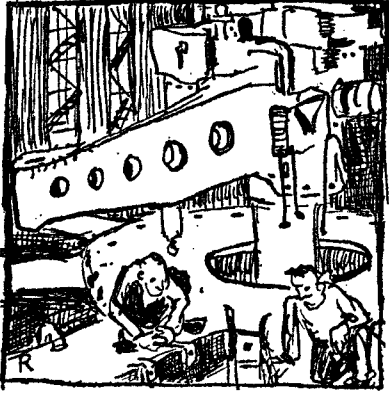


A New Stage in Government-Labor Relations



JUST THREE MONTHS after his inaugural, President Kennedy stated:

We are breaking new ground. Other Presidents have, of course, attempted at different stages to intervene in the wage-price matter with general exhortations . . . These exhortations have not had a very great effect, but with your help I intend to get a look at this situation before there is a crisis. I do not want the White House to have to come in at the last minute.

In this somewhat less than candid remark, President Kennedy previewed a level of government intervention in labor disputes signif-

icantly different from any previous Administration, one which posed a special threat to the independence and viability of the trade-union movement. True to its promise, the Administration has vigorously pursued a policy of wage restraints and opposition to labor's demands for a shorter work week, by intervening, not with "general exhortations," but directly and "before there is a crisis."

While the President could outline the New Frontier's labor policy, it devolved upon his first Secretary of Labor, Arthur Goldberg, to fill in the details and oversee their execution. The choice of Goldberg for the job was a particularly shrewd one, for who could better serve to discipline the labor movement than one of its well known friends. Also, Goldberg was a highly energetic and competent man, with a comprehensive knowledge of collective bargaining and of the unions, which made him a superb technical executor of the Administration's policy as well as a contributor to it in his own right. What is more, Goldberg had already performed a useful service to Kennedy in 1960 by soothing labor irritation over the nomination of Lyndon Johnson for the Vice-Presidency.

Goldberg's reputation as a friend of labor was well founded. In 1955, he was one of the chief architects of labor unity and later drafted the ethics code of the united labor movement. In 1959, serving as chief counsel to the United Steel Workers, he issued a brilliant legal challenge to the injunction against the striking steel workers, and his address to the Supreme Court challenging the injunction was moving and cogent.

Thus, when Goldberg was appointed to his Cabinet position, it seemed to the public that labor's confidence in President Kennedy had been re-

warded. Before long, however, a sense of disquiet was observable in labor circles, then discontent, and by the time the Secretary of Labor was elevated to the Supreme Court, there was a coldness bordering on open hostility between Goldberg and the labor movement. But if Goldberg had lost favor among labor leaders, he found new friends among strange sources. During a recent trucking strike, the *New York Daily Mirror* mourned Goldberg's absence: "It is a pity," the Hearst editorialist wrote, "that Arthur Goldberg has gone to the Supreme Court. His idea that the public has a right to be represented in labor negotiations is sound." Even Barry Goldwater applauded Goldberg as the only Cabinet member who was doing a good job.

Why Goldberg lost friends in the labor movement and gained them among conservatives is worth some examination for what it reveals of the labor policies of the Kennedy Administration, policies which can hardly be reversed by Goldberg's successor, Willard Wirtz.

GOLDBERG SOUGHT TO ESTABLISH three ground rules of labor relations: 1) that the United States, while not engaged in a hot war, must put itself on a war footing and place itself at the service of the war effort; 2) following from this, that it is the "public's" responsibility to ensure the proper coordination of resources, that the government is not a mediator between the parochial interests of management and labor, but a participant in collective bargaining in its own right; and 3) therefore, economic settlements can no longer be entrusted to a power struggle between labor and management, to an atmosphere where a settlement is forced by a strike, but must be decided by those competent to determine the national interest, i. e., the Administration, with its definition of what the national interest is.

Under questioning by the Congressional Committee on his confirmation, Goldberg remarked that the "Cold War" presents a "desperate" need to "restore the sense of mutual purpose" which existed between management, labor and the government during World War II. This reference to World War II must have bothered Meany and other labor leaders who were possibly haunted by the ghost of the no-strike pledge. Imposed now, even unofficially, the no-strike "expedient" might become a permanent fixture.

A concerned Meany, at a February, 1961, meeting of the AFL-CIO Executive Council, pressed Goldberg to define the precise role of the new President's Advisory Committee on Labor Management Policy, composed of union, management and "public" representatives. Meany was particularly curious about the function of the "public." The *New York Times* summarized the encounter:

Mr. Goldberg, the committee chairman, agreed with Mr. Meany that the panel was not designed to function on the lines of the War Labor Board, in which the public members acted as the balance of power between labor and management in settling disputes.

However, he disagreed with a suggestion by Mr. Meany that the public representatives limit themselves to supplying information and helping labor and management to reach agreement.

Mr. Goldberg said the President's idea was to have all the committee members, including those selected from unions and industry, serve as 'public members' in a very real sense.

The President does not conceive of the public members as honest brokers operating between labor and management, Mr. Goldberg said. Rather, he conceives of all the members as discharging a public function in studying and recommending policies on which there will, hopefully, be a consensus.

Earlier that month, in an interview with A. H. Raskin, the labor expert for the *New York Times*, Goldberg commented on the importance of the new committee's role in seeking bargaining strategy on an economy-wide level.

These conceptions do not repeat the old-hat schemes of compulsory arbitration. It is habitual for the press, after a strike has been concluded, to assert that the final terms could have been formulated by simple reason, without a costly work stoppage. This implies the forced intervention of government as a *disinterested* friend of the court. But, distasteful as this implication may be, it differs from the Goldberg proposal that government intervene as an *interested* party, not only in a given dispute, but on a broader level, concerned with the formulation of the economic strategies, goals and values for labor itself. (We shall see how this works when we discuss the steel settlement.) His answer to Meany about the resemblance of the new Committee to the War Labor Board is an evasion only in part. In fact, it indicates clearly that while in the War Labor Board the "public" acted as the "balance of power," in the new setup both labor and management would be expected to *integrate* their own commitments within these of the proverbial "national interest." ("All the members" will discharge "a public function.")

THE GOVERNMENT HAS ONE established way to assert *its* decision-making power over labor relations: removing the basic trade-union weapon, the strike. Raskin reported that Goldberg wished to "take the crisis out of" labor disputes, to "substitute year-round discussions in a more deliberative setting." In Goldberg's own words, the President's Committee might formulate measures to take collective bargaining "away from the pressures and deadlines and cross-currents."

The crises, the cross-currents, the deadlines, are labor's means of achieving its collective bargaining objectives. The failure of reason to prevail is not the result of misunderstanding. Strikes and lockouts occur through perfect understanding by each side of the economic incompatibility of the other side's demands. To take the strike from labor is to deny the basic right of the union membership to protect itself—to generate pressure on management to settle. (Management is also limited by this version of compulsory arbitration. Crises and cross-currents enable it to pressure the union with stockpiles and the threat of an unsuccessful strike. The big winner in the Goldberg scheme is the garrison state. As we shall see, however, management suffers far less than labor.)

Although Kennedy has used Taft-Hartley against labor, that law does not suit his purposes. For one thing, it is an *ad-hoc* tool, and cannot shape a general perspective. It involves force, and creates hostility in the labor movement. As such it hinders Kennedy in relying on one of his strongest assets in corraling labor: the political bond between the unions and the Democratic Party, with the result that they hesitate to take his Administration to task.

After Kennedy had invoked Taft-Hartley in July, 1961, to halt the maritime strike, Goldberg commented on the unworkability of the law. He wanted to replace the injunction with an *automatic* cooling-off period, a built in strike breaker which would at the same time reduce the effectiveness of the strike threat and not subject the President to political pressure from labor, since the choice would not be his. He also asked for a law empowering the government to seize a plant if the cooling-off period did not provide satisfaction. "The government," Goldberg said, "has to have broader powers. There is no substitute for authority."

Any attempt to legislate Goldberg's proposals would have met a storm of resistance from labor and business. In lieu of legislation, the Administration proceeded along the lines of least resistance—the personal and consistent intervention of Goldberg. Goldberg or his representatives have been omnipresent in a multitude of disputes across the country—from the New York Metropolitan Opera to the Imperial Valley lettuce fields of California.

The procedures in these disputes have been consistent with the three goals already mentioned. They tried: 1) to establish Goldberg or his representative as a, or *the*, major figure in negotiations and to set a precedent for that participation as a *regular* and *normal* occurrence, rather than an *emergency* recourse, and 2) to mute labor-management conflict by placing settlement terms in the government's hands.

Goldberg settled the January, 1961 New York harbor strike with an agreement from labor to return to work and await a White House report. He used this expedient again with the airline strike three months later and returned to it repeatedly. The ploy is to pre-empt union and industry functions. It often serves as a welcome out for the union leadership, which does not want *either* a falling out with the Administration *or* the responsibility of reporting unacceptable terms to its membership.



GOLDBERG WAS BINDING ARBITRATOR in last year's negotiations between the New York Metropolitan Opera and the American Federation of Musicians. He apparently chose this dispute, not of earth-shaking importance for the nation's economy, as a laboratory for an unusual experiment. In his award, which generally favored management, Goldberg bestowed less of a pay raise for day rehearsals than had been offered by management. This seriously offends the spirit of arbitration, which has always meant the selection of a workable meeting ground between the employer's offer and the union's demand. It has never been the arbitrator's function to introduce a self-defined independent focus for mediation. For Goldberg to have done so represents an outrageous usurpation. The handwriting was on the wall.

The grand stroke was in steel. To eliminate the "crises" and "cross-currents," negotiations began in February, 1962, although the contract did

not expire until June 30. The starting date was three months earlier than in 1959, and the earliest in the history of the industry. On March 2, David McDonald, president of the union, and Conrad Cooper, industry negotiator, called a recess until May 1. Goldberg and Kennedy successfully pressured both sides to reopen discussion immediately. Not content with private assurances, Kennedy publicly proclaimed his thanks for the resumption.

Contrast this quick and determined intervention with the record of previous Administrations. Only infrequently did Truman involve his Administration in collective bargaining. In 1959, the steel strike lasted 116 days before Eisenhower used the injunction. Then most of the 80-day injunction period passed before Nixon stepped in to help write the agreement. (In February, 1962, while Goldberg busied himself with steel, Walter Heller, chairman of the President's Council of Economic Advisors, conferred with officers of the Communication Workers, prior even to the drafting of union demands to present to the telephone management.)

From the beginning, the Administration issued pronunciamientos directing Cooper and McDonald to limit union gains to the three percent annual average productivity gain of the economy. This standard had been set by the Council of Economic Advisors in January, 1962, ostensibly to avoid inflation. The contract was drawn up and negotiated in large part by Goldberg. This was emphasized by the almost unprecedented step of announcing the contract in Washington, D. C., rather than in Pittsburgh, home of the industry. It was perhaps, a way of making clear just who had done what.

The contract gave the workers a thirty-two-hour work week guarantee (for those not laid off). They won added vacation time and other fringe benefits. They lost, however, in three major respects, aside from the lack of a wage boost, which is hardly trifling. The job begun by the companies in 1959, of eliminating the cost of living allowance, was completed under Goldberg's tutelage. Except for campaign rhetoric, the workers now have no assurance of keeping pace with rising prices. Secondly, the shorter work-week issue was not even raised. In the year prior to the contract negotiations, employment in the steel and iron industry fell by over 48,000—over 8 percent of the total employment. For the steel union, under Goldberg's thumb, not to open the fight for reduced hours, is a serious defeat. Lastly, settlement of some of the toughest work rule problems was referred to a Human Relations Research Committee, an application of the Goldberg technique of bleeding the collective bargaining process. The most serious attempt of the companies to mangle union rights has come in the areas of work rules, speedup, etc. This referral is ominous when one recalls that the New Frontier has placed top priority on production for the Cold War, which suggests speedup.

EVEN IN THE 1960 CAMPAIGN, speaking to union conventions which lauded him, Kennedy attacked the demand for shorter hours. He argued that a shorter work week would prevent America from fully utilizing its resources in the Cold War. Nevertheless, his fight against shorter hours occurs in the absence of any other White House proposals for seriously cutting unemployment. In fact, Kennedy has publicly declared an acceptance of a permanent unemployment rate of four percent. (Other economists—

liberal and conservative—estimate it at 5½ percent and rising, in the absence of radical measures such as shorter hours.)

The main Administration rationale for its opposition to a wage boost and shorter hours is that inflation would follow. This is based on the contentions that wage-price increases inflate the economy and that a wage boost must be accompanied by a price increase.

Daniel Bell, in the March, 1960, issue of *Commentary* (right after the 1959 steel settlement), argued effectively that it is not union-wage pressure which most affects the “total stock of dollars in circulation,” but government spending. The \$50 billion defense budget provides an insight into what really creates inflation and what priorities Kennedy has set up when he suppresses wages and increases arms appropriations.

“While the business community,” Bell wrote, “contradicts the basic precepts of economic theory in ascribing inflation to union-wage pressure, conservative economists who know better have kept shamefully quiet.”

Does a wage increase really cause a price increase? Bell notes that heavy industries have traditionally used wage boosts to raise prices disproportionately. He also points to the non-union white-collar workers, who are salaried, and now make up a large percentage of the employees of heavy industry. In 1957, non-union members got an average of 37 percent higher raises than union members. The Kefauver committee observed: “This may be excellent personnel policy, but there is some question as to the propriety of charging the cost of such a policy to the union agreement.”

Kennedy, of course, is concerned that the companies cooperate in the war effort. He attempts therefore, like FDR in World War II, to guarantee them a satisfactory rate of profit. In addition, he shares their concern for the acceleration of investment and modernization. But here we come to the matter of values and economic power. The determination by a company that it “needs” a given amount of money to invest is what Bell calls a “hidden tax mechanism”: management raises large sums of money subject only to its own control. Workers and consumers both make involuntary investments in U. S. Steel without even the compensatory return of a stockholder.

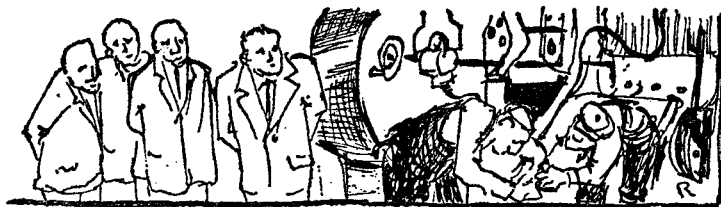
Operating on the assumption that a wage increase necessitates a price increase, the Administration guarantees the corporative claim to determine, on the basis of its own needs, the allocation of resources of millions of people. Goldberg’s intervention on this basis is a means of affecting, not the union’s reaction to a rationally conceived plan, but its values. In effect, Goldberg told the union to restrain wages in order to prevent a price increase and prevent the onus of inflation from deflecting union labor. What if he had posed the alternative of, on the one hand a shorter work week with guarantees against unemployment, or, on the other, the installation of new machines with a higher concentration of capital and a greater productivity rate? Or still another possibility presents itself: of cutting profits, investing in new machines and reducing hours at the same time.

Who is to be sacrificed? The issue is not some immutable law of economics. Do the steel workers have a right to fight to have corporative profit pay the bill instead of the union? Goldberg thinks not.

Then, of course, Roger Blough, chairman of the U. S. Steel Corpo-

ration, stepped in and decided to turn a victory into a rout by raising prices. The Kennedy Administration, however, did not restrain the union in order to enhance company profit per se, but to create a stable basis for war mobilization, and it was not going to let Blough intrude on the general interests of the system. In addition, Kennedy's ability to "convince" the unions depended on stopping Blough. Conversely, as the shrewd *U. S. News and World Report* put it: "If Jack Kennedy wins a victory on steel prices, it will mean even stronger government pressure against wage increases."

This observation cropped up more and more in labor circles. Shortly after the steel settlement, Walter Reuther, perhaps the most Kennedyized of all the top labor officialdom, took a public sideswipe at the wages-must-equal-productivity formula. The Administration invited him to lunch one day and after digesting his full commitment to Kennedy, he issued an abject apology for the formula he had just rejected.



THIS WAS FOLLOWED BY ANOTHER Goldberg coup. The International Association of Machinists and the United Automobile Workers, representing defense workers, had formed what seemed to be a solid front of resistance to the Goldberg policy. They argued that unusual restrictions on union rights in defense installations had left their workers 11 to 14 cents behind prevailing wage rates. Goldberg successfully denied their claim that this entitled them to freedom from wage restraint.

It had become obvious that the new order underwrote corporative profits and the existent relationship of industrial wealth. Labor saw also that a permanent number of unemployed was guaranteed merely by virtue of closing the door to any full-employment proposals. Even prior to steel, Meany was upset. On February 23, Goldberg told the Chicago Executives' Club that "everyone expects the government to assert and define the national interest" in collective bargaining. Meany responded on February 26: "The role of government is to offer its mediation and conciliation, to do what it can to help the parties reach an agreement, but to assert a national policy, within which negotiation must proceed, is to interfere with free collective bargaining."

After steel, labor could not fail to protest. July, 1962, marked the 56th straight month in which the unemployment rate was five percent or over. In addition to Goldberg's intervention, the failure of the Administration domestically, from taxes to civil rights, made silence intolerable. Was Goldberg anti-union? Under the pressure of criticism Goldberg began to relax his grip and go to lengths verbally to assure labor that he was fully aware of the legitimate self-interests of the employees.

By July (as the 1962 elections drew near), Goldberg—the 1959–60 labor hero—was placed in the odd position of having to deny that he and

the Administration were pursuing an anti-labor policy. Any such notion, he said to a convention of the Hatters and Millinery Workers, was "a lot of nonsense." Goldberg warned that business and labor have to stop "following their party lines."

Also, in its normal day-to-day business, the Labor Department under Goldberg was apparently not as clean as it could have been. Goldberg effectively disappeared when the Air Line Pilots Association (ALPA) was attempting to prevent the Air Line Stewards and Stewardesses Association (ALSSA) from achieving independent status. For two years, ALSSA, an extremely militant union, has been appealing to the Department of Labor to restrain the pilots, who function as management representatives and deny the stewardesses any real membership or democratic rights in ALPA.

Goldberg has pledged to enforce the Landrum-Griffin Act "without reservations as long as it is on the books," and he did investigate the bakers' and teamsters' unions. But the Department failed even to investigate the ALSSA complaint, much less take action against ALPA, which has a long record of racism and strikebreaking. *In January of 1961, the Chicago office of Goldberg's former law firm had been retained by ALPA, and for several months the name of the Secretary of Labor continued to appear on legal arguments supporting the ALPA position.* In the Spring of 1961, ALPA's President boasted in an internal union memo that "Goldberg's firm is currently representing us" and implied that ALPA had more than due influence in the government. In August of 1961, confronted publicly with the connection, Goldberg's former firm severed its ties with ALPA.

WHY DID GOLDBERG win favor among the right wing? Simply because his intervention was so clearly antagonistic to labor's rights and program. (The government's assumption of the strike costs of United Aircraft, for instance, a policy which Goldberg defended, was unabashed strikebreaking.)

The New Deal, in saving capitalism from internal ruin, found it necessary to concentrate on limiting corporate privilege. The New Frontier, defending the system from external threat, finds that its central task is the channeling of popular movements, such as labor, into the Cold War arsenal. Apparently, from the objective logic of the Goldberg program, the day to day activity of the unions should be at the service of the Cold War mobilization, just as, in a sense, labor's political activity has been at the service of the Democratic Party in recent years. Indeed, the Goldbergian logic seems to argue that the interests and desires of the union membership be only a secondary factor in determining union policy.

Goldbergism—minus Goldberg—will continue under Kennedy regardless of who is Secretary of Labor. Goldberg, with a special flair, carried out a basic policy of a Democratic Administration. His departure signifies a letup only in the dramatic character of the pressure upon labor—not in the pressure itself.

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Communism in the Era of "Enlightened Absolutism"



THE FRENCH HISTORIAN Charles Seignobos described the turning point in Europe in the second half of the 18th century in the following words:

A few sovereigns began to accept a new conception of the role of chief of state . . . They declared themselves to be the servants of the state, obliged to promote the public welfare by improving the life conditions of their people . . . They refused to persecute the dissidents . . . They desired to contribute to the happiness of the people, but did not want to leave their subjects any part in the government, any political freedom. Their way of governing was called enlightened despotism.

Isn't there an obvious analogy in the changes which took place two centuries later in the Soviet Union and the "People's Democracies"? Do not the present Communist rulers want to work for the welfare of the masses? Have they not abated the persecution of "dissidents" while denying their subjects elementary political rights? Indeed, the present phase of development within Communist governments in the U.S.S.R. and in Central and Eastern Europe qualifies them as "enlightened despotisms."

The transition from Stalinist tyranny to currying of public favor, mitigation of terror, a certain tolerance for the private life of the citizen and a greater concern with satisfying the needs of the masses, had definite causes which came to the fore in the riots at Vorkuta and in the revolutionary demonstrations at Berlin and Poznan, culminating in the 1956 upheavals in Poland and Hungary. Here, two series of events manifested themselves with utmost clarity, striking at the very foundations of the Communist system. On the one hand an economy which boasted it had reached unheard of achievements turned out to be utterly inefficient in the field of consumer goods. On the other hand, the figure of the omniscient dictator disappeared from the scene, with confusion among the Communist leadership. All this contributed to the consequent awakening of critical thought and the toppling of conformism.

The period of post-war reconstruction had ended. The economic