

# Company Unions or National Unions?—A Debate

## The Pennsylvania's War on Labor

By PAUL BLANSHARD

ON May 28 President Samuel Rea arose before the United States Railroad Labor Board, removed his cigar, and announced that company unions had come to stay on the Pennsylvania Railroad. The announcement was a defiance of the Labor Board and indirectly of the United States Supreme Court. No Attorney General, however, rushed to get out an injunction. Unlike the railroad strikers last fall, the Pennsylvania occupies an impregnable position; after more than two years of bitter fighting the owners have attained the ideal of General Atterbury, "committees of employees whose orders come from the bottom, from the men at work on this railroad, and are not handed down from the top by some people we know nothing about."

The story of those two years is one of the most significant chapters in the record of the open-shop movement. In the spring of 1921 the Railroad Labor Board terminated the national agreement under which organized labor on the railroads had built up an effective system of collective bargaining. The board ordered the railroads and the employees to open direct negotiations for new agreements. The Pennsylvania refused to open negotiations with System Federation No. 90 of the American Federation of Labor, which had hitherto represented its shop-craft employees, and held an election in June, 1921, in which the name of the System Federation was not printed on the ballots. The company insisted that the shop-craft workers should vote for individuals only. It maintained that as long as the employees were able to choose any union or non-union worker the election was valid.

By an overwhelming majority the shop-craft workers refused to indorse the company-union plan and demanded that the name of System Federation No. 90 be printed on the ballot. The Railroad Labor Board sustained the union's demand, but was prevented from publishing an official condemnation by an injunction secured by the company. That injunction was finally vacated by the United States Supreme Court, but like most injunctions it had already done its damage. The condemnation of the Labor Board is now too late to be effective. The unions, facing annihilation, called a shop-craft strike on the Pennsylvania on the issue of company unionism *versus* labor unionism. The fight was bitter, the union claiming that more than half of the workers were out at the peak of the strike, the company claiming that only one-third left their places. The strike has cost the company millions of dollars and the fight is not entirely over yet, since thousands of skilled mechanics are still on strike.

The methods adopted by the Pennsylvania in making effective its plan of employee representation show the power of a corporation in time of depression. The "rump" election of 1921 was held in the middle of a period of unemployment when thousands of active union men were on furlough. Ballots were distributed to the workers and they were told to vote for any employee as an individual. Only about 10 per cent voted the company ballot, and of these many cast their ballots for union leaders who refused to accept the election. The signed report of tellers in the Northwestern Region is illuminating, especially since the

result is more favorable to the company than the outcome in other regions. About 19 per cent of those eligible to vote cast legal ballots, electing 115 representatives, among whom were fourteen foremen and an assistant foreman who had not been allowed to represent the union. Twenty-six of those elected refused to serve, leaving seventy-four bona fide workers and fifteen supervisory officers. Several of these were elected by one vote, presumably their own. Meanwhile System Federation No. 90 took a vote of all active employees on the whole system, including those on furlough, with the result that 37,238 voted for the union and seven against. The total vote on the company union ballot had been 3,480 cast for individuals.

The company was not embarrassed by the results. It proceeded to "bargain" with "its employees." It prepared the terms of a new wage and working agreement for submission to the rump organization. Those committeemen who accepted their election were sent among the workers with little slips of paper which read: "This is to certify that I am willing to serve as a committeeman to represent the machinists on this division for the unexpired term," etc. Thus the vacancies were filled supposedly by the committeemen who had received a 10 per cent vote of confidence but, according to the affidavits of union men, by the solicitation of foremen and other company officials.

The company then summoned conferences of these employee representatives, whose expenses and salary were paid by the management while they solemnly discussed and adopted the terms of a new agreement altering the conditions of employment in the Pennsylvania shops, reclassifying certain operations, and, incidentally, bringing millions of dollars into the coffers of the company. In the Southwestern Region they summoned to St. Louis a divisional committee from Columbus, Ohio, which was not authorized to negotiate a wage agreement even for its own division. When the company attempted to impose upon this committee the terms of a regional agreement, the committee withdrew in a body and issued a statement exposing the company. Even this did not embarrass the Pennsylvania; the new rules for the region were issued over the name of the general manager and there was no one to dispute them.

With its employee representatives chosen by 10 per cent of the workers, the Pennsylvania then agreed upon a definite plan of employee representation, a plan which is admirably democratic in details and totally farcical in meeting general problems. All workers are allowed to vote for any employee of their choice. They can elect a solid union committee if they wish. There are committees for crafts and divisions and regions, all elaborate and perfectly constructed. But the plan has three obvious jokers:

1. Even if 100 per cent of the workers belong to a union, they cannot vote for that union to represent them and they cannot bring the research experts and officers of that union in to help them bargain with the trained executives of the company.

2. The Joint Reviewing Committee, which is described by the railroad in its official pamphlet as "the highest authority on the railroad in the settlement of matters in dispute between employees and management" and which is composed of an equal number of employee voters and company voters, requires a two-thirds vote to reach a decision. The workers

must win over to their side one-third of the managers before they can change the interpretations and rules of the company. The railroad officials can deadlock the reviewing committee at any time that they see fit.

3. There is no real provision of arbitration of vital issues. The Joint Reviewing Committee nominally has the right to refer deadlocked cases to arbitration, but the company can block the choice of any impartial arbiters under the two-thirds rule or it can "sit tight" and declare that there is nothing to arbitrate.

When the Pennsylvania had adopted its new rules and regulations in conference with its employee representatives, it became necessary to win over the workers to the scheme. Coercion was liberally employed. Furloughed men were called back and compelled to sign the new regulations or face discharge. At least fifteen leading union officials who were serving the System Federation while on furlough were summoned back to work and discharged when they refused to quit their union posts. Employees who were elected under the company's plan and who refused to accept the new agreement were frozen out. The stenographic record of the secret (?) meeting of the Central Regional Committee on December 8, 1922, in Pittsburgh shows that the chairman, H. E. Custar, called upon the divisional chairman from Buffalo to withdraw from the session because he had not signed the new company agreement. The Buffalo chairman withdrew.

The workers in the Pitcairn shops "voted" for the new piecework schedules as follows: Foremen distributed ballots in the form of petitions asking the management to adopt piecework, the signature of each worker being asked. The workers repeatedly voted by a great majority against the piecework plan. The management promptly posted notices abolishing the jobs of many of the skilled mechanics and creating "helpers" positions in their places. Then the men were told that they might continue as mechanics under the piecework system or as helpers; otherwise their positions were abolished. They voted for piecework.

The controversy came to a head in the railroad strike. After the strike had dwindled the task of the company was easy. The workers who returned to work were naturally compelled to accept the company plan. Many of them were strike-breakers; some were good union men starved out. Many of those who now accept the plan and try to work out their salvation through it are sincere advocates of employee representation as the best thing under the circumstances. Recently a general election has been conducted in the Central Region in which the leaders of the company union claim a vote of 82 per cent of shop-craft workers eligible to vote. That is a victory for the Pennsylvania, a victory which has cost the road many millions, a victory in which the workers had to choose between company unions and nothing.

The railroad has stressed the "outside agitator" as a cause of disturbance and has sought to eliminate him from the system. It has held that there is a distinct virtue in dealing with men on the pay roll of the company and no others. The result has been peculiar. N. P. Good, the able head of System Federation No. 90 of the A. F. of L., is a machinist from the Pennsylvania shops. H. E. Custar, head of the employees' organization in the Central Region, is a car man from the Pennsylvania shops. Both have offices in Pittsburgh. Both work full time for their respective organizations. It is not likely that either one will work in a Pennsylvania machine shop again for years. But Good is an "outsider"; Custar is an employee. Why? Good is

paid by union dues and is responsible to the labor movement; Custar is on the company's pay roll. His salary and expenses are paid by the company.

The company supports thirty-five committeemen as active propagandists for the employee-representation plan. There is no equivocation about it. The chairman of the Central Region told his committee at a meeting held last winter: "You are given a six weeks' leave of absence if you so desire to use that time to help convince the men at home that this body has acted in the best way they saw possible." The men accepted the invitation at full pay and overtime. Inside agitators!

The fight on the Pennsylvania verifies the beliefs of the orthodox union-shop advocate. Union leaders have always held that the outside organizer is a necessity in making collective bargaining effective, especially in shops which are not 100 per cent union. The worker in the shop is usually too tired and too ill-informed and too subservient to bargain with power and knowledge. His treatment in the shop usually depends on his being nice to the boss. The outside union official is better informed and more independent. He has many faults but these are his virtues. He may be dispensed with in some situations in which the union is so strong that its representatives act as a unit without guidance, but these situations are rare. The transportation brotherhoods who deal with the Pennsylvania without the presence of national organizers are virtually 100 per cent organizations with years of tradition and discipline behind them. The shop-craft unions have never been so entrenched; they developed largely under the protection of Federal control and never claimed more than 85 per cent of the workers on the Pennsylvania. For them the company union with its exclusion of national officials and its special favors to non-union workers means annihilation.

## The Railroad's Reply

By SAMUEL REA

THE difference between the Pennsylvania Railroad Company and the United States Railroad Labor Board is a fundamental difference in their respective points of view which goes to the very essence of successful relationship between men and management.

Apparently the Labor Board considers itself to be the arbiter of rules for carrying on what it conceives to be a perpetual struggle between a railroad and its employees. The purpose of the management, on the other hand, is not to struggle against or to triumph over its employees, but to gain their loyalty and cooperation by a policy of fair dealing, mutual consultation, and just compensation.

In like manner there seems to be a fundamental difference in the point of view of Mr. Blanshard and that of the vast majority of the Pennsylvania employees, which may be expressed as follows: The management and the employees have the same stake in the Pennsylvania Railroad. Their interests are mutual. Their success and prosperity depend upon the success and prosperity of the railroad in its service to the public. The other view seems to be to create hostility between management and men, to stigmatize the so-called "company man," to make men feel that only by industrial warfare can they obtain fair play.

Neither the company nor its employees subscribe to such a conception of our relations, and if the Transportation Act