathy strikes, strikes against the government, strikes to force employers to ignore or violate the law, strikes to force recognition of an uncertified union, strikes to enforce featherbedding, other work-restrictive demands, or secondary boycotts.

The Labor-Management Relations Act was passed the following year. Except for omission of bans on industry-wide bargaining, the union shop, mass picketing, and a more limited definition of collective bargaining, it enacted into law principles with which the NAM was in complete and thorough agreement.

This resumé highlights two important facts about NAM's labor policies. (1) Throughout almost half a century of its concern with labor problems the NAM always resisted change. It was never the innovator. When it did strike out in a new direction, the path was already well worn. The Association's conception of social needs was generally five to ten years, sometimes more, behind political and economic developments. Consequently, it resisted social change until it appeared that further obstinance might prove disastrous. Belatedly it adjusted to an evolving environment after a new policy had been accepted by society and it was apparent that it could be used to achieve the Association's ends.

(2) After 1937 a significant revision occurred in the labor policies by which NAM sought to preserve its traditional values. The right to organize, bargain collectively, and engage in certain kinds of concerted action were no longer considered to be contrary to the values of individualism, natural rights, and free enterprise. In fact, half a decade after the Wagner Act guaranteed the rights to organize and bargain collectively NAM concluded that they contributed to the welfare of industry as well as labor--if circumscribed by certain regulations. But these regulations necessitated government action and intervention in

labor relations in place of industrial self-rule and traditional laissez-faire. By its own tactics, the Association pressed for an expansion of the influence of government in labor affairs while still invoking the precepts of an individualistic competitive theory. It continued to worship the form after the substance has disappeared.

Internal Pressures: Organizational
Resistance to Change

The solution of its economic and political environment gradually pressured NAM into altering its labor policies. The reorientation of the group did not occur until organizational resistance had been overcome. The Association lagged behind external changes because the internal pressures usually operated to withstand change for several years. This fact is explained by an analysis of the NAM's attempts at industrial coordination, of its conception of its role in American society, and of its internal organization, leadership, and policy-making procedure.

In the pursuit of its objectives the Association has been continuously engaged in a far-reaching endeavor to achieve a common front among American employers in all matters touching on labor relations. The period of expanding unionism was "an age when but little . . . [could] be accomplished except through organization; an age when organization must cope with organization."¹ The NAM conceived of itself as the "mother of associations" in order that all industry might be organized from center

¹Proceedings, 1911, p. 65.

to circumference. At the center was to stand NAM, functioning as a central policy-forming, policy-effectuating body for all organized activity. In this way it could promote "the universalization of those saving principles of American Industry--the right of those who own property to control it."¹

The web of organizational influence spun by the NAM enmeshed citizens' and local employers' associations by means of the Citizens' Industrial Association and stretched into the halls of state and national legislatures through groups affiliated with the National Council for Industrial Defense. The NCID (called the National Industrial Council since 1919) embraced employers' associations, the Chamber of Commerce, which NAM helped to establish, covered boards of trade and chambers of commerce throughout the country, and the National Industrial Conference Board, also an NAM creation, supplied the research data. Through an additional network of interrelations with other employers' associations, trade, and business associations, the NAM established contact with numerous organizations intent upon strengthening the power and position of employers' in their relations with employees.

In-breeding developed from the NAM's surrounding itself with like-minded organizations and depending upon them for information and assistance. Common officers, joint financing arrangements, and uniformity of outlook between these groups served to isolate the NAM from the economic and political atmosphere within which it functioned and reduced the likelihood of its reacting

¹Ibid., 1929.

to social change.

This coördination of industry led the NAM to claim an important role for itself in American society. Based upon the extension of its base of representation through constituent organizations, the contacts it made with other associations, and the universality of its values which have been rationalized in terms of traditional principles of Americanism, the Association credits itself with being the voice of American industry. Its recommendations are presented as being the authoritative expression of American industrial thinking.

An analysis of NAM's membership and constituent organizations does not substantiate these claims. Membership in the Association, with a few exceptions, is confined to firms engaged primarily in manufacturing. In no year, even when the NAM was at its peak of about 16,500 members, did its enrollment comprise more than six per cent of the total number of manufacturing enterprises in the United States.

In terms of the number of persons employed NAM members do not constitute an accurate sample of American industry. Seventeen per cent of its members employ more than five hundred and one persons; twenty-seven per cent employ more than two hundred and fifty-one persons; seventy-two per cent have more than fifty-one employees. But since only twenty-eight per cent of American manufacturers employ more more than twenty-one persons, almost three-fourths of NAM's members are in the one-fourth of American industrialists who employ the most workers.

In terms of production, NAM members may produce as much

as fifty per cent of all manufactured goods. This fact is understandable since sixty-four of the ninety-six largest manufacturing firms in the United States are NAM members and control perhaps twenty to twenty-five per cent of corporate assets.

An examination of affiliated organizations does not bear out NAM's claim to represent American industry either. In 1922 the Association resigned from the Chamber of Commerce, censuring it for its liberality in inviting labor and other "leftist" speakers to address its formal meetings. Since that time the two groups have continued to exist side by side, coöperating when interests and objectives harmonized. The Citizens' Industrial Association was superceded by the National Council of Industrial Defense (now National Industrial Council). Through the NIC some three hundred national, state, and local trade and industrial associations are affiliated with the NAM. However, the Association exercises no direct authority over the making or effectuation of the policies of affiliated groups or their industrial corporate members.

An analysis of the internal structure and decision-making process of the NAM also helps to explain the NAM's resistance to change. The basic framework of NAM's formal structure has followed rather closely the original pattern set in 1895 which was modeled upon business forms of organization. The Association was incorporated under the laws of the State of New York and has been governed under the authority of a constitution which was drafted in 1895 and amended periodically thereafter.

On the legislative side the formal structure of the NAM consists of an annual convention, a Board of Directors, an Execu-

tive Committee, and a system of Policy Committees. On the administrative side are the President, not more than ten Vice-Presidents-at-Large, not more than twelve Regional Vice-Presidents, the Managing Director, Treasurer, and Secretary. The permanent staff are grouped into six Operating Divisions: the Secretary's Office, the Law Department, Member Relations, Economic Policy, Government Relations, and Public Relations. Various Advisory Committees, appointed from the Board membership by the President are advisory to him, to the major Divisions, and to the Policy Committees. These advisory committees are: Public Relations, Government Relations, Economic Policy, and Inter-Association Relations Policy. In addition there is a Finance Committee, appointed by the Board and responsible to it, which assists the Treasurer's Office.

All governing power is concentrated in the Board of Directors, which has numbered about one hundred and fifty members in recent years. The elective members of the Board, about one hundred, are nominated by a President-appointed Nominating Committee, of which five out of nine must be Board members. The slate of nominees is submitted to the membership. Twelve Directors are elected by the entire membership; the rest, in the States. The President, subject to the approval of the Board, appoints seven Directors-at-Large and nine Directors who represent coöperating business organizations. The rest of the Board--the President, past Presidents, Honorary Vice-Presidents, National and Regional Vice-Presidents--are elected by the Board. The Board elects the Executive Committee, which is vested with and may

exercise all the powers of the Board, and all officers. The chief executive officer, the President, in turn appoints, subject to Board approval, all members of the Advisory and Policy Committees.

Prior to the National Election of 1932 Board members and officers represented, predominately, small and less known corporations. Even before the Democratic administration crystallized its program into legislative proposals, a group of wealthy business men who styled themselves the "Brass Hats" met occasionally to discuss "business salvation." These men selected the NAM as the vehicle for a program of aid to industry. To meet the needs of this effort and satisfy the corporations which would assist the Association financially if certain changes were made, the NAM was reorganized.

Leadership passed into the hands of a small number of firms and corporations which were not a representative sample either of American industry or of NAM membership. Between 1933 and 1946 one hundred and twenty-five corporations (0.8 per cent of the total membership) held sixty-three per cent of all Directorships, eight hundred and eighty-five Executive Committee memberships, seventy-nine per cent of the Finance Committee memberships, and fifty-two per cent of the major executive offices. The yearly turnover of this active minority averaged but 1.4 per cent compared to approximately twenty-five per cent for the governing hierarchy as a whole.

Of this bloc 21.6 per cent were among the two hundred largest American corporations. None of the minority group, for

whom employment data was available, employed less than five hundred workers; 28.9 per cent employed 5,000 to 25,000; 12.1 per cent were in the 25,000 to 50,000 category; and 2.9 per cent had more than 100,000 wage earners. Only 9.6 per cent of the one hundred and twenty-five companies had less than ten million dollars of assets; 43.6 per cent had assets in excess of fifty million dollars. In this controlling group are found the principal contributors to the Association.

If the criteria by which the democratic character of public governments is judged are used to evaluate the constitutional structure of the NAM and the arrangement by which officials are selected and held responsible, the judgment would be that the NAM is neither more nor less democratic than the governments of many private groups. The real test is the determination not simply of the democratic character of NAM's formal organization, but of the extent to which it is actually responsive to the will of all the members and of the extent to which the members believe that the Association's policies are essential to the realization of the purposes and promises of society. For this test the Association's policy-making procedure must be analyzed.

The Policy Committees and staff personnel are the chief sources of creativeness and inventiveness in the formulation of policy. Many ideas probably originate in the permanent staff because staff personnel have usually been well qualified by virtue of their education, skill, and experience to propose ideas that would contribute to the achievement of NAM's objectives. Apparently no effort is made for stimulating centers of initiative other than paying the staff members.

The only inducement to membership participation in originating policy is service on Policy Committees. Since busy industrialists frequently find this task burdensome, in practice, relatively few members take advantage of the numerous opportunities to participate in the initiation of policy.

Membership participation in the final approval of policy is almost non-existent. Resolutions are submitted to the membership at the annual convention, but the convention's functions today are informational and inspirational rather than legislative. Referenda, the results of which are binding on NAM officials, are almost never used to poll the membership on specific issues as the Chamber of Commerce has done successfully.

Except when referenda are employed, actual policy-making authority is concentrated in the hands of the Board of Directors which may accept or reject Policy Committee proposals. Quorum requirements are such that a very small number of Directors may set the course of NAM policy--as few as twenty of the one hundred and fifty Directors. Although it seldom does so, the Board may originate policy that has not received committee investigation and discussion. The Board need not concern itself with the task of exploring new policies since the staff is better equipped to perform this job in coöperation with the Policy Committees. Further, Board members on Advisory Committees may direct Policy Committees to the study of certain problems.

Thus, when the referenda is not used the governing elite within NAM has constitutionally unlimited power in making all policy decision. This group has been heavily weighted in favor

of an active minority which represents conservative, big businesses and which is an unrepresentative sample of NAM members. Some of the key staff personnel have records of service extending back to the period of industrial self-rule and their outlook reflects that era. Both the leadership and the staff have been conservatizing forces within NAM which have tended to resist the pressure of social change. The process of adjustment to social change has been accelerated in recent years by two organizational reforms. Member participation in the policy-initiating process has greatly increased through a vast system of Policy Committees. The chairmen of these committees sit on the Board and can fight for their recommendations. And new personnel have been introduced into the permanent staff.

The real limitations upon the governing group are not institutional but result from a practical consideration of the NAM's voluntary character. As a voluntary organization the Association must formulate policy that is expressive of the will of the general membership or face a loss of members. The evidence indicates that the NAM's labor policies have been essentially representative of its members' desires for membership ranks have swollen during campaigns of union opposition and have fallen off after their successful completion. For example, the open shop drives (1903-1913; 1919-1926), the Industrial Conservation Movement (1918-1919), the defensive opposition to the New Deal, and the campaign to amend the Wagner Act were periods of expanding enrollment. On the other hand, the success of the second open shop drive brought near oblivion. Membership fell off to the

1900 level. Membership also declined decidedly after the passage of the Taft-Hartley Act.

Not only the survival test signifies the representativeness of the Association's leadership. The record also shows that the Association's leadership has been able to change its tactical policies while convincing the membership that the traditional strategic objectives are being achieved and that, in fact, the traditional values could be preserved and promoted in no other way. How the NAM indoctrinates its members will be discussed in the next section.

Thus, although the NAM has been most responsive to the will of an active minority representing big business, its policies have been generally acceptable to the passive members as the most desirable method of achieving industrial and social goals.

Execution of Policy

Membership indoctrination programs are only one means by which the NAM executes its policy. In addition, policies are effectuated and implemented by public relations programs and pressure campaigns specifically directed at Congress and the Administration to guide legislative and administrative policy-making.

The NAM functions primarily as an opinion-molding rather than an opinion-representing group. This fact helps explain the concentration of policy-making authority in the hands of a relatively small number of officials who are ideologically reflective but not a representative sample of NAM members. Since the NAM's values have been generally acceptable to the members, the leadership formulates tactical policy to achieve Association goals and

then endeavors to secure membership approval of these policies through indoctrination programs.

The emphasis upon opinion-molding also explains the lag in NAM's adjustment to social and political developments. Rather than reflect directly the sentiments of its members and adjust readily to external pressures the Association has concentrated on bringing its members, the public, and the government into line with its policies and objectives.

The extent to which the NAM is able to mold outside traditions and institutions is dependent upon the cohesiveness of the Association. For that reason "unit thinking and unit action" have been the goals of indoctrination programs.

Cohesion in an organization is invaluable in times of stress. The more an organization suffers from disunity or internal dissension the less it is able to direct its strength toward a particular goal and the more easily its aims can be defeated. Cohesion makes for mutual support and a tendency to accept and act upon policy set down by the group. Since the Association is a voluntary organization having no control over the policies of its members nor any ability to compel acceptance of and action upon its policies, cohesion and unity must be achieved by convincing the members that their interests lay in hearty cooperation with the Association.

When a firm or corporation joins NAM it probably subscribes to some of its policies and objectives. Renewal of membership every year probably indicates continued acceptance of the Association's goals and programs. The success of the NAM in

inducing manufacturers to join and work with the Association year after year must be explained by a multitude of factors; the discovery of a common antagonist and the perception of common interests, the sense of participation that comes from association with like-minded persons, the search for security and strength through unity, and the identification of NAM's values with the symbols of employers' welfare and the principles of Americanism. An explanation of group solidarity and group expansion must also take account of the technique by which common interests are kept alive. They are concretely manifested and perpetuated by the application of the most modern sales methods. Much money and energy is expended to enliven the spark of group consciousness.

The NAM's member service programs have been a principal means of building membership and achieving cohesion. They serve a dual purpose. First, they are tangible evidence of the value of Association membership and thus attract industrialists who might not otherwise be immediately interested. Such members help to fill the ranks and the treasury and become targets for the indoctrination programs. Second, member services, particularly those of information and assistance, offer excellent opportunities for indirect sales to members. A busy executive might scarcely glance at a straight "educational" message, whereas the same appeal, combined with informative, technical material, might be given careful consideration.

Indoctrination programs have the purpose of convincing the membership of the wisdom of NAM policies and objectives, securing compliance with specific recommendations, and, if pos-

sible, eliciting enthusiastic endorsement that would lead to vigorous action when called for.

The Association's public relations programs have been directed toward the general public for similar purposes that can be classified as long-run and short-run. The long-run goal is the creation of a climate of opinion in which the NAM's conception of individualism, free enterprise, and laissez-faire will be habitually accepted as values of positive good and alternatives to them rejected. The short-run goal varies with the problems and issues that occupy the attention of the NAM. In general, short-run campaigns seek a favorable response to the particular policy that the NAM is forwarding as a solution to current problems.

The themes and trends of NAM's public relations campaigns have reflected changes on the political and economic scene. Both open shop drives on the public relations side were consciously organized education efforts directed specifically against the rising tide of unionism. The Industrial Conservation Movement, however, avowed the broader purpose of refocusing the perspective of the American people to give them a better understanding of their responsibility to industry and of the relevance of industrial prosperity to their welfare. This movement was in response to the social legislation of Woodrow Wilson's administration and the improved position of labor resulting from the advances made under the leadership of the AFL and from the demands made upon labor created by World War I.

A new campaign was launched in 1933. The "cultivation of public understanding" was the solution NAM proposed to cure

current economic ills. The free enterprise system had to be acquitted of any blame for the economic collapse of 1929. The solution did not lie in abrogation of free enterprise through increased governmental interference but in public education about the contributions made by industry to public welfare.

At the same time an extensive effort to inform the people about the disadvantages of the National Labor Relations bill became a public relations goal. After its passage, the evils of labor unions became the focus of NAM's public information programs.

The overwhelming loss of public support during the New Deal threatened organized industry with disaster. The public had to be re-educated and impressed with the virtues of free enterprise. A campaign was inaugurated in 1938 to achieve this goal. The success of this effort was heralded in 1944. The next phase of the campaign was to consolidate and expand this gain toward the end of modifying the Wagner Act. The symbols of free enterprise were used to sell labor policies that advocated government intervention in industrial relations.

The offensive gained momentum in 1946 and 1947. Members were informed that Congress would pass effective labor legislation only if they were firmly reassured by staunch public support. In 1947 the public relations program was expanded to proportions that surpassed any previous year. After the Taft-Hartley bill became law the Association publicized its resolve to support and defend it by "word and deed."

The NAM's public relations and education programs can be classified as external, indirect, and internal. The audience

of the external appeal are the general public. The indirect approach covers educators, churchmen, women's club leaders, agricultural leaders, and similar community leaders who in turn mold the public. Internal programs are directed at state and local associations affiliated through the National Industrial Council to induce and assist them to conduct Community Public Relations Programs.

To reach these audiences the NAM avails itself of almost every media and channel of communications: NAM publications, public newspapers and magazines, the public platform, billboards, radio, and film. The country is blanketed with literature that ranges from the handsome brochure to the gaudy comic book. Sometimes the NAM has failed to identify the material as coming from NAM. In some cases it has arranged for the sponsorship of its literature by another group to hide NAM's authorship, for material issued over the NAM's by-line, the NAM felt, "is naturally discounted."¹

The public relations programs undoubtedly have been the most intensive, comprehensive, and expensive means by which the NAM's labor policies have been effectuated and implemented. Between 1933 and 1937 the proportion of NAM's total income spent on public relations increased from seven per cent to fifty-five per cent. In 1947 members subscribed almost two and one-half million dollars for public relations.

The Association strives to express and interpret indus-

¹Proceedings, 1908, p. 325.

trial opinion to the public. When necessary it undertakes to inform and enlighten the public toward the end that it would view industrial opinions, as expressed by NAM more favorably. But when the NAM has acted contrary to the opinion of the public which it seeks to mold, then it attempts to obtain public acceptance of that action. The NAM apparently looks upon public relations as a panacea for industrial and social ills. Public relations was used as a solution to depression problems. When public opinion polls indicated criticism of the Association, it did not undertake to analyze the reasons for a hostile public. Instead it stepped up its public relations activities to offset the antagonism. Publicity campaigns were directed against the Wagner Act to counteract its application to industry.

The conception of public relations as a device by which opinion-molders can push the proper button to elicit a desirable response has served to weaken NAM's influence in society. Rather than formulate positive industrial programs to solve social problems, the NAM anticipates an easy sale of a policy if it is wrapped in the symbols of traditional values. Unacceptable proposals are attacked by raising the cry of communism, socialism, or radicalism. This smoke screen conceals the more basic problems on the labor scene and keeps the NAM from analyzing them. Consequently, the NAM has lagged behind social needs.

The symbols of radicalism, etc. are also used as an artificial device to promote membership and stimulate unity. The Association goes out of its way to find an enemy which satisfies these allegations and can be used to intensify the feeling

of common cause among the members. This action lessens the possibility of compromise. Domination over the enemy becomes the objective rather than adjusting industry to the needs of society.

The ultimate objective of the Association's policy effectuation programs is to influence the determination of public policy. Indoctrination programs seek to unify member industrialists; public relations campaigns attempt to create a state of mind that will naturally accept NAM proposals. Favorable public opinion is coralled and focused on the policy-making agencies of government. Direct influence is also exerted.

In pressuring the government the Association has directed its attention to all three branches. Since, during the period from 1895 to 1937, the position of industry was considered secure in the absence of government assistance or intervention in labor relations the NAM concerned itself with government mainly for defensive reasons. The Association consistently opposed legislative and executive action that would abridge industrial self-rule or encroach upon the ability of the courts to protect the rights of enterprise, property, and contracts.

Usually the first resort was to the courts. For example, the NAM appropriated the sum of \$1,500 to assist in paying the expenses of the Oregon Minimum Wage Case which was pending in the Supreme Court. Association interest in the Bucks Stove case was heightened by the fact that the president of that company was a former NAM president. An aftermath to the Danbury Hatters' cases which indicates the significance the NAM attached to these decisions came in the late 1920's when the NAM granted Dietrick E.

Loewe an annuity of \$5,000 a year to save him from destitution and as a reward for the benefits conferred by him in lending his name and business troubles to a most important labor case.

When protection from the courts was endangered by attempts to alter the basic laws of the country or to lessen the courts' power of protection, the next line of defense was in the legislature. The techniques employed ranged from the devices of the "old lobby" (Pendelton Herring's term) with its stains of political corruption, underhanded methods (the chief page of the House of Representatives was in NAM hire), and payment of election expenses to the more subtle methods of the "new lobby."

"New lobby" influence has been exerted on the legislative branch of government along three fronts: securing Congressmen favorable to the NAM, or defeating those unfavorable; influencing party platforms; and influencing Congress at every stage of the legislative process. Influence upon Congress has been both direct and indirect. Direct influence on legislation occurs when the NAM communicates with members of Congress through letters and telegrams, witnesses representing the Association appear before congressional committees, or NAM officials and members make personal visits with Congressmen. The influence is indirect when the NAM, its members, or affiliated organizations mobilizes mass reactions against unwanted bills or for desired measures and then directs that sentiment upon Congress.

The executive branch also receives NAM attention. The NAM attempts to learn about forthcoming administrative recommendations and decisions; petitions, letters, telegrams, conferences,

and printed publications are used to inform administrators about NAM policies; testimony is given at administrative hearings; advisory boards and committees are staffed; approval or disapproval of certain administrative agencies and their officers is expressed; and NAM members are constantly urged to speak up and tell the Association's story to administrative bodies. Occasionally pressure is directed toward the President urging him to veto a certain bill or to take, or not to take, a specified line of administrative action.

It is difficult to appraise the effectiveness of NAM's pressure on government. Is it a powerful lobby? Or, is it a kiss of death? A few conclusions can be drawn based on the hypothesis that a group which is successful in identifying itself with the public and the public's conception of the needs of the moment tends to exercise a guiding influence in the determination of public policy. This identification can result from adjustment to public needs or creation of a climate of opinion in which the group's solutions are accepted by the public--or both.

Between 1903 and 1933 the NAM's values and objectives generally conformed to the climate of opinion. When union drives and Wilson's administration threatened employers' interests, the Association responded with the open shop drives and the Industrial Conservation Movement to keep the public sympathetic to industrial self-rule. Except for the Clayton Anti-Trust Act and the Norris-LaGuardia Anti-Injunction Act, no major legislation that the NAM opposed was enacted. This success is attributable not only to NAM's public relations efforts but also to the direct influence

it exerted on the political parties and the government. The NAM reported success in influencing the Republican Party to strike out objectionable planks in its platform, in sending bills to committees sympathetic to the Association, in keeping bills from reaching the floor for debate, in securing concession in certain unwanted measures, and in delaying or killing bills in committee.

Between 1933 and 1945 the NAM's conception of social needs did not keep pace with rapidly changing conditions. Its proposals were diametrically opposed to the solutions being accepted by the government and the public. In these years no major legislation was enacted which was acceptable to the NAM, except for portions of the Smith-Connelly Act of 1943. By 1946 the NAM recovered from this eclipse. It reported a record of ten victories and three defeats in that year. The next year saw the enactment of the Labor-Management Relations Act for which the NAM was "deeply grateful."

From the evidence that is at hand the charge that the NAM actually wrote or participated in the drafting either of the Hartley bill or the Taft-Hartley Act cannot be substantiated. The real influence of the NAM resulted, not from direct pressures upon Congress, but from NAM's participation in a gigantic propaganda campaign (estimated by Senator Aiken to cost at least \$100,000,000) and from NAM's gradual accommodation to social needs when it formulated its proposals to amend the Wagner Act.

The use of mass channels of communication and the fine arts of public relations have rendered direct pressure upon Congressmen feeble by comparison. With increasing vigor since the

New Deal the NAM concentrated on creating a climate of opinion within which it could convince the public that its proposals were the answer to the public's needs and desires. Equally important is the adjustment the NAM made to the economic and political scene. Labor's rights to organize, bargain collectively, and engage in concerted action were recognized--if regulated. The role and function of the NLRB was accepted--with limitations and proposals for improvement. The principle of government regulation of the rights and practices of the parties in industrial relations was acknowledged--if for the purposes approved by the NAM. The Taft-Hartley Act contained these generally approved principles--which the NAM belatedly accepted. The law was victory for the NAM because it embodied the NAM's conception of how these principles could be applied to the solution of industrial problems. The Association succeeded in identifying its conception of these principles with the public's conception of social needs.

Retrospect

What is the significance of this study? For the political scientist the significance lies in the attempt to devise a technique of analysis by which the nature and behavior of a private group can be studied. The writer has been ever mindful of the pitfalls in the construction of a conceptual framework. The shortcomings and limitations of the techniques are recognized--and the need for refinement acknowledged. Tentatively, however, it is submitted that a private group is an adaptive social structure whose development results from external and internal pressures. Its role and influence depends upon its ability to adjust

to the needs of its members and its environment. When the group's conception of the desires of society lags behind political and economic developments, the group's influence tends to be less than when it keeps pace with social change.

For the NAM the study also has significance. To continue to play a vital role in the democratic process of social change the Association should heed its past record and take cognizance of the necessity of being sensitive to social developments. The NAM has generally failed to evolve positive, workable, effective solutions to contemporary problems that reflected an awareness of social needs. If the NAM's interests are community rather than class interests, it must develop a capacity to respond more readily to the political and economic needs of society. This would require a reform of the NAM's machinery of government and a reappraisal of its values and policies.

Vesting leadership in a self-perpetuating body of industrialists whose interests do not encompass community interests limits the NAM's ability to contribute to social progress. The oligarchical tendencies ought to be offset by constitutional changes that would allow men who reflect broader industrial interests to be regularly inducted into the governing positions. Limits ought to be placed upon the concentration of authority in the hands of the same few corporations. The practice of introducing new blood into the permanent staff ought to be extended throughout the entire organization. It is most important that provisions be made for expanding membership participation at every stage of policy-making and policy-effectuation and that

the opportunity for continuing criticism be provided.

In reappraising its values and policies the NAM must distinguish those things which a democratic society prizes most highly. It must answer for itself such questions as: What is the difference between individualism and individuality? How does liberty differ from license? How may public interests and private interests be brought into accord? Which of the connotations of the term free enterprise is society most anxious to preserve? How can the economy be expanded to increase its benefits in a democracy? Systematic attention to the basic problems of political theory might produce a realization of the virtues of self-restraint, out of which could emerge some ideas for more constructive participation by the Association in America's struggle for a better life.

APPENDIXES

I. MEMBERSHIP IN THE NATIONAL ASSOCIATION
OF MANUFACTURERS, 1895-1949

1895.	385	1923.	5342
1896. . . . .	...	1924.	4386
1897. . . . .	...	1925.	3597
1898.	849	1926.	3382
1899.	1067	1927.	3464
1900.	1050	1928.	3291
1901.	1082	1929.	2864
1902.	1324	1930.	2693
1903.	1948	1931. . . . .	....
1904.	2924	1932. . . . .	....
1905.	2887	1933.	1469
1906.	2890	1934.	1910
1907.	2742	1935.	2395
1908.	2941	1936.	2785
1909.	3096	1937.	2912
1910.	3312	1938. . . . .	....
1911.	3523	1939.	7500
1912.	3787	1940.	7000
1913.	4076	1941.	8000
1914.	3750	1942. . . . .	....
1915.	3638	1943. . . . .	....
1916.	3819	1944.	11000
1917.	4083	1945.	14500
1918.	4175	1946.	15000
1919.	4314	1947.	16000
1920.	5330	1948.	16500
1921.	5756	1949.	15000
1922.	5238		

II. ANNUAL EXPENDITURES OF THE NATIONAL ASSOCIATION
OF MANUFACTURERS, 1896-1930

1896.	\$ 39,429.80	1921.	\$366,143.14
1897.	39,429.80	1922.	336,979.21
1898.	37,196.61	1923.	295,699.03
1899. . . . .	.....	1924.	358,351.12
1900.	65,377.00	1925.	332,490.98
1901. . . . .	.....	1926.	316,910.48
1902. . . . .	.....	1927.	305,621.03
1903.	86,249.57	1928.	345,505.67
1904.	139,414.63	1929.	339,542.95
1905.	148,564.84	1930.	300,985.88
1906.	146,141.95	1931. . . . .	.....
1907.	161,276.72	1932. . . . .	.....
1908.	189,262.87	1933. . . . .	.....
1909.	200,854.58	1934. . . . .	.....
1910.	193,293.76	1935. . . . .	.....
1911. . . . .	.....	1936. . . . .	.....
1912.	214,190.64	1937. . . . .	.....
1913.	214,188.75	1938. . . . .	.....
1914.	243,141.00	1939. . . . .	.....
1915.	216,090.84	1940. . . . .	.....
1916.	194,763.72	1941. . . . .	.....
1917.	247,132.74	1942. . . . .	.....
1918.	270,675.85	1943. . . . .	.....
1919.	267,136.62	1944. . . . .	.....
1920.	325,518.54	1945. . . . .	.....

III. TRADE UNION MEMBERSHIP, 1900-1944

(Thousands)			
1900.	868.5	1923.	3,622.0
1901.	1,124.4	1924.	3,536.1
1902.	1,375.9	1925.	3,519.4
1903.	1,913.9	1926.	3,502.4
1904.	2,072.7	1927.	3,546.5
1905.	2,022.3	1928.	3,479.8
1906.	1,907.3	1929.	3,442.6
1907.	2,080.4	1930.	3,392.8
1908.	2,130.6	1931.	3,358.1
1909.	2,005.6	1932.	3,144.3
1910.	2,140.5	1933.	2,973.0
1911.	2,343.4	1934.	3,608.6
1912.	2,452.4	1935.	3,889.0
1913.	2,716.3	1936. . . . .	.....
1914.	2,687.1	1937.	7,179.0
1915.	2,582.6	1938.	8,000.0
1916.	2,772.7	1939.	8,500.0
1917.	3,061.4	1940.	9,900.0
1918.	3,467.3	1941.	11,000.0
1919.	4,125.2	1942. . . . .	.....
1920.	5,047.8	1943. . . . .	.....
1921.	4,781.3	1944.	15,503.0
1922.	4,027.4		

IV. INDEX NUMBERS FOR NAM MEMBERSHIP AND
LABOR UNION MEMBERSHIP, 1900-1946

Year	NAM	Labor Unions
1900.	32	25
1901.	33	32
1902.	40	39
1903.	60	55
1904.	90	59
1905.	88	58
1906.	88	55
1907.	84	59
1908.	90	69
1909.	95	57
1910.	102	61
1911.	108	67
1912.	117	70
1913.	115	78
1914.	115	77
1915.	112	74
1916.	118	79
1917.	126	88
1918.	129	99
1919.	132	118
1920.	164	145
1921.	177	119
1922.	161	115
1923.	164	104
1924.	135	101
1925.	110	101
1926.	104	100
1927.	106	102
1928.	101	100
1929.	88	98
1930.	82	97

Year	NAM	Labor Unions
1931. . . . .	...	96
1932. . . . .	...	90
1933.	45	85
1934.	58	103
1935.	73	111
1936.	85	...
1937.	89	205
1938. . . . .	...	229
1939.	231	243
1940.	215	283
1941.	246	315
1942. . . . .	...	...
1943. . . . .	...	...
1944.	338	444
1945.	446	...
1946.	462	...

Source: Cleveland, op. cit., pp. 418-19.

V. OPEN SHOP DECLARATION OF 1923

1. Those rights of individual liberty and equality of opportunity which our government was created to defend and upon which our national institutions are founded, must be recognized and preserved in every field of activity, including that of industrial affairs. When the full enjoyment of these rights is denied to any individual, save through his own voluntary act or agreement, we have ceased to be a free people.

2. An open shop, as understood by this Association, is an establishment or business where employment relations are entered into and determined through the exercise of the individual right of contract on the part of both employer and the employee and without arbitrary discrimination based upon the membership or non-membership of the employee in any lawful labor organization.

The Association considers it the duty of the employer as a citizen to preserve and defend the right of open-shop as an essential part of our national heritage of liberty.

3. When collective agreements are entered into between the employer and his employees, they should be the voluntary act of all the parties and neither adverse to the public interest nor arbitrarily limit the opportunities of those seeking employment in a given trade or community.

4. Because of his position of leadership and his control of the factors of production and service essential to society, this Association considers that an obligation or trusteeship to his employees and to the public rests upon the employer. It is his duty in the management of industry to give as well as to require efficient service, to protect the health and safety of the worker during employment, to give him every possible incentive and opportunity for improvement and advancement along lines suited to his abilities, and to take the initiative in the establishment of employment relations upon a basis of recognized mutuality of interests through fair dealings and frankness regarding facts and conditions affecting the common enterprise. The highest function of American industry is not alone to make profits, but to bring betterment of conditions to the worker as well as the owner and to make its product or service available to the public at a cost as low as possible through efficiency, cooperation, and unrestrained effort.

5. Combinations, whether of employers or employees, because of the greater power of injury that results from concert of action, are especially subject to the obligation to respect the rights of others. The boycott and the sympathetic strike or lockout, when used by such combinations, are oppressive, cruel, and intolerable weapons of industrial warfare necessarily involving injury to innocent third parties and the public, and are without justification in law or morals.

Source: Proceedings, 1923, pp. 199-200.

VI. MOHAWK VALLEY FORMULA

"First: When a strike is threatened, label the union leaders as 'agitators' to discredit them with the public and their own followers. In the plant, conduct a forced balloting under the direction of foremen in an attempt to ascertain the strength of the union and to make possible misrepresentation of the strikers as a small minority imposing their will upon the majority. At the same time, disseminate propaganda, by means of press releases, advertisements, and the activities of 'missionaries,' such propaganda falsely stating the issues involved in the strike so that the strikers appear to be making arbitrary demands, and the real issues, such as the employer's refusal to bargain collectively, are obscured. Concurrently with these moves, by exerting economic pressure through threats to move the plant, align the influential members of the community into a cohesive group opposed to the strike. Include in this group, usually designated a 'Citizen's Committee,' representatives of the bankers, real estate owners, and businessmen, i.e., those most sensitive to any threat of removal of the plant because of its effect upon property values and purchasing power flowing from payrolls.

"Second: When the strike is called raise high the banner of 'law and order,' thereby causing the community to mass legal and police weapons against a wholly imagined violence and to forget that those of its members who are employees have equal rights with the other members of the community.

"Third: Call a 'mass meeting' of the citizens to coordinate public sentiment against the strike and to strengthen the power of the Citizen's Committee, which organization, thus supported, will both aid the employer in exerting pressure upon the local authorities and itself sponsor vigilante activities.

"Fourth: Bring about the formation of a large armed police force to intimidate the strikers and to exert a psychological effect upon the citizens. This force is built up by utilizing local police, State Police, if the Governor cooperates, vigilantes, and special deputies, the deputies being chosen if possible from other neighborhoods, so that there will be no personal relationships to induce sympathy for the strikers. Coach the deputies and vigilantes on the law of unlawful assembly, inciting to riot, disorderly conduct, etc., so that, unhampered by any thought that the strikers may also possess some rights, they will be ready and anxious to use their newly acquired authority to the limit.

"Fifth: And perhaps most important, heighten the demoralizing effect of the above measures--all designed to convince the strikers that their cause is hopeless--by a 'back to work' movement, operated by a puppet assn of so-called 'loyal employees' secretly organized by the employer. Have this assn wage a publicity campaign in its own name and coordinate such campaign with the work of the 'Missionaries' circulating among the strikers and visiting their homes. This 'back to work' movement has these results: It causes the public to believe that the strikers are in the minority and that most of the employees desire to return to

work, thereby winning sympathy for the employer and an endorsement of his activities to such an extent that the public is willing to pay the huge costs, direct and indirect, resulting from the heavy forces of police. This back-to-work movement also enables the employer, when the plant is later opened, to operate it with strikebreakers if necessary and to continue to refuse to bargain collectively with the strikers. In addition, the 'back to work' movement permits the employer to keep a constant check on the strength of the union through the number of applications received from employees ready to break ranks and return to work, such number being kept a secret from the public and the other employees, so that the doubts and fears created by such secrecy will in turn induce still others to make applications.

"Sixth: When a sufficient number of applications are on hand, fix a date for an opening of the plant through the device of having such opening requested by the 'back to work' assn. Together with the Citizen's Committee, prepare for such opening by making provision for a peak army of police by roping off the area surrounding the plant, by securing arms and ammunition, etc. The purpose of the 'opening' of the plant is threefold: To see if enough employees are ready to return to work; to induce still others to return as a result of the demoralizing effect produced by the opening of the plant and the return of some of their number; and, lastly, even if the maneuver fails to induce a sufficient number of persons to return, to persuade the public through pictures and news releases that the opening was nevertheless successful.

"Seventh: Stage the 'opening' theatrically, throwing open the gates at the propitious moment and having the employees march into the plant grounds in a massed group protected by squads of armed police, so as to give to the opening a dramatic and exaggerated quality and thus heighten its demoralizing effect. Along with the 'opening' provide a spectacle--speeches, flag raising, and praises for the employees, citizens, and local authorities, so that, their vanity touched, they will feel responsible for the continued success of the scheme and will increase their efforts to induce additional employees to return to work.

"Eighth: Capitalize on the demoralization of the strikers by continuing the show of police force and the pressure of the Citizen's Committee, both to insure that those employees who have returned will continue at work and to force the remaining strikers to capitulate. If necessary, turn the locality into a warlike camp through the declaration of a state of emergency tantamount to martial law and barricade it from the outside world so that nothing may interfere with the successful conclusion of the 'Formula,' thereby driving home to the union leaders the futility of further efforts to hold their ranks intact.

"Ninth: Close the publicity barrage, which day by day during the entire period has increased the demoralization worked by all of these measures, on the theme that the plant is in full operation and that the strikers were merely a minority attempting to interfere with the 'right to work,' thus inducing the public to place a moral stamp of approval upon the above measures. With

this, the campaign is over--the employer has broken the strike."

Source: In the Matter of Remington Rand, Inc. and Remington Rand Joint Protective Board of the District Council Office Equipment Workers, Case No. C-145; Decided March 13, 1937. N.L.R.B. Decision and Orders, Vol. II, pp. 664-66.

VII. THE 1946 DECLARATION OF PRINCIPLES

To develop sound and friendly relations with employees, to minimize the number and extent of industrial disputes, and to assure more and better goods at lower prices to more people, American employers should see that their policies encourage:

- (a) High wages based on high productivity, with incentives to encourage superior performance and output;
- (b) Working conditions that safeguard the health, dignity and self-respect of the individual employee;
- (c) Employment that is stabilized to as great a degree as possible, through intelligent direction of all the factors that are under management's control;
- (d) A spirit of coöperation between employees and the management, through explanation to employees of the policies, problems and prospects of the company.

The right of employees to join or not to join a union should be protected by law. In exercising the right to organize in unions or the right not to organize, employees should be protected by law against coercion from any source.

When the collective bargaining relationship has been established, both employers and employees, quite aside from their legal obligations and rights, should work sincerely to make such bargaining effective. Collective bargaining should be free from the abuses which now destroy its benefits. It is believed that the abuses of collective bargaining will gradually disappear if both management and labor will adhere to the following principles:

1. The union as well as the employer should be obligated, by law, to bargain collectively in good faith, provided that a majority of the employees in the appropriate unit wish to be represented by the union.

2. The union as well as the employer should be obligated by law, to adhere to the terms of collective bargaining agreements. Collective bargaining agreements should provide that disputes arising over the meaning or interpretation of a provision should be settled by peaceful procedures.

3. Monopolistic practices in restraint of trade are inherently contrary to the public interest, and should be prohibited to labor unions as well as to employers. It is just as contrary to the public interest for a union or unions representing the employees of two or more employers to take joint wage action or engage in other monopolistic practices as it is for two or more employers to take joint price action or engage in other monopolistic practices.

4. If a legitimate difference of opinion over wages, hours or working conditions cannot be reconciled through collective bargaining or mediation, employees should be free to strike where such strike is not in violation of an existing agreement. However, the protection of law should be extended to strikers only when the majority of employees in the bargaining unit, by

secret ballot under impartial supervision, have voted for a strike in preference to acceptance of the latest offer of the employer. Employees and employers, should both be protected in their right to express their respective positions.

5. No strike should have the protection of law if it involves issues which do not relate to wages, hours or working conditions, or demands which the employer is powerless to grant. Such issues and demands are involved in jurisdictional strikes, sympathy strikes, strikes against the government, strikes to force employers to ignore or violate the law, strikes to force recognition of an uncertified union, strikes to enforce featherbedding or other work-restrictive demands, or secondary boycotts.

6. No individual should be deprived of his right to work at an available job, nor should anybody be permitted to harm or injure the employee, or his family, or his property, at home, at work or elsewhere. Mass picketing and any other form of coercion or intimidation should be prohibited.

7. Employers should not be required to bargain collectively with foremen or other representatives of management.

8. No employee or prospective employee should be required to join or to refrain from joining a union, or to maintain or withdraw his membership in a union, as a condition of employment. Compulsory union membership and interference with voluntary union membership both should be prohibited by law.

9. Biased laws and biased administration of laws have made a contribution to current difficulties, and should be replaced with impartial administration of improved laws primarily designed to advance the interests of the whole public while still safeguarding the rights of all employees. The preservation of free collective bargaining demands that government intervention in labor disputes be reduced to an absolute minimum. The full extent of government participation in labor disputes should be to make available competent and impartial conciliators.

Compulsory arbitration, in particular, is inconsistent with American ideals of individual freedom, and is bound to destroy genuine collective bargaining.

All labor and related legislation should be consistent with the principles set forth above. Any existing statutes that are in violation of such principles should be brought into accord with them through appropriate action by the Congress.

Source: Industry Believes, 1946.

VIII. MINUTES OF INDUSTRIAL RELATIONS
PROGRAM COMMITTEE

Monday, February 18, 1946
Room 119, Hotel Biltmore, New York, N.Y.

ATTENDANCE: Acting Chairman: Arthur Walsh, Executive
Vice Pres.
Thomas A. Edison, Inc.
West Orange, New Jersey

James G. Hanes, Chairman of Board, Hanes Hosiery Mills Co.,
Winston Salem, N.C.
Harry M. Hosier, Vice President-Director of Industrial Relations,
Corning Glass Works, Corning, New York.
Fayette R. Plumb, President, Fayette R. Plumb, Inc., Philadelphia,
Pa.
H.C. Ramsey, Executive Vice President, Worthington Pump and
Machinery Corp., Harrison, New Jersey
Charles J. Stilwell, President, The Warner and Swasey Company,
Cleveland, Ohio
R. L. Mason, proxy for John R. Suman, Vice President, Standard
Oil Company, Inc., (N.J.) New York, N.Y.

NIC Liaison Advisors

William Frew Long, Associated Industries of Cleveland, Cleveland,
Ohio
W.H. MacMahon, Executive Secretary, St. Paul Committee on In-
dustrial Relations, St. Paul Minnesota

Economic Advisor

Dr. C. L. Burrill, Standard Oil Company of New Jersey, New York,
New York

The meeting was called to order at 10:35 A.M. by Mr. Arthur Walsh,
Vice Chairman, who presided in the absence of Mr. Clarence B.
Randall, Chairman.

I FUNCTIONS OF COMMITTEE Mr. Walsh explained that the
primary function of the Committee
is to consider and recommend an over-all labor policy for the
N.A.M. on the national level, with particular reference to legis-
lation.

II INDUSTRY'S PROGRAM FOR A
NATIONAL LABOR POLICY The pamphlet setting forth in-
dustry's over-all legislative pro-
gram under the title "The Public
and Industrial Peace" was presented and discussed. The Committee
was informed of the steps being taken to distribute copies of
the booklet and to inform the public through other media of the

content and reasons for management's legislative program. Examples of favorable comments received as a result of the distribution of the pamphlet were read to the Committee.

III CONSIDERATION OF THE LABOR DISPUTES ACT OF 1946 (THE CASE BILL)

Mr. Smethurst led a discussion of the provisions of the Labor Disputes Act of 1946.

Declaration of Policy. He pointed out the distinctive features of the Declaration of Policy contained in the act which would for the first time incorporate in such legislation the principle of mutuality of responsibility on the part of both management and labor. Such a statement of policy would necessarily modify the statement of policy contained in the National Labor Relations Act and would probably affect the administration and interpretation of the National Labor Relations Act. In view of the more equitable balancing of the rights and obligations of management and labor in the Case Bill, in recognition of the public interest, much would be gained if this principle were enacted into law. The adoption of such a declaration of policy by the Federal Government might also influence State Governments in their handling of labor disputes.

Mediation Board. The Mediation Board provided in the Case Bill is not an arbitration board. However, it was pointed out that no matter what kind of administrative machinery were established to handle labor disputes, any dispute that vitally affected the welfare of the nation, and which could not be satisfactorily resolved by mediation, would necessarily be referred to a higher level of machinery, such as a Presidential fact-finding board or commission. It was concluded that, unless the wording of this provision were flagrantly misinterpreted, the Case Bill provision for a Mediation Board was not likely to lead to compulsory arbitration.

Responsibility for Adherence to Collective Bargaining Agreements. The bill provides for relief at law for breach of a collective bargaining agreement by either party, by suit for damages in any state or U.S. District Court having jurisdiction.

Use of Force, Violence, and Intimidation. The Case Bill provides relief against the use of force, violence, and intimidation. Such relief can be granted both by way of injunction and by way of removal of the protection of the National Labor Relations Act from individuals who willfully engage in violence, etc. This latter provision merely restates the law enunciated by the United States Supreme Court in the Fansteel Case.

Boycotts. Three types of boycotts are also made unlawful, including refusal to handle goods produced under a contract with a labor union certified by NLRB. Those guilty of engaging in unlawful boycott would be deprived of their status as employees under Section 7, 8, and 9 of the Wagner Act, and would be deprived

of the status of employee representative under that act. It must be noted, however, that jurisdictional strikes as such do not come within the purview of the bill.

Supervisors. The Case Bill removes supervisors from the coverage of Section 7, 8, and 9 of the National Labor Relations Act. The definition of supervisors appears to cover not only foremen but time study men, timekeepers, etc.

Recommendation

Believing the principles embodied in the Case Bill to be in the best interests of the public, the Industrial Relations Program Committee fully endorsed these principles and indicated its unanimous desire to assist in every way possible in the enactment of legislation embodying these principles, with as much speed as circumstances will permit.

In the opinion of the Committee, it is industry's responsibility to insure a general public understanding of the meritorious principles embodied in the Case Bill. One of the suggestions for attaining a broader understanding of the principles embodied in the Case Bill was the preparation of a pamphlet for distribution to members, presenting a question and answer explanation of the provisions of the bill--as a basis for an expression of viewpoints to Congress.

IV NAM INDUSTRIAL RELATIONS DEPARTMENT ACTIVITIES - 1946

The major activities of the NAM Industrial Relations Department for 1946 as incorporated

in the 1946 Program were presented for the Committee's information. A discussion concerning Labor Relations Clinics led to agreement that it was highly essential to bring to local industrial areas the kind of information which could be made available through such clinics.

V INDUSTRIAL RELATIONS PROBLEMS AFFECTING WHITE COLLAR, TECHNICAL AND PROFESSIONAL WORKERS

The present status of white collar, technical and professional workers in relation to that of hourly employees was thoroughly discussed. It was

agreed that white collar, technical and professional workers have lagged behind the hourly employees in improvement in their hours, wages and working conditions. This comparative reduction in the status of salaried employees creates the danger of loss of loyalty to management and creates conditions favorable to unionization.

Recommendation

The Committee recommends that the NAM do everything possible to alert employers to the urgent, immediate need

for reappraising the present status of white collar, technical and professional workers as compared to that of hourly employees, in order to assure the application of sound and realistic salary and personnel practices to this critically important group, in the light of current conditions.

Realistic suggestions for such reappraisal should be made available to employers, including wage evaluation, consideration of salary increases to be made effective not later than hourly wage increases, and provision for adequate consideration of complaints on the part of salaried employees.

VI COMPANY SECURITY

The Committee discussed the growing interest in various "company security" clauses in collective bargaining agreements. It was agreed that company security clauses are inadequate where the will to strike exists, even though the strike may be in violation of the agreement.

There was also some discussion of the merits of incorporating management clauses in collective bargaining agreements. It was suggested that management clauses in collective bargaining agreements were of doubtful effectiveness.

While encouraging all possible activities on the plant level to arrive at sound union-management relations, the Committee concluded that the problem of company security (which means in effect the responsibility of unions to adhere to their contracts) must be recognized on the national level and expressed by appropriate legislation, such as that incorporated in our legislative program and included in the Case Bill.

VII HUMAN RELATIONS AND INCREASED PRODUCTIVITY

Recognizing the intimate relationship between employee satisfaction and increased productivity, the Committee concluded that this subject deserved careful investigation and consideration, and suggested that the subject of human relations and its bearing on productivity be put into the hands of a Subcommittee under Mr. R.S. Livingstone. It is contemplated that such a Subcommittee would study employer-employee relations, and give full consideration to the various proposals which have been submitted, with a view to bringing before the full Committee subsequently those procedures and plans which the Subcommittee may consider to be of practical applicability.

The Committee discussed the lack of adequate information on individual productivity and approved the sending of inquiries to selected groups of members in order to obtain specific cases showing relative productivity on substantially the same products and under the same conditions. It was suggested that for purposes of comparison, productivity during the period of January, 1941 be compared with the productivity in January, 1946. It was also

suggested that some of this information could be obtained through cooperation with local associations. It is anticipated that these figures on productivity, when collected, may deserve widespread distribution.

VIII EFFECTIVE EXPRESSION OF
MANAGEMENT'S VIEWPOINT IN
HIGHER EDUCATION

An increasing number of educational institutions are establishing new courses and schools for the study of labor-management

relations, industrial relations, personnel administration, collective bargaining and related subjects. The students who receive training through these courses may be expected to head industrial relations activities in industry, and many of them may become civic and industrial leaders.

While labor's viewpoint seems to be thoroughly represented in the presentation of such courses, management's viewpoint and problems are not adequately understood or presented.

The Committee discussed ways and means of presenting management's viewpoint to those involved in higher education in industrial relations and other fields. Suggestions were made that greater utilization be made by management of college professors as consultants to industry, in order that they may be more familiar with industry's problems and viewpoint. It was also suggested that NIC affiliated associations be urged to put the problem of liaison with teachers and institutions of higher education on their list of urgent, current activities. Realizing that this subject requires adequate consideration and exploration, the Committee decided to give it further consideration at a subsequent meeting.

IX INDUSTRY'S NEED FOR
ARTICULATE SPOKESMEN

Recognizing industry's increasing need to make itself understood to the public, the Committee discussed the lack

of articulate leadership to present management's viewpoint before many types of public forums. Many requests for speakers to represent industry at such forums have had to go unfilled, while labor's views were always presented by professionals.

The Committee agreed that much good would be accomplished if more industrialists would devote more of their time and energies to such public presentations of industry's views. In fact, such spokesmen are essential if industry is to achieve its objective of building a better public understanding of industry and its goals. It was also suggested that greater utilization should be made of the staffs of local trade associations, since the members of such staffs could usually meet labor's spokesmen at their own level.

X NAM PARTICIPATION IN
INTERNATIONAL LABOR
OFFICE

Mr. J. D. Zellerbach, who represented American employers at the International Labor Office Conference in Paris last fall, raised certain questions concern-

ing NAM'S participation in the ILO before a recent meeting of the

Board of Directors, which referred the questions to this Committee for consideration.

Recommendation:

- A. That the NAM participate in the selection of employer representatives to the ILO.
- B. That the NAM authorize and instruct its appropriate committee to give consideration to the ILO agenda.
- C. That the NAM advise the American employer representatives as to action recommended by its Committee with respect to items on the ILO agenda.
- D. In view of the fact that the selection of a Government representative is a matter peculiarly within the discretion of the Government, it was concluded that the NAM should make no recommendation with respect to the rank of the individual selected to serve as an American Government representative to the ILO.

XI. UNION INCOME

The public at large has little understanding of the tremendous amounts collected by unions by way of dues, initiation fees, assessments, penalties, etc. A fuller public understanding of the true situation might well correct the popular fallacy that organized labor is the underdog. Various methods of collecting information relative to labor union incomes were considered, including the possibility of having member companies compile statistics on union dues checked off by management, such as the figures recently publicized by Ford. However, it was concluded that such information would only be of a piecemeal nature, and that more comprehensive information could be obtained from the reports of the national labor organizations and government bureaus.

In view of the need for adequate information concerning this matter, it is anticipated that the staff will collect material bearing on this question, and that such material will be prepared for appropriate publication.

XII. PERMANENT CENSUS OF EMPLOYMENT

The Committee considered a proposal that a permanent census of unemployment be established by the Government. The Committee concluded that such action was neither necessary nor advisable, since adequate statistics on unemployment are now available from the National Industrial Conference Board and other authoritative sources.

XIII. SECRETARY OF MANAGEMENT

It has been suggested at various times that a new Cabinet post-- that of Secretary of Management--be created in order to represent and protect the interests of industry adequately, as the Secretary of Labor is charged with the representation and protection of interests of labor.

After some discussion of this proposal, the Committee decided against recommending the creation of such a new Cabinet post.

XIV. LOCAL INDUSTRIAL
RELATIONS COUNCILS

The desirability of establishing local industrial relations councils was discussed. The Committee concluded that the functions of such councils were more appropriately within the scope of the industrial relations committees or councils of local employer associations, and concluded that no action need be taken at this time.

The meeting was adjourned at 3:45 P.M.

Respectfully submitted,

Sybyl S. Patterson
Committee Executive

Source: Copy in writer's possession.

IX. MINUTES OF NAM COMMITTEE ON INDUSTRIAL
RELATIONS PROGRAM

Thursday, May 9, 1946
Room 101, Hotel Biltmore, New York

ATTENDANCE:

Chairman: Clarence B. Randall,
Vice President
Inland Steel Company
Chicago, Illinois

Vice Chairman: Arthur Walsh, Executive
Vice President
Thomas A. Edison, Incorp.
West Orange, New Jersey

M.M. Anderson, Vice President, Aluminum Company of America,
Pittsburgh, Pa.
R.D. Campbell, General Counsel, PROXY for James D. Frances,
President, Island Creek Coal Company, Huntington, W. Va.
Harvey C. Ellerd, Vice President and Director of Personnel,
Armour and Company, Chicago, Ill.
Alfred C. Fuller, Chairman of Board, The Fuller Brush Company,
Hartford, Conn.
T.J. Hargrave, President, Eastman Kodak Company, Rochester, N.Y.
William F. Healey, Attorney, Sidney Blumenthal and Co., Inc.,
Shelton, Conn.
H.M. Hosier, Vice President - Director of Industrial Relations,
Corning Glass Works, Corning, N.Y.
R.L. Mason, Industrial Relations, PROXY for John R. Suman, Vice
President, Standard Oil Company, New York, N.Y.
Fayette R. Plumb, President, Fayette R. Plumb, Inc., Philadelphia,
Pa.
Earl D. Power, President, Lyon Metal Products, Inc., Aurora, Ill.
Redfield Proctor, President, Vermont Marble Company, Proctor,
Vermont.
H.C. Ramsey, Executive Vice President, Worthington Pump and
Machinery Corporation, Harrison, N.J.

Economic Advisor

W.M. Dennis, Economist, American Cyanamid Company, New York, N.Y.

NIC Liaison-Advisors

Wm. Frew Long, Chairman, Advisory Committee, Associated Industries
of Cleveland, Cleveland, Ohio - Representing Industrial Relations
group
W.H. MacMahon, Executive Secretary, St. Paul Committee on Industrial
Relations, St. Paul, Minn. - Representing Industrial Relations
Group

The meeting was called to order at 10:30 A.M. by Mr. Clarence B. Randall, Chairman. He announced that Mr. Carroll French, the new Director of the Industrial Relations Department, would henceforth act as Committee Executive to the Committee.

In opening the discussion, the chairman pointed to the complexity of the labor-management problems facing industry, which are further complicated by the diversity of viewpoints held by employers on almost all of the major issues.

I. OBJECTIVES AND FUNCTIONS OF THE INDUSTRIAL RELATIONS DEPARTMENT

With the advent of the new Director, there was an excellent opportunity to

clarify the role and activities of the Department. A draft of a statement outlining the objectives and functions of the Department was read. It was supplemented by Mr. French who briefly reviewed the Department as it is now organized to implement this statement.

The two NIC representatives, Messrs. Long and MacMahon, indicated that they wished to make a more careful study of the document "Objectives and Functions of the Industrial Relations Department," before giving any formal expression of their views.

Action: Upon proper motion made and passed, the Committee approved the document as read, with the understanding that the NIC representatives would have full opportunity to present their views in a separate report.

II. MAINTENANCE OF MEMBERSHIP AND UNION SECURITY

The Chairman presented to the Committee for their consideration the question

of whether or not the Association should take a position with respect to so-called union security in its various phases.

He pointed out that payroll deductions for the payment of dues is a separate question from that of participation by management in the internal administration of unions, and the discipline of members, through the various forms of union maintenance provisions in labor contracts.

It being immediately apparent that there was full consensus in opposition to any form of union maintenance, employing that term in the narrow sense above indicated, the Chairman then put the following two questions with respect to dues deductions:

1. Is industry categorically opposed to the check-off of dues under any circumstances, even when the employer is satisfied that it is a voluntary act of the worker?
2. Would it be desirable to advocate the voluntary revocable check-off; if so, should the NAM take this position publicly?

The ensuing discussion pointed up these views: - the check-off in any form is indefensible; while the voluntary revocable check-off is far more desirable than any union security clause or compulsory check-off, as protecting to the greatest possible extent the freedom of the individual employee, it would be unwise and undesirable for the NAM to make any statement or adopt any policy that would endorse any form of the check-off.

Action: It was unanimously agreed by the Committee that no position be taken on this subject.

III. PENDING LABOR LEGISLATION

Mr. Lambert Miller of the NAM Washington Law Department presented a summary of the present status of the major bills dealing with labor relations now pending in Congress, including the Gwynne Bill, minimum wage bills, Case Bill and the Robertson and Smith anti-royalty Bills.

IV. CLARIFICATION OF PRESENT NAM POSITION REGARDING SUPERVISORS

In line with the suggestions advanced by Mr. T.J. Hargrave, that no distinction be made between foreman, supervisor and other members of management,-- the Committee unanimously agreed that henceforth the NAM position be clarified to include all members of management as the group that should be removed from the coverage of sections 7, 8 and 9 of the National Labor Relations Act. It was agreed that otherwise our current efforts to prevent the NLRB from requiring management to bargain collectively with its own representatives, namely foremen, might be misinterpreted as efforts to legislate against foremen as a group apart from management.

V. REVIEW OF THE COAL SITUATION

Mr. R.D. Campbell gave a firsthand account of the present status of the coal strike.

Whereas the Robertson and Smith Anti-royalty bills, if passed, might speed Lewis in his bargaining negotiations with the coal operators, they would not bring the strike to a close. In fact, it was clearly brought out that the enactment of the amendments proposed in the minority report of Senators Ball, Taft and Smith with respect to the Case Bill, together with the Senate counterpart of the Robertson and Smith anti-royalty Bills (introduced by Mr. Byrd), would not get at the fundamental issues so clearly evident in the present national crisis brought about by the coal strike.

These fundamental issues are: (1) that labor is not required by law to bargain with the employer; and (2) that there is no restraint or curb on labor's monopolistic practices in restraint of trade and commerce. Until governmental regulation or restriction requires unions to comply with anti-monopoly, anti-trust and anti-racketeering laws, our economy will continue to be subject to the kind of breakdown now resulting from the coal strike.

There was a member of the NAM Public Relations Department present, and the Chairman asked that he present this discussion to the attention of the Public Relations Policy Committee for their guidance.

Action: It was therefore unanimously urged by the Committee that the NAM give renewed emphasis to the imperative need for the enactment of corrective legislation to make the anti-trust, anti-monopoly and anti-racketeering laws applicable to organized labor (as provided for in point three of the NAM Labor Legislative Program for Industrial Peace). Recognizing the complexity of the anti-trust laws, it was suggested that the staff explore a more definitive approach to legislation in this field.

VI. IMPORTANCE OF PROMOTING MORE STABLE EMPLOYMENT IN INDUSTRY

The Committee discussed the subject of regularized employment and the fact that

job security is foremost in the minds of employees. It was agreed that the NAM would exercise constructive and valuable leadership if it would embark on a nation-wide, active campaign to stabilize employment in industry.

Recognizing that there is little immediate prospect of getting guaranteed annual wages, organized labor is reaching toward their ultimate objective of job security in a number of different ways, including their drive for pension plans, group health and welfare plans, etc.

Actually, industry has made more strides toward regularized employment in the past decade than is generally recognized. However, there is a great need for a broad research study of all the factors in our economy so as to reveal the areas in which more progress could be made toward achieving stable employment.

The widely different conditions in each industry, and in each company within each industry, make it impossible to apply any one set of techniques to industry as a whole. Nevertheless, careful examination of the methods that have been used successfully in different companies and in different industries may be of considerable value to individual managements in their own efforts.

Action: It was unanimously recommended by the Committee that the NAM stimulate management to give more aggressive attention to ways and means of stabilizing employment as the soundest approach to steady work and steady pay.

The staff was requested to consider the following suggestions in the promotion of this activity:

1. Study by the NIC manufacturing associations of the factors in their respective industries which have a bearing on production, distribution and employment;
2. Keeping informed of all current studies on this subject and compiling from them useful information and data to guide employers in leveling out such fluctuations in production and distribution as mitigate against regular employment;
3. Possibility of the NAM holding employment stabilization clinics throughout the country for the purpose of exploring all possible ways of stabilizing production and thus assuring more steady work the year round;
4. Use of appropriate publicity channels to convey to the public and industrial employees management's determination to do everything possible to provide greater job security through year-round production, steady work and steady pay.

VII. PROFIT SHARING

Profit sharing as another element in the whole picture of employee security was examined by the Committee. Several successful wage dividend and profit sharing plans were reviewed, as well as recent studies which appeared to throw some question on the value of profit sharing schemes.

In view of the fact that compensation or payments of any kind to employees fall within the area of collective bargaining, it was pointed out that any wage dividend or profit sharing plans established in companies which operate under union agreements, would inevitably become a matter of bargaining and possibly be determined not in light of the economic position of the company, but rather by the economic and political strength of the union involved.

The Committee expressed extreme interest in this subject and it was agreed that it would be put on a future agenda for more thorough discussion.

VIII. RETIREMENT AGE

As another part of the discussion of job security, the Chairman pointed to the increasing efforts by organized labor to bargain about the retirement age of workers in companies where pension plans exist. There are several current instances to indicate the aggressive action that organized labor is prepared to exert on this issue:- in one company a strike is threatened if the company continues to dismiss people at 65; another company has been charged with an unfair labor practice before the NLRB because retirement is required at the age of 65. To counter this, it was pointed out that the starting point and termination point of the employment period should not be a matter for collective bargaining.

The meeting was adjourned at 3:00 P.M.

Respectfully submitted,

Carroll E. French
Committee Executive
Industrial Relations Program Committee

Source: Copy in writer's possession.

X. TENTATIVE PROPOSED NATIONAL LABOR POLICY,
MID 1946 (For Staff Use only)

Basic policy

Endorsement of coll barg when employees voluntarily choose to be represented by coll barg agencies for determination of wages, hours and working conditions.

Govt interference with coll barg to be kept at a minimum.

COLLECTIVE BARGAINING

A. Representation

When question of representation arises, an election to determine bargaining agency should be held by govtal agency (preferably state among all employees in bargaining unit upon petition of union, employees or employer).

No legal strikes or lockouts should be permitted over question of rep.

Once the coll. barg. agency has been certified, representatives' rt. to negotiate and administer an agreement should be free from interference by employers, employees or unions for a given period of time.

B. Equality under the Law

Unions and employers should be equally obligated to bargain coll.

Full freedom of speech for unions and employers--barring threats, coercion, etc. No govt agency to have power to deny freedom of speech.

C. Sanctity of coll barg agreement

Unions and employers should be legally required to live up to agreements, offending party to be subject to suit.

D. Efficient operation

Mgt. functions to be removed from area of legally required barg.

Mgt. should not be legally required to barg with unions concerning foremen.

E. Voluntary Arbitration of contract interpretation

Agreements should voluntarily provide for settlement of questions of interpretation by binding arb. Govt policies should encourage such arb.

F. Orderly negotiation procedures

Adequate notice of changes or provisions desired should be given prior to negotiation

Plant level bargaining preferable.

Conciliation preferably local--should be used when negotiations break down.

Strike or lockout legal--only if last resort.

PROTECTION OF LEGITIMATE INTERESTS OF UNION AND EMPLOYEES

A. Acceptance of unions

Mgt. accepts right of employees to organize voluntarily into unions--and recognize that rt to strike and lockout are inherent in free coll. barg.

B. Union membership

Union membership to be voluntary. No govt agency to compel membership.

If employer and union agree that union membership should be a condition of employment, such agreement to be valid only after ratification of 75% of all employees in the barg unit in secret ballot. Provisions for compulsory union membership expire after 12 months unless renewed by similar employee vote.

C. Standards of Dem operation

No union to be certified as barg agency unless following standards met: membership to be open to all employees in barg unit w/o excessive or discriminating initiation fees. If union membership a condition of employment expulsion or suspension should be subject to full and fair hearing, rt. to counsel and subject to appeal of local union membership. Audited financial reports to all members at least once a yr.

D. Full employee participation

Upon recognition as exclusive barg agent

Union must represent all employees in unit w/o discrimination.

Ratification of coll. barg agreement by secret vote of all employees in unit should be required. Majority vote constitutes ratification.

No strike may be called unless maj. of all employees in unit so indicate in secret strike ballot.

E. Freedom from fear

Freedom to work w/o fear of threats, coercion, intimidation etc. from any source.

Persons and goods must be permitted to move freely on private property and pub highways.

SAFEGUARDING THE PUBLIC INTEREST

A. The Rt to strike and prevention of abuses

Strikes resulting from disputes between employees and their employer should have protection of NLRA

Following should not:

Strikes in violation of contract, of grievance procedure, to force employer to break law, to gain recognition, jurisdictional strikes, pol strikes, strikes against govt, sympathy strikes, strikes to influence outcome of other dispute.

No strike to have protection of NLRA unless it is called

subsequently to a secret ballot authorization by a maj of all employees in unit.

B. Peaceful settlement of industrial disputes

Conciliation, preferably local, to be employed if direct neg. break down. Status quo to be maintained during conciliation.

If no agreement reached at end of 30 days, conciliator to poll all employees in unit as to whether they prefer to accept company's latest offer or go on strike.

If vote favors a strike, conciliator to notify governor and status quo to be maintained 10 days.

If gov finds that dispute endangers pub health and safety, he should have power to order status quo maintained and appoint a Bd of Review which would have limited time to hear facts and comment on dispute, but not to make recommendations, Bd. not to have power of subpoena--mgt to nominate one member, labor to nominate one, and third to be selected by other two, or failing agreement, by gov.

C. Monopolistic practices.

NLRA should not be permitted to designate any coll barg unit as appropriate if it extends beyond limits of one co, unless by agreement of employers and unions involved. Govt to encourage plant level barg. Industry-wide collective barg should be subject to anti-trust laws if it results in restraint of trade.

Anti-trust laws should be amended to prevent monopolistic practices by unions.

Extortion, coercion, intimidation should be prohibited.

D. Political activities

It should be illegal for anyone to use union funds for pol purposes or for unions to participate in pol campaigns.

Source: Copy in writer's possession.

XI. THE DEVELOPMENT OF A NATIONAL LABOR POLICY--
A PROGRESS REPORT, SEPTEMBER 4, 1946

(Prepared by NAM Staff--L. Teplow, 9/4/46)

For the past three months a special staff committee has been engaged in the development of a proposal for a nat labor policy to be submitted to the Indus Rel Program Com. By way of a report of progress the following statement of the various items considered by the drafting committee may be of interest to the Program Com.

1. Union Stability

This involves min. requirements of dem. operation as a prerequisite to certification of a collective barg. unit; the obligation of equal representation for all members in the barg. unit; local union autonomy (as distinct from national union domination); voting by all employees in the barg unit (whether union members or not) on such major questions as strikes and ratification of collective barg. agreements; and employee freedom from molestation at home, at work, and on their way between home and work.

Also conducive to union stability would be a measure protecting the certified union from interference by any one for a stated period while it acts to negotiate and administer a coll barg agreement.

2. Union responsibility

Union obligation to live up to coll barg agreements; responsibility for limiting strikes to disputes between employer and his employees (avoiding pol, sympathy, jurisdictional, etc., strikes).

3. Equality in Bargaining

Obligation to bargain collectively applicable to unions as well as to employers; unfair labor practices (including anti-gmt practices) to be prohibited on both sides.

4. Collective bargaining procedures

Utilization of orderly procedures before resort to strike or lockout, including prohibition of strike or lockout where available legal procedures have not been exhausted (no representation or jurisdictional strikes); resolution of agreement interpretation disputes by contractual arbitration provisions; role of the conciliator, including a strike poll among employees; notice of status quo during negotiations; prohibition of govt seizures.

5. Collective Bargaining units

Discouragement of industry-wide and even multi-plant coll. barg.

6. Definition of nature and scope of coll barg.

Exclusion from area of legally required coll. barg of such matters as mgt functions, royalty payments, and bargaining for foremen.

7. Fact-finding

Fact-finding as a theoretical solution, and as discredited by recent Administration usage.

8. Compulsory arbitration

Recognition of popular demand for compulsory settlement of industrial disputes; limitation of compulsory arbitration to franchise industries and severely restricted list of others; removal of arbitration tribunal from pol influence by appointment of lifetime officers by Pres with advice of Senate, the tribunal to pass on its own jurisdiction in each case before considering the merits. Tribunal also to be available for arbitration of cases voluntarily submitted by parties.

9. The public interest

Elimination of monopolistic and racketeering union practices, including restriction of output, raising of prices, employment of more people than necessary, and requirement of payment for work not done.

Comments

Further consideration must be given to efforts to decentralize federal functions in labor matters; consideration of a possible labor code or basic principles to guide any fed arbitration tribunal; and sanctions to be utilized for various practices prohibited by a comprehensive labor policy.

Source: Copy in writer's possession.

XII. MINUTES OF INDUSTRIAL RELATIONS PROGRAM
COMMITTEE, OCTOBER 16, 1946

Room 119, Hotel Biltmore, New York

Attendance:

Chairman: Clarence B. Randall, Vice
President
Inland Steel Company
Chicago 3, Illinois

Vice Chairman: Arthur Walsh, Exec. Vice
President
Thomas A. Edison, Incorporated
West Orange, New Jersey

Clayton R. Burt, Chairman of Bd., Pratt and Whitney, Div. of
Niles-Bement-Pond Company, Hartford, Conn.

James D. Francis, President, Island Creek Coal Company, Hunting-
ton, West Virginia

Alfred C. Fuller, Chairman of Board, The Fuller Brush Company,
Hartford, Conn.

Wm. J. Grede, President, Grede Foundries, Inc., Milwaukee, Wis.

James G. Hanes, Chairman of Board, Hanes Hosiery Mills Co.,
Winston Salem, N.C.

H.M. Hosier, Vice President, Director of Industrial Relations,
Corning Glass Works, Corning, N.Y.

T.J. Hargrave, President, Eastman Kodak Company, Rochester, N.Y.

Wm. F. Healey, Attorney, Sidney Blumenthal and Company, Inc.,
Shelton, Conn.

(W.W. Miller, Director of Industrial Relations) PROXY
for James S. Knowlson, President and Chrmn. of Bd., Stewart-Warner
Corp., Chicago, Ill.

Redfield Proctor, President, Vermont Marble Company, Proctor,
Vermont

H.C. Ramsey, Exec. Vice President, Worthington Pump and Machinery
Corp., Harrison, N.J.

(Mathew Radom, Administrative Asst. to Mr. Mason)
(Edwin W. Esmay, Public Relations Department) PROXY
for John R. Suman, Vice President, Standard Oil of New Jersey,
New York

Economic Adviser:

W.M. Dennis, Economist, American Cyanamid Company, New York, N.Y.

NIC Liaison Advisors:

Wm. Frew Long, Chairman Advisory Committee, Associated Industries
of Cleveland, Ohio

W.H. MacMahon, Exec. Sec'y., St. Paul Committee on Industrial

Relations, St. Paul, Minnesota
 George W. Romney, Manager, Automobile Manufacturers Association,
 Detroit, Michigan

The meeting was called to order by the Chairman at
 10:00 A.M.

- I. NATURE OF NAM'S TASK IN DRAFTING
 A NATIONAL LABOR POLICY: In discussing the Committee's
 responsibility in drafting
 the basic substantive ideas
 for a statement of policy by the NAM on labor relations, the Chair-
 man made it clear that there were three separate phases involved
 in the final formulation of an NAM program on labor policy, namely:
- (1) The need for drafting a clear statement of principles
 for which the Association stands in the field of labor
 relations.
 - (2) A clearly documented statement of reasons and explan-
 ations in support of each of the principles in the
 foregoing document.
 - (3) The formulation of specific remedies, perhaps in
 statute language, to implement our statement of
 principles.

The Chairman explained that this third and last category is
 clearly not for consideration by the Committee because the Com-
 mittee deals with policy, and if legislation should be proposed,
 that will be the responsibility of the NAM Legislative Committee
 and our Legal Department.

II. COURSE OF PROCEDURE: The Chairman complimented
 the NAM staff on the docu-
 ment which it had prepared entitled "A Program to Promote Indus-
 trial Peace through the Establishment of Genuine Collective Bar-
 gaining." However, in the interest of seeking areas of agreement
 among Committee members, it was decided that the first and most
 important step is to try to determine what are the specific, sub-
 stantive principles which the Association stands for in the field
 of labor relations and is prepared to advocate publicly. Having
 determined these, it was agreed that these principles be expressed
 in the simplest possible form.

III. VIEWPOINTS OF BASIC ISSUES: The next several hours were
 given over to a broad dis-
 cussion for the purpose of developing Committee viewpoints and
 possible areas of agreement in connection with the specific issues
 on which the Committee believes the NAM should express itself
 publicly in the field of labor relations.

1. Wagner Act

There was general discussion as to whether the Wagner
 Act should be repealed or amended.

Many different views were expressed. Several of the members believe that the Wagner Act is essentially a poor and unworkable law which cannot be patched up or made to work regardless of how it would be amended. Therefore they advocate repeal as the only forthright and honest position to put before the public.

Other members feel that the foregoing position is neither realistic nor sound because of public opinion. This group advocates amendments to the Wagner Act which will:

- (a) guarantee the right to work
- (b) establish both labor and management as equal before the law in the matter of rights, responsibilities and obligations.

There was considerable doubt on the part of the majority of the Committee members whether the repeal of the Wagner Act, even if that were possible, would provide the necessary answers to our labor relations problems, the core of which involves the enormous exercise of monopolistic power by unions.

It was generally agreed that the present Association position, which advocates that the Wagner Act be amended, remain unchanged.

2. Collective Bargaining

It was the studied opinion of the Committee that, where unions represent the honest will of the workers, the NAM has no desire to obstruct them or interfere in any way with collective bargaining. But, where that is not true, it is not the intention or desire of the NAM to promote, urge, advocate or foster collective bargaining. Where unions have been chosen, the NAM believes that both the parties should deal in good faith without outside interference of any kind, by either the government, international unions, or any others.

It was clearly recognized that the NAM needs to establish its integrity realistically in the public mind so that the public can have confidence in industry when it declares that it accepts the principles of unionism and collective bargaining where they represent the honest and true will of the workers.

3. Government's Role

Discussion of the government's role in the field of labor relations divided itself into two categories, namely:

- (a) Compulsory arbitration

- (b) the function of government in establishing sound national labor policies.

Speaking to the first--compulsory arbitration--the Committee expressed itself as being unequivocally opposed to compulsory arbitration, believing it to be unsound for the government to intervene in a labor dispute for the purpose of fixing wages, hours and working conditions. It was agreed that the Association expression on this subject must, of necessity, confine itself to the possible application of the principle of compulsory arbitration to manufacturing industries. That being so, it was decided that the Association should voice no opinion, either pro or con, on the application of compulsory arbitration to public utilities and other franchise industries.

Speaking to point two above--the function of government in labor relations--it was agreed that the Congress should:

- (a) enact a sound national labor policy in the public interest that would equalize existing laws affecting labor-management relations so that both labor and management stand equal before the law with respect to rights, responsibilities and obligations;
- (b) establish sound laws and policies to govern collective bargaining; and
- (c) having established such laws, abstain from intervening in--or interfering with--collective bargaining between the parties.

4. Monopolistic Practices by Unions

Discussion centered around the fact that international unions exercise vast monopolistic power in a number of different ways, including:

- (a) setting of industry-wide and nation-wide patterns of wages, hours and working conditions;
- (b) monopoly control of labor in many industries; and
- (c) compulsory power they exercise over local unions.

The Committee unanimously agreed that the NAM should condemn the exercise of monopolistic power by unions, no matter how or where exercised, as being harmful. It was further agreed that the NAM advocate restrictions upon the compulsory power of international unions over local unions.

In addition, the Committee declared that industry-wide and national bargaining spell the ultimate end of our

free competitive enterprise system. It was the group's opinion that where management and labor are engaged in collective bargaining, the maximum degree of sound and satisfactory relations in the plant will be attained when negotiations are held at the plant or company-wide level.

5. The Right to Work

The Committee emphatically agreed that the NAM should continue its present official position advocating "that the right to work should be protected" and opposing any form of compulsory union membership as a prerequisite of employment.

In discussing this point, there was some question as to what, if anything, the NAM might propose to remedy the present breakdown of local law enforcement. Although recognizing that the breakdown of local law enforcement is at the heart of much of the present labor strife, it was nevertheless agreed that the NAM would be going beyond its proper function and jurisdiction if it made any proposals to deal with local and state problems or attempted to propose any federal remedies that would infringe on states' rights.

6. Collective Bargaining of Management Members

The Committee unanimously agreed that the NAM should oppose any legal obligation upon the employer to bargain collectively with members of the management group.

7. The Right to Strike

Jurisdictional Strikes

It was agreed that the NAM believes in the right to strike in industrial disputes between employees and their employers over wages, hours and working conditions --provided, however, that the exercise of this right does not result in a strike against the government or endanger the public health and safety. It was further agreed that the public should be protected from violence or intimidation.

However, the Committee unanimously agreed that the NAM record its position that disputes of a jurisdictional nature are against the public interest and, as such, should be opposed as being harmful to our economy. The same is true of disputes which relate to matters other than wages, hours, and working conditions in industry between employees and their employers, such as secondary boycotts against farm or manufactured goods.

8. Wages

The Committee went on record as endorsing the principle of high wages commensurate with production and with due regard to the interests of investors and the consuming public. It also advocates the adoption of wage incentive pay systems which relate increased earnings to increased production.

9. Equality under the Law and Union Responsibility

As covered in point 3, the Committee is agreed that the NAM should advocate equality before the law for both management and labor, with each having equal obligation to bargain in good faith and each having equal responsibility for adhering to the spirit and letter of the collective bargaining agreement.

10. The Right of Free Speech

Whereas recent Supreme Court and NLRB decisions have corrected some of the original restrictions placed upon the employer's right of free speech, the Committee believes it desirable for the NAM to advocate the principle of free speech for employers equal to that of all other citizens, including employees and their representatives.

Miscellany

As a result of the discussion, it was agreed that the NAM need express no viewpoint on fact finding at the present time inasmuch as this technique has been discredited during the past year because fact finding boards have tended to "find" conclusions rather than facts.

IV. NAM DECALOGUE ON LABOR RELATIONS: At the conclusion of the foregoing discussion, it was decided that the staff prepare a draft of an "Nam Decalogue" which would present ten basic principles for which the NAM stands in the field of labor relations, with a single crisp sentence for each substantive idea of policy. It was then agreed that this statement of principles be the basis for the next meeting of the Committee, with the thought in mind that the Chairman would, following Committee discussion and agreement, present this Decalogue to the Board of Directors. Following Board action, the document could then be made available to the Public Relations Policy Committee and the officers of the Association, who will interpret the purposes of the Association to the public. When this Decalogue of principles has been cleared, the Committee's next step would be to prepare, with staff assistance, an explanatory document in support of each principle.

At this point, the Chairman invited each of the Committee members present to give some thought to the development of a ten-point Decalogue which would express his convictions to guide the staff. The staff was requested to prepare an initial draft of this statement, to be mailed to the Committee members as promptly as possible so that they would have the opportunity to give the staff such criticisms and suggestions as they may have.

V. POSSIBLE COOPERATION WITH THE U.S. CHAMBER OF COMMERCE There was some discussion about the extent to which it would be advisable to have participation by the U.S. Chamber of Commerce in this project. Believing that it would be valuable to have the cooperation and support of the Chamber in the proposed NAM statement on basic labor principles, after the substantive ideas have been agreed upon, the suggestion was made that the Chairman explore the possibility of inviting the Chamber to send a representative to the next meeting of the Industrial Relations Program Committee, at which this document would be reviewed.

It was understood, however, that should this course of action be followed, the ultimate NAM statement on labor principles would in no way represent a joint NAM--U.S. Chamber document.

With the business of the day concluded, there was some general discussion regarding the need for management to do a better job of keeping its employees informed on a regular basis. Several interesting case histories were presented to demonstrate the high degree of acceptance by employees of the management story when it is told clearly, honestly and on a factual basis.

The meeting was adjourned at 3:00 P.M.

Respectfully submitted,

Carroll E. French
Committee Executive
Industrial Relations Program
Committee

Source: Copy in writer's possession.

XIII. PRELIMINARY DRAFT OF BASIC PRINCIPLES OF
NAM LABOR POLICY, OCTOBER 18, 1946

1. SOUND EMPLOYEE RELATIONS--The development and maintenance of sound and friendly relations with employees, with due regard to their viewpoints and desires, is a major responsibility of the chief exec of a company.
2. THE RIGHT TO ORGANIZE AND BARGAIN COLLECTIVELY--Where employees have freely indicated their desire to organize and to bargain collectively thru representatives of their own choosing, mgt accepts its obligation to bargain in good faith, making collective bargaining work with max success. In order to fully discharge its obligations, mgt should not be legally obligated to bargain collectively with internal mgt groups.
3. THE RIGHT TO STRIKE--The right to strike in industrial disputes between employees and their employers over wages, hours, and working conditions should be protected where the exercise of this right is neither against the govt nor harmful to the general health or safety. Disputes of a jurisdictional nature or related to matters other than wages, hours and working conditions are against the public interest.
4. FREEDOM OF EMPLOYMENT--In the interests of sound labor relations and responsible collective bargaining, individual employees must be assured freedom of employment, including freedom from violence and molestation to themselves and their families while at work or at home, regardless of union membership.
5. THE ROLE OF GOVT--Functions of govt in labor relations must be limited to the impartial protection of the rights of workers employers and the public and the establishment of a sound nat labor policy. Compulsory arbitration and other methods of govt intervention in labor disputes should be avoided, in order that free coll barg may be preserved.
6. WAGES--Am industry endorses the principle of high wages based on max production of goods and services with due regard to the interests of the investor and the consuming public. To this end, mgt supports and encourages the adoption of systems of wage payments which relate increased earnings with increased production and offer incentives for max. employee performance and output.
7. EQUALITY UNDER THE LAW--Satisfactory and successful coll barg can be attained only when both parties stand equal before the law, have equal obligation to bargain in good faith, and are equally responsible for adherence to the spirit and letter of the coll barg agreement. The basic Am right of free speech should apply with equal force to all citizens, including employers, employees and their representative.

8. PLANT LEVEL RELATIONS--Where mgt and labor are engaged in collective bargaining, the maximum degree of sound and satisfactory relations in the plant will be attained when negotiations are held at the plant or company wide level. (Pencil notation--No barg representative should be allowed to act as a representative of employees in more than one company.)

9. MONOPOLISTIC PRACTICES--The public should be protected by law against monopolistic practices on the part of labor as well as on the part of employees

10. EMPLOYMENT STABILIZATION--Mgt accepts the obligation to so direct the factors within its control as to provide the greatest possible degree of steady work and steady pay.

Source: Copy in writer's possession.

XIV. THE BASIC PRINCIPLES BEHIND GOOD INDUSTRIAL
RELATIONS AND SOUND COLLECTIVE BARGAINING,
NOVEMBER 18, 1946

To develop sound and friendly relations with employees, to minimize the number and extent of industrial disputes, and to assure more and better goods at lower prices to more people, American employers must maintain constant vigilance to see that their policies encourage:

- a) Wages that are as high as productivity justifies, with incentives to encourage superior performance and output;
- b) Working conditions that safeguard the health, dignity and self-respect of the individual employee;
- c) Employment that is stabilized on as near an annual basis as possible, through intelligent direction of all the factors that are under management's control;
- d) A spirit of coöperation between employees and the management, through full, frank and frequent discussion of the policies and profits, and the plans and prospects, of the company.

In many companies, particularly where such a spirit of coöperation has been maintained effectively, employees have felt no need to organize to secure these benefits of such policies. In other companies, employees have joined together in unions for the purpose of bargaining collectively about such matters.

The right of employees to organize in unions is, and should continue to be, protected by law. In exercising that right, employees should be protected against coercion from any source. And employers, quite aside from their legal obligation to bargain collectively, should work sincerely to make such bargaining effective--recognizing that sound collective bargaining is a useful tool for the maintenance of good employee relations.

Collective bargaining, however, cannot be expected to work effectively unless it is freed from many of the abuses which currently nullify its benefits. Such abuses will end if both management and labor will adhere to the following principles of sound collective bargaining, which NAM submits for public consideration:

1. An employer should be required by law to bargain collectively with a union if proof is provided that a majority of the employees in the appropriate bargaining unit wish to be represented by the union, and that the union is a democratic and responsible institution conforming to the following minimum standards:

- a) Offers membership to all workers, without excessive or discriminatory dues or fees:
- b) Elects officers annually by secret ballot:
- c) Provides audited financial reports annually to its members:
- d) Provides an opportunity for a full hearing, in meetings open to the full union membership, on all questions of union discipline or expulsion;
- e) Submits collective bargaining agreements to the full membership for ratification by secret ballot.

No union should be certified as a bargaining agency, unless it meets the above standards.

2. The employer and the union should be equally obligated, by law, to bargain collectively in good faith.

3. The employer and the union alike should be legally obligated to live up to their collective bargaining agreements, both parties being equally subject to civil suit for violations. Disputes arising over the interpretation of an agreement should be settled by voluntary arbitration, and workers who strike over such a dispute should not receive the protection of labor laws if the employer has offered to submit the dispute to arbitration.

4. Monopolistic practices in restraint of trade are inherently contrary to the public interest, and should be prohibited to labor unions as well as employers. In particular, since industry-wide bargaining and industry-wide strikes are fundamentally monopolistic in character, the law should prohibit efforts or agreements to fix industry-wide wage rates and working conditions, just as efforts or agreements by employers to fix prices or otherwise restrain trade are prohibited.

5. If a legitimate difference of opinion over wages, hours or working conditions cannot be reconciled through collective bargaining or mediation, employees should be free to strike. However, the protection of the National Labor Relations Act and the Norris-LaGuardia Act should be extended to strikers only when the majority of employees in the bargaining unit, by secret ballot, have voted for a strike in preference to acceptance of the latest offer of the employer.

6. No strike should have the protection of the National Labor Relations Act or the Norris-LaGuardia Act if it involves issues which do not relate to wages, hours or working conditions or demands which the employer is powerless to grant. Such issues and demands include those which result in jurisdictional strikes, sympathy strikes, strikes against the Government, strikes to

force employers to ignore or violate the law, and strikes to force recognition of an uncertified union.

7. Neither strike, mass picketing, nor any other form of coercion or intimidation should be permitted to deprive any individual of his right to work at an available job, nor should they be permitted to molest the employee or his family at home, at work, or elsewhere.

8. Employers should not be required to bargain collectively with their own representatives, such as foremen, general foremen or others whose duties are primarily supervisory in nature.

9. No individual should be required to join or to refrain from joining a union, or to maintain or withdraw his membership in a union, as a condition of employment. Accordingly, compulsory union membership and interference with voluntary union membership both should be prohibited by law.

ALTERNATE

9. Since any form of compulsory union membership infringes upon the individual rights of employees who do not desire to be members of the union, an agreement providing for any form of compulsory membership should be valid only after ratification by 75 per cent or more of the employees in the collective bargaining unit. (This percentage is selected because it conforms to the 75 per cent vote required to modify any of the individual rights now guaranteed in the Constitution of the United States.)

10. Since government intervention inevitably reduces the incentive of one or the other of the parties to reach an agreement voluntarily, the preservation of free collective bargaining demands that government intervention in labor disputes be reduced to an absolute minimum.

However, in the case of a threatened strike in a franchise industry through which the community may be deprived of an essential commodity, product or service for which there is no competitive source of supply, some equitable, non-political form of compulsory adjudication should provide for a binding public determination of the issues in dispute.

In addition, in the case of any other dispute which would have a serious impact upon the general welfare of the entire community, provision should be made for publicizing the facts in dispute, in order that the pressure of public opinion may influence the parties toward a settlement. Such publication (without recommendation of terms for settlement) should be made by a non-partisan, non-political Board of Review, pursuant to a fair hearing and consideration of the facts presented by both parties.

In no other instance should government intervene in any way in labor disputes except to make available competent and impartial mediators. Compulsory arbitration, in particular, is

inconsistent with American ideals of individual freedom, and is bound to destroy genuine collective bargaining.

Source: Copy in writer's possession.

XV. MINUTES OF INDUSTRIAL RELATIONS PROGRAM
COMMITTEE, NOVEMBER 18, 1946

Room M-17, Drake Hotel, Chicago, Illinois

ATTENDANCE: Chairman: Clarence B. Randall, Vice Pres.
Inland Steel Company
Chicago, Illinois

M.M. Anderson, Vice President, Aluminum Company of America,
Pittsburgh, Pa.
Harvey G. Ellerd, Vice President and Director of Personnel,
Armour and Company, Chicago, Ill.
Wm. J. Grede, President, Grede Foundries, Inc., Milwaukee, Wisc.
William F. Healey, Attorney, Sidney Blumenthal and Company, Inc.,
Shelton, Conn.
R.H. Lackey, Jr., PROXY for John R. Suman, Vice President, Stan-
dard Oil Company, Inc., (N.J.), New York, N.Y.
William W. Miller, Director of Industrial Relations, PROXY for
James S. Knowlson, President and Chairman of Board, Stewart-
Warner Corp., Chicago, Illinois
T. Albert Potter, President, Elgin National Watch Company, Elgin,
Illinois
Earl D. Power, President, Lyon Metal Products, Inc., Aurora, Ill.
Redfield Proctor, President, Vermont Marble Company, Proctor, Vt.
Theodore F. Smith, President, Oliver Iron and Steel Corporation,
Pittsburgh, Pa.
R.D. Campbell, General Counsel, PROXY for James D. Francis,
President, Island Creek Coal Company, Huntington, West Va.

Economic Advisor

W.M. Dennis, Economist, American Cyanamid Company, New York, N.Y.

NIC Liaison-Advisors

Wm. Frew Long, Chairman, Advisory Committee, Associated Industries
of Cleveland, Cleveland, Ohio--Representing Industrial Relations
Group
W.H. MacMahon, Executive Secretary, St. Paul Committee on Indus-
trial Relations, St. Paul Minn.--Representing Industrial Relations
Group
John L. Lovett, General Manager, Michigan Manufacturers' Associa-
tion, Detroit, Mich.--Representing State Associations Group
George W. Romney, Manager, Automobile Manufacturers Association,
Detroit, Mich.--Representing Manufacturing Trade Group

Guests

Lee H. Hill, Publisher, ELECTRICAL WORLD, McGraw Hill Publishing
Company, New York, N.Y.
Homer Hartz, President, Morden Frog and Crossing Company, Chicago,
Ill.--representative from United States Chamber of Commerce Com-
mittee on Labor Relations.

The meeting was called to order by Mr. Randall, Chairman, at 10:00 A.M.

I. PURPOSE OF MEETING: In opening the meeting, the Chairman explained that the document entitled "The Basic Principles Behind Good Industrial Relations and Sound Collective Bargaining" represented the latest draft prepared by the staff in light of all the suggestions received from Committee members and NIC liaison-advisors.

The purpose of the meeting, he stated, was to afford a complete airing of all the diverse views represented around the table--looking toward the widest possible agreement on the ten basic substantive principles for which the NAM stands in the field of labor-management relations.

Before entering upon a detailed discussion of the specific language, he called for any suggestions to: (1) additional items that might be desirably incorporated in the document; (2) principles in the document which might desirably be eliminated.

He expressed the hope that this meeting would result in a clear, definitive and forward-looking statement for submission to the Executive Committee and the Board of Directors and form the basis for a specific NAM platform in the field of labor relations for presentation at the Congress of American Industry.

II. MAJOR CHANGES IN THE DOCUMENT: Careful study and discussion as to both the language and substance of the document resulted in the following changes:

1. Change in the title to "The Basic Principles Behind Good Employee Relations and Sound Collective Bargaining."
2. The substance of the preamble remained substantially the same, with some minor changes:

A question arose as to whether reference should be made to "profits" as one of industry's primary objectives. It was decided that there was no real justification for a discussion of this subject in a document which dealt exclusively with problems of employee relations and collective bargaining.

In order to avoid possible misinterpretation of subparagraph (d) as an invitation for labor to require management to "open its books" and/or to reveal plans in the making,--the sentence was rephrased and the words "profits" and "plans" eliminated.

There was considerable discussion about the statement that "the right of employees to organize in unions is, and should continue to be, protected by law." A number

of members proposed that, inasmuch as the employee's right to organize is now protected by law, there was no need for the NAM to go further and require that this right should "continue to be" protected. The majority, however, felt that this unequivocal and forthright declaration by the NAM would go far to create greater public acceptance of industry's good faith and integrity in connection with collective bargaining where it is the will of the employees.

3. Principle No. 1

It was decided to eliminate proposed specific criteria against which to determine whether a union is a "democratic and responsible institution."

A division of opinion existed in the Committee; the majority held that it would be both unwise and unsound for the NAM to presume to recommend rules of behavior for unions to follow in their internal affairs and that a parallel might be drawn between industry's setting up standards for internal union behavior and the possibility that organized labor might seek, in similar action, to have established standards and rules for internal corporation behavior.

It was agreed that all reference to a spelled-out definition of "democratic and responsible institutions" should be eliminated.

4. Principle No. 4

In dealing with the principle that monopolistic practices are against the public interest and that they should be prohibited to labor unions as well as to employers, the Committee was in agreement that reference to "industry-wide strikes" should be deleted and be replaced by the following sentence, which would point up the monopolistic result of such industry-wide activity:

"It is just as contrary to public interest for organized unions to take joint wage action as for organized employers to take joint price action."

It was pointed out that this new sentence would make it illegal for two or more employers to engage in collective bargaining with the same union and that this principle was counter to some prevailing practices in industry where industry-wide bargaining exists on a community, area or regional basis. Although recognizing this conflict, the Committee voted 8 to 4 in favor of injecting the above sentence into the text.

As a point of clarification, the Committee stated that principle No. 4, dealing with monopolistic practices, sought primarily to eliminate the practice of unions who represent employees of more than one employer from making demands or signing agreements, if such demands or agreements affect the employees of more than one employer.

5. Principle No. 6

Strikes to enforce featherbedding or other work restrictive demands, and secondary boycotts, were added to the list of strikes for which strikers should not have the protection of law.

6. Principle No. 9

The proposed alternate suggestion that a closed shop is acceptable if ratified by 75 % or more of the employees in the collective bargaining unit was stricken out in favor of the clear-cut principle that compulsory union membership is against the public interest and should be prohibited by law.

7. Principle No. 10

All reference to franchise industries and the proposed use of compulsory adjudication for strikes in franchise industries was stricken out.

Lee Hill, Publisher of "Electrical World and Electrical Contracting," spoke on behalf of the utility industries. He declared that they were unequivocally opposed to whether the NAM should express a position affecting that industry.

While recognizing the public relations value of proposing some answer to strikes in franchise industries which seriously affect essential products or services, the Committee was decisive in its majority conclusion that there was no justification for the NAM to propose a course of action for the utility industries; further that any proposal recommending compulsory arbitration as a sound government policy, even though limited to the franchise industries, could not fail to have adverse repercussions on industry, ultimately expanding the area of disputes in which the public and the government would look to compulsory arbitration as the remedy.

The staff explained that the public was looking to the NAM for a constructive program that would also provide some solution for the type of recent strike

which deprived the public of essential light, power, fuel and transportation.

The point was also made that whereas industry could not technically be looked to for an answer in the utility industries, it would nevertheless be a highly desirable public position for the NAM to take.

After weighing this factor carefully, the Committee decided to make no reference whatsoever to the franchise industries. The Committee also eliminated the statement regarding fact-finding on the basis that fact-finding as a technique for the settlement of industrial disputes has been discredited, and for the further reason that even during some of the most recent strikes public opinion carried little if any weight in hastening the settlement of the dispute.

III. DOCUMENT REVISED IN LIGHT OF COMMITTEE ACTION:

Attached hereto as Appendix A is the document, as revised by the Committee, entitled "The

Basic Principles Behind Good Employee Relations and Sound Collective Bargaining," as it will go to the Executive Committee and the Board of Directors.

IV. THE PORTAL-TO-PORTAL ISSUE: The critical problem of huge back-wage liabilities under the portal-to-portal and Mt. Clemens "walking time" decisions, and the effect on industry of these expanded definitions of compensable work time, were discussed by the Committee.

A general review of the problem revealed the fact that there appeared little promise of legislative remedy to lighten the financial load to industry of pending and potential employee back-wage claims to date. Such possible legislative relief as would be afforded by the amendment of the Fair Labor Standards Act, the Gwynne Bill or similar legislation, and possible amendments to existing tax laws, was discussed. It was agreed that the NAM should do everything possible to deal with this problem on behalf of industry on a positive and constructive basis.

The Committee accordingly adopted the following resolution:

"The Industrial Relations Program Committee recommends that the NAM continue and intensify its informational and educational program to bring to the attention of member companies the extreme urgency of giving careful study to the portal-to-portal and "walking time" issue and how these definitions of compensable work time affect their individual businesses.

It is further recommended that the NAM study this whole problem in all its ramifications and, with the assistance

of the Law Department, explore all possible remedies and solutions for this problem, including legislative and tax relief."

The meeting was adjourned at 4:30 P.M.

Respectfully submitted,

Carroll E. French
Committee Executive

APPENDIX A

To develop sound and friendly relations with employees, to minimize the number and extent of industrial disputes, and to assure more and better goods at lower prices to more people, American employers should see that their policies encourage:

- a) High wages based on high productivity, with incentives to encourage superior performance and output;
- b) Working conditions that safeguard the health, dignity and self-respect of the individual employee;
- c) Employment that is stabilized to as great a degree as possible, through intelligent direction of all the factors that are under management's control;
- c) A spirit of coöperation between employees and the management, through explanation to employees of the policies, problems and prospects of the company.

The right of employees to organize in unions is, and should continue to be, protected by law. It is equally important that the right of employees not to organize in unions be protected by law. In exercising the right to organize in unions or the right not to organize, employees should be protected by law against coercion from any source.

When the collective bargaining relationship has been established, both employers and employees, quite aside from their legal obligations and rights, should work sincerely to make such bargaining effective. Collective bargaining should be free from the abuses which now destroy its benefits. It is believed that the abuses of collective bargaining will gradually disappear if both management and labor will adhere to the following principles which the NAM submits for public consideration:

1. An Employer should be required by law to bargain collectively with a union provided that a majority of the employees in the appropriate bargaining unit wish to be represented by the union, and if the union is a democratic and responsible institution.
2. The union as well as the employer should be obligated, by law, to bargain collectively in good faith.
3. The union as well as the employer should be obligated, by law, to adhere to the terms of collective bargaining agreements. Collective bargaining agreements should provide that disputes arising over the meaning

or interpretation of a provision should be settled by voluntary arbitration.

4. Monopolistic practices in restraint of trade are inherently contrary to the public interest, and should be prohibited to labor unions as well as to employers. It is just as contrary to public interest for organized unions to take joint wage action, as for organized employers to take joint price action.
5. If a legitimate difference of opinion over wages, hours or working conditions cannot be reconciled through collective bargaining or mediation, employees should be free to strike where such strike is not in violation of an existing agreement. However, the protection of law should be extended to strikers only when the majority of employees in the bargaining unit, by secret ballot under impartial supervision, have voted for a strike in preference to acceptance of the latest offer of the employer.
6. No strike should have the protection of law if it involves issues which do not relate to wages, hours or working conditions, or demands which the employer is powerless to grant. Such issues and demands are involved in jurisdictional strikes, sympathy strikes, strikes against the government, strikes to force employers to ignore or violate the law, strikes to force recognition of an uncertified union, strikes to enforce featherbedding or other work restrictive demands, or secondary boycotts.
7. No individual should be deprived of his right to work at an available job, nor should anybody be permitted to harm or injure the employee, or his family, or his property, at home, at work or elsewhere. Mass picketing and any other form of coercion or intimidation should be prohibited.
8. Employers should not be required to bargain collectively with foremen or other representatives of management.
9. No employee or prospective employee should be required to join or to refrain from joining a union, or to maintain or withdraw his membership in a union, as a condition of employment. Compulsory union membership and interference with voluntary union membership both should be prohibited by law.
10. Since government intervention nearly always reduces the willingness or effort of one or the other of the parties to reach an agreement voluntarily, the preservation of free collective bargaining demands that

government intervention in labor disputes be reduced to an absolute minimum. The full extent of government participation in labor disputes should be to make available competent and impartial conciliators.

Compulsory arbitration, in particular, is inconsistent with American ideals of individual freedom, and is bound to destroy genuine collective bargaining.

Source: Copy in writer's possession.

XVI. ROSTER OF NAM PRESIDENTS, 1895-1948

1895 Thomas Dolan
1896-1901 Theodore C. Search
1902-1906 David M. Parry
1907-1908 J.W. Van Cleave
1909-1912 John Kirby, Jr.
1913-1917 George Pope
1918-1920 Stephen C. Mason
1921-1932 John E. Edgerton, Lebanon Woolen Mills
1933- Robert L. Lund, Lambert Pharmacal Company
1934-1935 C.L. Bardo, New York Shipbuilding Company
1936 Colby M. Chester, General Foods Corporation
1937 William B. Warner, McCall Company
1938 Charles R. Hook, American Rolling Mills Company
1939 Howard Coonley, Walworth Company, Incorporated
1940 H.W. Prentis, Jr., Armstrong Cork Company
1941 Walter D. Fuller, Curtis Publishing Company
1942 William P. Witherow, Blow-Knox Company
1943 Frederick C. Crawford, Thompson Products
1944 Robert M. Gaylord, Ingersoll Milling Company
1945 Ira Mosher, Russell Harrington Cutlery Company
1946 Robert R. Wason
1947 Earl Bunting, O'Sullivan Rubber Company
1948 Morris Sayre, Corn Products Refining Company

XVII. NAM OFFICERS FREQUENTLY MENTIONED

- Abbott, Henry--Treasurer, 1915-1935.
- Bardo, C.L.--President, 1934-1935.
- Bird, J. Philip--General Manager, 1912.
- Bunting, Earl--President, 1947; Managing Director, 1948-.
- Chamblin, Jr., Walter--Vice President in charge of government relations, 1945-.
- Chester, Colby M.--President, 1936.
- Coonley, Howard--President, 1939.
- Crawford, Frederick--President, 1943; NAM's representative on the Management-Labor Council of the War Production Board; NAM's representative on the Management-Labor Policy Committee of the War Manpower Commission; co-chairman of an advisory committee to the National War Labor Board.
- Dolan, Thomas--first President of NAM, 1895; also president of National Association of Wool Manufacturers and Philadelphia Wool Manufacturers Association.
- Edgerton, John E.--president of Tennessee Manufacturers' Association, 1914; NAM President, 1921-1932.
- Egan, Thomas P.--"father of the organization"; chairman of the convention which organized NAM.
- Emery, James A.--secretary of the Citizens' Alliance of San Francisco before 1905; secretary of Citizens' Industrial Association of America, 1905-1908; editor of CIA's magazine, Square Deal; Counsel of NAM, 1907-1938; General Counsel of NAM, 1938-1947; foremost spokesman and writer for NAM for almost half a century.
- French, Carroll--Director of Industrial Relations Department, 1946-; had previously served with Standard Oil, Industrial Relations Counselors, and Boeing Aircraft as a director of industrial relations.
- Fuller, Walter D.--President, 1941.
- Gall, John C.--Counsel, 1921-1941.
- Gaylord, Robert M.--President, 1944.
- Hook, Charles R.--President, 1938.
- Horsch, Vada--Administrative Assistant in Secretary's Office, 1932-1947; Assistant Secretary, 1947-.
- Kirby, John--President, 1909-1912; also president of Dayton Employers' Association.
- Lund, Robert L.--President, 1933; instrumental in effecting the reorganization of NAM in 1933.

- Malthrop, David M.--staff assistant in Industrial Relations Department.
- Martin, Thomas H.--editor of Dixie Manufacturer (Atlanta); proposed in his editorials the meeting which led to the formation of NAM; "father of the thought."
- Mason, Stephen C.--President, 1918-1920.
- Mosher, Ira--President, 1945; chairman of the Economic Principles Commission which wrote The American Individual Enterprise System.
- Parkes, Holcombe--Vice President in charge of public relations, 1946-1949.
- Parry, David M.--founded and owned for a time the Overland automobile factory; built and was president of Indianapolis Southern Railroad; together with P.F. Sherman built and managed the Southern Dakota Central Railroad; built and was president of Indianapolis-New Castle traction line; at one time owned controlling interest in Jenney Electric Light Co. of Indianapolis; a vice-president of Farmers Trust Co. of Indianapolis; President of National Association of Carriage Builders; president of Indiana Manufacturers' Association and of Citizens' Industrial Association of America; President of NAM from 1902-1906; Director and life member of the Executive Committee until his death in 1915; according to American Industries (June, 1915, p. 32), he refused ambassadorships and even the Vice-Presidency of the United States; ". . . the one man chiefly responsible for the nomination of Benjamin Harrison as candidate for President."
- Pope, George--President, 1913-1917; also first president of the Connecticut State Association of Manufacturers.
- Prentis, H.W.--President, 1940.
- Randall, Clarence--chairman of the committee which drafted the 1946 Declaration of Principles.
- Robey, Ralph--Chief Economist, 1946-; did editorial work for NAM since 1941.
- Sargent, Noel--joined NAM in 1920 as economist and manager of Industrial Relations Department (then called the Open Shop Department); Secretary of NAM, 1933-; during brief periods (1933-1934; June, 1947-May, 1948) was Acting Managing Director.
- Sayre, Morris--President, 1948.
- Search, Theodore C.--President, 1896-1901.
- Smethurst, Raymond--Associate Counsel, 1932-1941; Chief Counsel, 1941-1949.
- Teplow, Leo--Associate Director of the Industrial Relations Department, 1945-.
- Van Cleave, J.W.--President, 1907-1908.
- Wampler, Cloud--chairman of the task committee which recommended an improvement of NAM public relations.

Warner, William B.--President, 1937.

Wason, Robert--President, 1946.

Weisenburger, Walter P.--Executive Vice-President, 1933-1947.

Witherow, William P.--President, 1942.

XVIII. THE SCARLET EMPIRE BY DAVID PARRY

Most fantastic of all NAM writings about the American form of government and its alternatives was a novel written by David Parry that ran serially in American Industries. In this work Parry conveyed, by reference to a mythical country at the bottom of the Atlantic Ocean, what he feared from tendencies that he imagined to exist in his day. We get an impression of a distrust of too much popular government.

Parry tells the highly imaginative story of a socialist who attempted suicide because of the distress he felt about conditions in the world. Instead of death he finds himself in the lost city of Atlantis at the bottom of the Atlantic. There "it is dangerous even to hint at doubt as to the righteousness of any law. The majority rules in Atlantis, and the individual must obey implicitly." Refusal to take one's medicine, for example, is an act of rebellion.

"In this Democracy, which has stood the test of centuries, the individual yields implicit obedience in all things to the majority. You must acknowledge, even though you are an American, that the will of the majority must be considered supreme. The individual is merely one atom of the whole. The majority knows what is good for all, and when it speaks the individual must yield his opinion. If the various individuals were allowed to follow their own notions as to what they should or should not do, it is plain to be seen that anarchy would result," is the explanation of one of the inhabitants of Atlantis.

Recounting the history of Atlantis the story is told of how at the time of the deluge a fierce conflict raged between the adherents of individualism, or barbarous civilization, and

a new party that stood for equality between man and man and the amelioration of the inequalities of nature. This new party grew stronger until it established the Social Democracy. From that time on invention ceased. A great monument was erected to the Federation of Labor of Atlantis which was largely responsible for this social revolution. From the idea of union cards the idea of citizenship cards sprang--cards which must be carried at all times, subject to immediate inspection.

Faced with these conditions the attitude of the socialist from the United States soon changed. "The scales fell from my eyes and I beheld how, in their delirious pursuit of equality, the Atlantis had founded a despotism so complete that it was stifling all the faculties which distinguish man from the brute." The new life was called "the misery of . . . damning monotony." And the government was condemned as ". . . this cursed Democracy --this damnable Democracy, which like an octopus with a million tentacles, is throttling the manhood of our entire race."

It was conclusively demonstrated that it was practically impossible to secure equality between all the subjects of the State. To make men socially equal the state had found it necessary to take from them every opportunity and means for acquiring superiority over others, and the whole race was placed on the same dead level as that which obtains in penitentiaries. This was the "folly of social equality."¹

¹American Industries, December, 1912; January, February, March, April, May, July, August, September, 1913.

IXX. NAM'S POLICIES AND OBJECTIVES AND
THE TAFT-HARTLEY ACT

There is a striking similarity between the major provisions of the Labor-Management Relations Act of 1947 and the proposals the NAM has been forwarding since 1937 for amendment of the National Labor Relations Act. Below are listed some of the significant provisions of the Taft-Hartley Act and beside them references to NAM policy statements which recommended the same solutions to labor-management problems.

Taft-Hartley Act

Sec.1. (b) "It is the purpose. . . to prescribe the legitimate rights of both employees and employers in their relations affecting commerce . . . to protect the rights of individual employees in their relations with labor organizations . . . proscribe practices . . . which . . . are inimical to the general welfare, and to protect the rights of the public."
Sec. 101. Sec. 2. (3) "employee . . . shall not include . . . any individual employed as a supervisor"
Sec. 3 (d) Functions of issuing charges and hearing charges separated.
Sec. 7. Employees have rights to self-organization, collective bargaining, and to engage in concerted action; "shall also have the right to refrain from any or all of such activities. . . ."

NAM Policies

Industry's Program for American Progress, op. cit., p. 16; The Public and Industrial Peace, op. cit., p. 18.
New York Times, April 1, 1943, p. 12; The Public and Industrial Peace, op. cit., p. 14.
New York Times, April 9, 1940, p. 20; Labor Relations Program, op. cit., Part 4, p. 1795.
LaFollette Committee, Hearings, Part 35, pp. 14072-76, 14096; Part 17, pp. 7556-58; Industry's National Program for 1941, op. cit., pp. 10-11; National Defense and America's Future, op. cit., p. 7; Prentis, Government's

- Place in Postwar Labor-Management Relations, op. cit., pp. 5-6; Labor Relations Program, op. cit., Part 2, p. 937, 940; Part 4, p. 1789; Emery, "A National Public Labor Relations Policy for Tomorrow", op. cit.; The Public and Industrial Peace, op. cit., pp. 14-18.
- Sec. 8. (a) (2) Unfair labor practice of employer: "shall not be prohibited from permitting employees to confer with him during working hours without loss of time or pay"
- Sec. 8. (a) (3) Closed shop outlawed.
- Sec. 8. (b) Unfair practices for labor.
- Sec. (b) (1) Unfair "to restrain or coerce" employees in exercise of their rights or an employer in selection of his representatives.
- Sec. 8. (b) (3) "To refuse to bargain collectively with an employer"
- Sec. 8 (b) (4) Illegal to strike or induce strike to force person to join union, to engage in secondary boycott, force employer to bargain with union that has not been certified, to engage in jurisdictional strike.
- Sec. 8 (b) (5) To require employee to pay excessive union fees
- Sec. 8 (b) (6) To cause or attempt to cause employer to accept featherbedding.
- Sec. 8. (c) Expression of view (if not containing threat of reprisal or force) is not unfair.
- Brisette, "Epitome," op. cit.
- Americans Won't Stand for Monopolies, op. cit., p. 7.
- New York Times, March 26, 1939, p. 1.
- Prentis, Government's Place in Postwar Labor-Management Relations, op. cit.; The Public and Industrial Peace, op. cit., p. 15.
- Brisette, "Epitome," op. cit.; Industry Believes, 1946.
Same as for Sec. 7
- Proposed by staff but rejected by Industrial Relations Policy Committee, supra,
- Industry Believes, 1946.
- Brisette, "Epitome," op. cit.

Sec. 8. (d) To end contract: written 60 day notice, offer to confer with other party, notify Federal Mediation and Conciliation Service within 30 days, no strike during 60 days; person who strikes within 60 days loses status as employee

Industry Believes, 1946.

Sec. 9. (a) Individual employee or groups have right to present grievances to employer without intervening of bargaining representative.

Industry Believes, 1946.

Sec. 9. (c) Employer may force representation election once a year; (1) "employees on strike who are not entitled to reinstatement shall not be eligible to vote."

Brisette, "Epitome," op. cit.; Industry's National Program for 1941, p. 11; The Public and Industrial Peace, op. cit., pp. 14-18.

Sec. 9. (f) Unions have no status before Board unless: file report (name, address, officers, etc.) and this report is furnished to all members.

Emery, LaFollette Committee, Hearings, Part 17, pp. 7623-35; Part 35, p. 14072; Brisette, op. cit.; Prentis, Government's Place in Postwar Labor-Management Relations, op. cit., pp. 5-6; For Industrial Peace, op. cit.

Sec. 9. (h) Unions have no status if officers do not sign non-communist affidavit.

NAM News, January 4, 1947, p. 4.

Sec. 10. (1) If complaint of unfair practice appears true and substantial and irreparable injury is imminent, injunctive relief may be sought.

"Report of Committee on Employment Relations, 1937," cited by Brisette, op. cit.

Sec. 202. (a) Creates independent agency--Federal Mediation and Conciliation Service.

Prentis, Government's Place, op. cit.

Sec. 203. Functions of--

The Public and Industrial Peace, op. cit., pp. 14-18.

Sec. 206. National emergencies: President may appoint board of inquiry if threat to national health or safety appears as result of strike or possibility of strike.

Ibid.

Sec. 208. Upon receiving report President may direct Attorney General

Brisette, op. cit.

to petition district court to enjoin strike or lock-out.

Sec. 209. Board of inquiry to investigate dispute, report in 60 days; NLRB hold ballot over employees' accepting last offer of employer.

The Public and Industrial Peace, op. cit., pp. 14-18.

Sec. 301. Suits for violation of contract may be brought to proper district court.

LaFollette Committee, Hearings, Part 17, pp. 7624-35; Industry Believes, 1946.

Sec. 301. (b) Labor organization "bound by acts of its agents." Any such labor organization may "sue or be sued as an entity."

Same as Sec. 9. (f); Industry Believes, 1946.

Sec. 302. Check-off outlawed except with written consent.

Same as Sec. 9. (f).

Sec. 303. Unlawful (1) for labor organization to engage in, or to induce or encourage employees to engage in strike or concerted refusal to use goods, for purpose of: secondary boycott, jurisdictional dispute, force person to join union, force employer to bargain with union not certified. Persons injured by these may sue.

Same as Sec. 7; Industry Believes, 1946.

Sec. 304. Restriction on political contributions.

For Industrial Peace, op. cit.

Sec. 305. Unlawful for individual employed by U.S. to participate in any strike.

Same as Sec. 7.

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 Pattern of Progress
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