

CHAPTER X

COLLECTIVE BARGAINING AND THE PUBLIC INTEREST*

THE HONORABLE ARTHUR J. GOLDBERG
Secretary of Labor

Everyone finds that his role as a citizen of our democratic Nation is acquiring new dimensions in the momentous times through which we are now living. Among those who have had their responsibilities so amplified are those who are directly engaged in the work of peacemaking—of mediation and arbitration.

Our destiny as a free Nation depends as never before on the achievement of a greater sense of national unity. For the country that is the world's foremost industrial power, the building of a stronger and more durable industrial peace is clearly a precondition of national unity. Keeping and enlarging the industrial peace therefore stands at the very top of the list of American priorities.

But in domestic affairs as in international affairs, we are not advocates of peace at any price. Industrial peace must come about by settlements reasonably negotiated and consistent with our national interests, goals, and objectives. These are facts which are eloquently evident to all of you, I know. I emphasize them here and now only because I am aware of your dedication to giving greater meaning—and greater effort—to these facts.

We have just closed a year that marked the greatest period of industrial peace in the United States since the end of World War II. We are in the first month of a new year that holds both serious threats of industrial conflict and the promise of unparalleled progress toward amity and cooperation between labor and management. We must make good that promise. Though

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the difficulties to be met and overcome are large and real, I am increasingly hopeful that management and labor will meet this challenge fully and make constructive use of the great opportunity that it presents.

In making an assessment of where we stand and where we are going, it is important that we deal with facts. The central fact is that the factors working for continued industrial peace are growing in number and gaining in weight. One of the more significant facts is the change that already has occurred in the whole industrial climate in the last year.

We have come to a hopeful turning that seemed very far away three years ago, when management and labor were moving toward one of their most devastating tests of economic strength in our history. The industrial storm clouds were many and ominous in November of 1958, when I traveled to Madison, Wisconsin, to give the Sidney Hillman Foundation address at the University of Wisconsin.

More than any other man, the late Sidney Hillman was responsible for the use of the impartial arbitrator to settle labor-management disputes on the basis of facts rather than through conflict. It was necessary to report at that 1958 meeting honoring his memory that a trend away from responsible and imaginative collective bargaining was setting in. There was a hardening of attitudes, particularly in the major organized areas—a retrogression rather than progress in understanding. Management was tougher, unions were tougher, and it did not appear that the end product would necessarily be good for either side. The situation, as you know, became even more aggravated in 1959, when the cold war between management and labor erupted into conflict in the steel industry.

All of us, I believe, learned a lesson from the 1959 steel strike, which ran on for 116 days, and brought grave economic dislocations that were reflected in the 1960 recession. On the one hand, the steel and other companies came to understand that despite the loose talk one occasionally hears, the American workers are devoted to their trade unions. They will stand by them and endure the most severe hardships to sustain them.

On the other hand, the steel and other unions came to a clearer realization that the best way to solve problems is not by the test of strength in a strike, but through the collective bargaining

process. Both sides in steel have found a useful new instrumentality for that purpose in the Human Relations Committee, which was established in the aftermath of the 1959 strike.

For its part, the Nation learned that a long strike of this character, preceded by artificial build-up of inventories, is a matter of grave import to the entire economy.

It is a universally shared and obvious truth that this year we cannot afford a repetition of the 1959 steel strike. The President, speaking for all of the American people, has called upon the parties to take appropriate and early steps to avert this. I am confident that they will measure up to their plain responsibility to the Nation to conclude a responsible settlement.

Today the climate of industrial relations is much improved over 1959. The lessons learned from the steel strike were partially responsible. There were also other reasons.

Another factor contributing greatly to a broader approach to labor-management relations is that all of us are increasingly aware of the many challenges that come to us from abroad. Events daily impress upon us the immediate interrelation of domestic developments and foreign affairs. Both management and labor have become increasingly conscious that the state of their relations here at home has become an important factor in our posture in world affairs. Our isolation from the world economy ceased long ago, and that fact steadily becomes more apparent. Such issues as price stability, balance of payments, and international trade are directly involved with labor-management decisions at home affecting wages, workday standards, and profit margins.

An unfortunate factor which also contributed to better relations between management and labor was the impact of the recession on both. The stern economic realities have made both management and labor more responsible and less belligerent. Neither has walked around with a chip on his shoulder during this period. It seems to me that we should be able to carry over into periods of prosperity the same restraints which are exercised during recessions.

There is in addition, of course, the fact of the new administration, which has made a significant contribution by taking affirmative steps to improve the climate of labor-management relations.

The establishment of the President's Advisory Committee on

Labor Management Policy is a matter of major importance in American industrial life. When this 21-man Committee was first set up, many people were skeptical about its value and possible success. When one looks back at the history of other such committees, such concern is understandable.

While the results of this Committee have not been dramatic, I believe that the skepticism has abated. The fact that the Committee has continued to meet is a success in itself, especially when one remembers that most prior committees broke up before they even got started.

Certainly the first report of the Committee—on the subject of automation—is a heartening herald of its possible future activities. A group of sophisticates in the area of industrial relations, such as yourselves, will readily understand the importance of the Committee's work in opening the channels of communications between labor and management which were increasingly being closed in 1958.

The President's Committee was not established to pass resolutions. We do not intend that it should attempt to obtain or enforce a rigid and pale unanimity of opinion. Rather, the purpose of the Committee is to permit an interchange of views between labor and management and to articulate a consensus of these views.

As you know, the Committee is dealing with very large subjects. In addition to automation, it is now considering collective bargaining and industrial peace, economic growth and unemployment, our competitive position in world markets, and wage and price policies.

Besides the result of the work of the Committee itself, we are getting many welcome indirect dividends. Local committees are being established to bring labor and management together in continuing communication. This is a most welcome development.

In addition, our Committee has had international implications. I read with great interest about the establishment in Great Britain of a similar committee—the National Economic Development Council. It was reported that one factor leading to the participation by the British Trade Union Congress on the Council was the participation by American labor on the President's Committee.

From its progress so far, I would suggest, if I may, that no one

need be surprised by the possible achievements of the President's Committee. It can contribute benefits to labor-management relations in this country not even anticipated now.

With today's improvement in the climate of labor-management relations comes other and even greater challenges to American statesmanship in this field. The goals before us are, I think, clear:

- To prevent inflation and maintain price stability;
- To increase productivity so that labor, management, and the public can all rightfully share in the fruits of progress;
- To remain competitive in world markets;
- To exert our economy to achieve a rate of growth that will prove the means of meeting our domestic and international needs.

The attainment of these goals is clearly in the national interest. The implications for labor and management seem equally clear, especially in terms of the abandonment of restrictive policies that impair efficiency in the exercise of statesmanship in meeting the social consequences of change and in the formulation of wage and price policies. It remains to be seen whether these things can be done.

Our aim must be to attain these objectives without sacrificing the free operation of private bargaining. Under no circumstances can we afford to lose sight of the fact that collective bargaining is an integral element of all our freedoms, an institution essential to a free society.

It is imperative to freedom that collective bargaining work in America, that it remain the center of economic decision and the agency to which employees, managers, and the public can look with full expectation of justice and fairness. While we strive for this ideal, we must always be conscious that its pursuit involves not only this positive view—that it is a wonderful thing when freedom works—but also the opposite—that it is more than tragic when it does not.

In any free society, the establishment of controls outside a time of national emergency is an admission of failure in self-government. We do not want that in this country, and we will not have that in this country, especially in the free economic life that has given to the American citizen the power to break history's long stranglehold of want and privation. I do not want to suggest that we have only these limited choices of self-control or outside

control. The field between is both broad and wide. We are not an imitative society, parasitic on other's ideas. We are the great innovators and inventors of human history—builders of a good society and operators of a good economy. We can certainly now stand to the full height of that tradition and develop in our private relationships the ways and means to advance the public interest without sacrifice of freedom in any measure.

This is not a task which a single labor-management committee or a single company or union engaged in collective bargaining can manage unassisted. It is a task for many hands, and minds and spirits. We exist only as part of a team. Help must come from the whole labor and management community. We must find techniques that will enable us to understand the other's problems to a degree we have only rarely observed in the past. A much larger understanding of the issues and the difficulties of solution is required of us all.

For instance, labor organizations, in formulating their wage and price policies and other policies, must now look beyond the counsel of their tradition and out into the broad fields of modern economic realities, both at home and abroad. A union has existed for the benefit of its members, and still must do so—but the policies to achieve that end must include both long-range and the immediate welfare. It may be fine to save a job but it may not be so fine if the precedent of that action endangers many other jobs over a period of time.

If the nation, as a whole, is able to achieve the goals I have described, then union members and their organizations will also flourish because there will be more jobs and more opportunity. Blind resistance to change can have only one effect—stagnation.

Management, for its part, must stop deluding itself that its troubles all lay at somebody else's door—that its freedom can only be protected by abridging the freedom of others. The freedom to manage a business today rests upon the responsibility to manage it with full awareness of the implications of its actions upon the lives and welfare of all of the people involved in it.

Labor and management should both be embarking for the new world of the economic future, and leave behind the old hostilities and inadequate ideas and misconceptions that have so long delayed a mutual effort.

The issues in labor-management affairs are far too complex,

far too potent, and far too influential on the rest of society to be solved on the old testing grounds of force and power. Yet many times the parties are unable to find an alternate ground without the aid and assistance of a third party. The mediation and arbitration process today must be used to a greater extent to avert the wasteful referral of disputes to mere clashes of power. You gentlemen are operating at the heart of our economic life, and your position is of such importance it would be difficult to exaggerate it.

This truth also calls for the greater exercise of government responsibility in the area of collective bargaining. When I suggest that government should exercise greater responsibility in the collective bargaining area, I do not mean by this that the government should impose or dictate terms of settlement. I do not mean that it is desirable to impose by law the decisions of a third party. I am sure that I share with you the conviction that compulsory arbitration is inimicable to our traditions and system of free collective bargaining.

The government rather should improve its historic role of defining the national goal and of utilizing mediation to assist in keeping the peace and in making sure the peace is a sound and beneficial peace. In the past when government officials were called upon to assist in collective bargaining, their only aim was to achieve a settlement.

Today, in the light of our nation's commitments both at home and abroad, government and private mediators must increasingly provide guide lines to the parties to insure that the settlements reached are right settlements that are not only in the interest of the parties themselves but which also take into account the public interest.

The government must give better aid to collective bargaining not only through improved good office and mediation procedures but also through better and more precise economic data—data provided before the fact, not as a *post mortem* inquest; so as to assist settlements, not simply analyze them.

And most important of all, the government must have the courage to assert the national interest as President Kennedy is doing so forthrightly. No one wants government intervention, but everyone expects the government to assert and define the national interest.

The continued growth of the American economy is a matter of inescapable concern, and, directly thereby, of responsibility to whatever Administration is in office. If this responsibility is carried out with vigor and with insight, based on the desire that all the parties involved should benefit from the outcome, we are likely to attain a new consensus in the field of labor-management relations—a new consensus that will have the most profound and beneficent effect on American life and the national interests of the United States.
