

GOVERNMENTAL DISPOSITION  
OF INDUSTRIAL CONFLICT IN WARTIME

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1940

Submitted to the Department of Economics  
Oklahoma Agricultural and Mechanical College

In Partial Fulfillment of the Requirements

For the degree of

MASTER OF SCIENCE

1941

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## Preface

This report is concerned with the governmental disposition of industrial conflict in wartime. It is a survey of the methods used and the experience had by Germany, France, England, and the United States during the first World War and during the early stages of the second in their efforts to minimize industrial conflict. The aim has been to study the methods and the experience of the past with a view toward indicating methods of dealing with industrial conflict in the United States.

Industrial conflict is herein taken to mean primarily strikes and lockouts. Industrial disputation refers to controversies which have not reached the stage of strike or lockout. By compulsory arbitration is meant the system of dealing with disputes in which the disputants are compelled to submit their controversy to a third party whose decision is binding. By semi-compulsory arbitration is meant the method of dealing with strikes in which parties to a dispute submit to mediation or arbitration and the decision of the third party is indirectly binding because of pressures which are brought to bear upon the disputants. By the "leaving certificate system" is meant the system under which the worker is required to secure from his employer a signed certificate stating that he left his employment with consent of the employer or of governmental officials. Military requisition refers to systems under which individuals or their property are by military order placed at the disposal of the government.

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## Introduction

Modern total warfare necessitates a tremendous productive effort on the home front. A vast army and navy must be conscripted and trained, must be equipped with the implements of war, and must be transported to the front and maintained there in sufficient force with sufficient equipment to meet and to overpower the enemy. To this end a volume of production unprecedented in peacetime is required. And such production must be on time to be effective.

Needless to say any form of human activity on the home front which jeopardizes that necessary productivity is looked upon as jeopardizing the security of the country. Among the impediments to the production of war materials are employer-employee disagreements culminating in strikes or lockouts. Naturally these stoppages cause great concern.

There is little disagreement as to the real necessity of keeping industrial conflict to a minimum. But there is considerable disagreement as to the methods to be used in attaining this goal. Fortunately, there is a considerable body of wartime experience with the possible methods of governmental adjustment of strikes. During the World War governments were universally confronted with the problem, efforts were made at adjustment, and varying degrees of success were achieved. It may be that if this experience is drawn upon, there can be indicated what seem to be rational methods of minimizing industrial conflict in the United States in wartime.

## Chapter I

### Background to Strikes in Wartime

Strikes in wartime tend to be universal phenomena. The troublesome strikes which plagued the American defense effort in 1940 and 1941 were situations not without precedent in the annals of American labor experience. Extensive and troublesome strikes occurred in the "Preparedness" period of 1916-17 and during the course of American participation in the World War itself. Nor is industrial conflict in wartime a phenomenon peculiar to the American economic system alone. Every great industrial country suffered extensive losses of man-days of labor from strikes during the World War. Germany had an average yearly loss of 2,100,000 man-days varying from a low of 45,511 in 1915 to a high of 5,218,000 in 1918.<sup>1</sup> France lost an average of about 686,000 man-days per year, varying from a low of 44,344 days in 1915 to a high of 1,481,621 days in 1917.<sup>2</sup> France, being less an industrial nation than Germany, might be expected to have fewer strikes. England suffered an average yearly loss of 5,533,400 man-days of labor, varying from a high of 10,746,000 days in 1914 to a low of 2,446,000 in 1916.<sup>3</sup> Statistics of man-days lost for the United States are unavailable, but calculations of the number of strikes which occurred per year indicate the striking degree in which the problem was present in the United States. For

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1. "Strikes and Lockouts in Germany," Monthly Labor Review, January 1918, p. 234; Horst Merdershausen, The Economics of War, p. 103.

2. "Strikes in France," Monthly Labor Review, July 1922, pp. 177-8.

3. Merdershausen, p. 103.

the period 1916-1918, the average number of yearly strikes was 3,864, considerably above the peace time average.<sup>4</sup> For 1917, the number of strikes was 4,450, which is significant in that it is exceeded only by the record number of strikes, 4,740, which occurred in 1937.<sup>5</sup> Thus it is apparent that industrial conflict in war time is a problem which is confronted not only on the American scene at the present time, but is a problem which has been confronted in the past upon various scenes, foreign as well as American, and is today again being confronted on these various scenes.

The extent to which industrial conflict in wartime provides a real threat to the productivity necessary to a successful war effort is a matter of controversy. Friends of labor are apt to seek to minimize the seriousness of the threat, pointing to statistics which indicate the relatively small percent of man-days lost as compared to the total of man-days worked. Patriotic zealots are apt to dwell upon the seriousness of the threat to productivity, pointing to statistics showing the number of tanks or the number of warplanes lost because of work stoppages, and emphasizing the idea that the course of battle may well have been turned had not these stoppages occurred. An appreciation of the extent to which work stoppages actually do impair the efficiency of the production effort is then essential.

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4. Florence Peterson, "Strikes in the United States, 1880-1936," United States Bureau of Labor Statistics, Bulletin No. 651, 1938, p. 35.

5. "Trend of Strikes, 1933 through 1940," Monthly Labor Review, April 1941, p. 945.



Most spectacular of all statistics relating to strikes in defense industries are those which indicate the millions of dollars of defense orders which have been held up by strikes.<sup>6</sup> Further, it is a common practice to publicize the loss in material which each day of strike has meant to the army or navy.<sup>7</sup>

On the other hand, statistics indicate that only a very small percent of man-days of labor were lost from strikes in defense industries in 1940.<sup>8</sup> Further, they indicate that strikes in 1940<sup>9</sup> were less frequent than strikes in the year preceding our entrance into the first World War, and considerably less

6. In the strike of the CIO United Automobile Workers at the North American Aviation Corporation at Inglewood, California, it was reported that the aviation plant had "\$200,000,000 in plane contracts for the American Army and Navy and for the British". New York Times, June 7, 1941, p. 1.

7. "A tie-up estimated to have paralyzed one-fifth of the nation's military airplane production." Ibid., June 6, 1941, p. 1. But the implications of statistics such as these are subject to some discount in that "the occurrence of a strike in a plant engaged in defense work does not always mean that there has been an interruption in filling a defense order. . . . The defense order may include only a portion of the work in process in a plant; when the strike is settled, work may be intensified on the defense order at the expense of the other regular work, or deliveries may be maintained during a short strike from stocks accumulated prior to the interruption. . . . Even a strike that interrupts deliveries may not impede the defense program if the production of that particular item is running ahead of the immediate capacities to assemble the final product or if there are easily available alternative sources of supply at the moment." "Strikes in Defense Industries During 1940", Monthly Labor Review, April, 1941, p. 946.

8. Ibid. p. 946. "The number of man-days of idleness during strikes in these 11 industries (aircraft, aluminum, automobile, steel, electrical equipment, engines and turbines, explosives, foundries and machine shops, machine tools, sawmills and logging, and shipbuilding) amounted to about one-quarter of one percent of the total days worked."

9. Ibid. p. 945. The number of strikes beginning in 1940 is put at 2,508.

than in 1917, the year of our entry.<sup>10</sup> In consideration of the increase in population and the expansion of the industrial machine since 1917, these figures take on an added significance. Statistics also indicate that the total man-days lost from strikes in the years immediately preceding 1940 is much greater than the loss for 1940.<sup>11</sup> Some of these were years of slack industrial activity, years when less industrial conflict might have been expected than in 1940, a year of rising activity. Thus statistics indicate that strikes in 1940 were less serious than in years immediately preceding 1940, that they were less serious than in the comparable years of the World War period, and that the man-days lost in defense industries in 1940 were only a small percent of the total days worked.<sup>12</sup>

Statistics will indicate the approximate percentage of man-days lost and may also indicate what the production in tanks and warplanes might have been had the stoppages not occurred, but whether the actual deterrence to productivity is greater or less than the figures indicate can hardly be said. As usual,

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10. "Strikes in the United States." Monthly Labor Review, July, 1929, p. 136. For 1916, 3,789 strikes are recorded and for 1917, 4,450.

11. "Trend of Strikes, 1933 through 1940," Monthly Labor Review, April 1941, p. 945. In 1937, 28,424,857 man-days of work were lost. In 1938, 9,148,273 man-days were lost, while in 1939, the figure stood at 17,812,219. Thus the loss for 1940, 6,700,872 is impressively lower.

12. Ibid, p. 946. As indicators of the incidence of strike activity upon national productivity, these statistics are also subject to some discount. In order to accurately measure the effect of a strike upon the production of war materials it would be necessary to know to what extent the plant in question was engaged in such production, and whether the delay in production

the truth probably lies somewhere between the extremes of positions taken. While it can hardly be said that such strikes as have occurred forshadow a failure of the defense effort, neither can it be denied that certain stoppages have meant losses of effective fighting strength. After discounting the statistics which either side to the controversy quotes, the conclusion must remain that defense strikes, though not as serious as frequently held, may yet be stoppages of essential wartime productivity so that it remains to the interest of the nation to minimize if possible such stoppages.<sup>13</sup>

To American labor, the right to strike has been a principle of many years standing. American labor attaches a considerable importance to this right, feeling that without it labor is substantially powerless to enforce its demands. It is labor's cardinal weapon. In wartime as well as in peacetime labor feels the necessity of having at its disposal this weapon, the use of which or the threat of its use may give to labor greater bargaining strength. In fact, unions regard any threats to their right to strike as threats to the existence of unionism itself.<sup>14</sup>

Being thus important to labor, and being at the same time a threat to essential wartime productivity, there thus occurs a conflict of interest between that of a considerable body of the population and the national interest itself. When such a conflict of interest occurs, it is customary to expect that the interest of the lesser part of the population will give way to the larger interest--that of the nation, and that workers will

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13. "The Twentieth Century Fund," Labor and National Defense, p. 121. (Hereafter quoted as "Twentieth Century Fund")

14. Lois MacDonald, Labor Problems and the American Scene, pp. 480-1.

gladly refrain from strike activity in order to facilitate defense activity.

But workers are exceedingly reluctant to concede any of their hard won rights. When confronted with an issue in which the larger interest of their country is involved they yet persist in an activity which seems to jeopardize that interest. Why is this? Why is it that laborers go on strike in wartime? Is it yet true that, as the foes of labor have long charged, unionists are saboteurs and agents of unfriendly governments? Or are there broader and deeper factors with which laborers are confronted in time of war which impell them to go on strike? What causes strike in wartime?

The immediate causes of wartime strikes are fundamentally the same causes which impel workers to strike in peacetime. Disagreements with the employer over the size of the wage, or the length of the work-week, or the conditions of work, are the principal primary disputes which precipitate strikes. Factors of a secondary nature, such as demands for union recognition and protests against discrimination against unionists, also result in a major portion of the stoppages, both wartime and peacetime. A miscellany of seemingly trivial but very real minor grievances, perhaps only remotely related to the above causes, may also be listed among the factors which precipitate strikes. But in both wartime and peacetime, the precipitating factors are much the same, the principle change being one of shift in the relative importance of the respective causes.<sup>15</sup>

Not only is there a similarity between the causes of strikes from peacetime to wartime, but there is also a comparability

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15. Bulletin No. 651, op. cit., p.

between causes of wartime strikes from country to country. Universally, the principal primary cause of industrial conflict is disputation with the employer over the size of the wage. While demands for the reduction of hours resulted in 11% of the strikes in France during the period from 1915 to 1918 inclusive, the great majority of strikes were related to wage controversies. Demands for wage increases or demands for wage increases associated with other vague demands made up 85% of the listed causes for strikes. An additional two percent of French strikes were precipitated by wage reductions.<sup>16</sup> English strikes during the first World War were also principally related to wage controversies, although protests against restrictions hampering freedom of action figured considerably in industrial unrest in Great Britian.<sup>17</sup> In the United States the causation of strikes followed the same general pattern. For the period, 1916, to 1919, a period in which 15,222 strikes occurred, nearly one half were caused by wage controversies, six percent being disputes over the hours of work, and 19% being strikes for recognition.<sup>18</sup>

What deviation there occurs between the causes of strikes from one country to another is of significance largely in the light of the particular country involved and the particular situation in that country. For example, union membership approaches 100% of all workers, organizational drives are not

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16. "Strikes in France," Monthly Labor Review, July 1922, pp.177-8.

17. United States Bureau of Labor Statistics, Bulletin No. 237, "Industrial Unrest in Great Britian". Reprint of the Report of the Commission of Inquiry into Industrial Unrest, 1917.

18. "Strikes in the United States," Monthly Labor Review, July 1929, p. 136.

likely to be of great significance. On the other hand, if there is little union organization, it may be expected that with the intensification of industrial activity, there will be an intensification of unionization, especially if the government sanctions organization and collective bargaining as part of its wartime labor policy. Thus the United States, having a lower percentage of unionization than foreign countries, might expect a higher percentage of her strikes to be due to demands for recognition. But it is noteworthy that even in the United States, demands for wage increases were by far the most important demand.

Not only are the preponderant part of strikes related to wage controversies in wartime, but this factor tends to become of even greater importance in wartime than in peacetime. The shift which occurs in relative importance of causes is a shift toward a higher percentage part of the strikes being related to wage controversies. While organizational activity and organizational strikes may reasonably be expected to increase due to the increase in productive activity, yet the number of strikes due to demands for wage increases step up even more. In 1914, 38.5% of American strikes were caused by demands for wage increases. And this demand increased in importance throughout the war, until in 1918, 60.4% of the strikes were for wage increases.<sup>19</sup>

The popular belief of the charge that "alien Agitators" urge workers to ask for wage increases and thus instigate wartime work stoppages does not permit that charge to go without comment. While it cannot be dogmatically denied, neither can

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19. John I. Griffin, Strikes, 1939, pp. 76-7

it be categorically affirmed that an important cause of defense strikes is Communistic activity. It is reasonable to believe that Communistic influence was present in some of the strikes. It is also reasonable to point out that certain other factors have been instrumental in helping to produce strikes. In cases where subversive elements have succeeded in instigating strikes, other causes also have been operative. Nor is it wholly unlikely that the existence of other causes did not facilitate the success of subversive activity. Some of the Communist activity which is present may perhaps best be regarded as the surface manifestation of deeper and broader causes, causes whose presence contributed to the success of subversive agitation.

These deeper and broader wartime causes are in one sense similar to the peacetime causes which provide the background to strike activity. In another sense they differ, tending to be the manifestation of the peculiar conditions which exist in wartime. Of the factors which underlie the immediate causes for strikes, perhaps the most significant are the declines in workers' real wages in wartime, the feeling on the part of the

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20. Numerous periodical publications, among them magazines friendly to the labor movement, have recently published articles taking this position. See Victor Riesel, "The Communist Grip on Our Defense", American Mercury magazine, February 1941, pp.202-10; Hugh Lee, "Menace to Labor", Current History magazine, January 10, 1941, pp.20-2; "Communists and Unions", editorial in Nation magazine, March 1, 1941, p. 228; T. R. Bliven, "Labor Puts Itself on a Spot", New Republic magazine; June 16, 1941, p. 823.

21. That the mass of laboring men during the first World War and during the present conflict were and are patriotic and loyal has been amply attested to. See Grosevenor B. Clarkson, Industrial America in the World War, 1933, p. 281; The Report of the President's Mediation Commission, January 1918, p. 19.

workers that employers are realizing large profits, and the pressure of the wartime speed-up in production.

Contrary to the notion held by some that war is a time of high wages and great prosperity, worker's real wages in wartime actually decline. While money wages rose rapidly in Great Britain from 1914 to 1917, cost of living rose more rapidly so that in 1917 real wages were only 76 percent of their 1914 level. In France the decline in real wages was only slightly slower, a low of 76 percent of the 1914 level being reached in 1918.<sup>22</sup> In European countries industrial unrest significantly paralleled the declines in real wages.

While the tendency was more pronounced in European countries than in the United States, it was present in the United States also. High wartime money wages did accrue to American workers. But the cost of living outran the increases in money wages, so that by 1917, real wages in the United States stood at 97 as compared to a 1914 base of 100.<sup>23</sup> This is not without significance in light of the facts that an unprecedented number of strikes occurred in 1917, and that the principle demand was for wage increases. Coupled with the spoken complaints of the workers themselves,<sup>24</sup> it seems no breach of logic to infer that these declines in real wages contributed to industrial

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22. The Twentieth Century Fund, Labor and National Defense, p. 58.

23. Ibid. p. 58.

24. Workers frequently voiced complaints against the rising costs of food, rents, etc. See Bulletin 237, op. cit.; Report of the President's Mediation Commission, January 1918, pp. 18-20.



unrest, and that the spoken complaints were not without some justification.<sup>25</sup>

Another factor which helps to explain the occurrence of strikes in wartime is the belief on the part of labor that employers are realizing large profits from the war. Near capacity operations and three work shifts per day in the constant effort to fill ever-expanding government orders, the workers believe, are conducive to large earnings. Nor is this belief wholly without foundation. Corporate profits in 1917 set new records. The iron and steel industry had profits averaging 33.80% of invested capital, while the profits of certain steel plants averaged 59% of invested capital.<sup>26</sup> The textile industry showed earnings of 27.42% of invested capital, while the earnings of chemical and allied industries were 32.73% of invested capital, all substantially above necessary profits.<sup>27</sup> In 1914 the number of millionaires was put at 7,509, but in 1917 the number of millionaires jumped to 19,103.<sup>28</sup>

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25. In the present conflict, living costs and standards are again being adversely affected either by higher retail prices or by rationing systems. In England, the cost-of-living index for January 1940 was 174, 1914 being taken as the base, 100. By January 1, 1941, the index had risen to 196, up 13% for the year 1940. "Changes in Working Conditions of British Labor in 1940", Monthly Labor Review, April, 1941, pp. 829-833.

26. Senate Document No. 252, 65th Congress, 2nd session, "Corporate Earnings and Government Revenues," July 5, 1918, p. 100.

27. R. C. Epstein, "Industrial Profits in 1917," Quarterly Journal of Economics, February 1925, p. 244.

28. John Steuben, Labor in Wartime, p. 121.

And the story is being repeated during the present conflict. The earnings for 1940 in the steel industry have more than doubled over the previous year, United States Steel alone showing profits of \$102,000,000 in 1940, compared with profits of \$41,000,000 in 1939.<sup>29</sup> Of these things laborers are substantially aware. On the one hand they see large profits being made, while on the other hand they feel their standard of living being encroached upon by higher costs. It is little wonder that in this situation they demand higher wages, and that strikes often follow from their demands.

The pressure of the wartime speed-up in production also contributes to industrial unrest. In order to facilitate emergency wartime production, hours may be lengthened, "week-end blackouts" eliminated, vacations postponed or cancelled, and the pace of the assembly line stepped up. In substance, each of these factors calls upon the worker for greater exertion, not only by day, but by week, and over the long period. Industrial unrest is thus aggravated because of the greater strain, inconvenience, and monotony that is imposed upon the workers.

The lengthening of the work-week is the measure most commonly resorted to. By working on the job longer hours, the output of the factory may be measurably increased. But there are definite limits beyond which this lengthening cannot be safely pushed. Not only may it be pushed beyond the limits where hourly output begins to decline, but hours may also be

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29. "Why Labor Strikes," Christian Century magazine, March, 19, 1941, p. 383.

lengthened so much that total output begins to decline. The fatigue of long hours of work causes a slackening of the work pace in the latter hours of the day, and an increase in the spoilation of work. Furthermore, the monotony and disutility of the job is disproportionately increased when hours of work begin to encroach upon the laborer's leisure time. Monotony, fatigue, and inconvenience are in the long run conducive neither to maximum productivity nor to the worker's peace of mind.<sup>30</sup>

In the other steps to speed up production, substantially the same factors are involved. The cancellation of vacation leaves does not permit the worker to break the monotony of the job. The speed up of the assembly line increases strain and fatigue. The elimination of "weekend blackouts", sometimes by the establishment of the seven-day work week, also tends to aggravate these discomforts. These added disutilities frequently have found expression in strikes, sometimes for shorter hours, sometimes for better working conditions, and occasionally to break the monotony of long uninterrupted production.<sup>31</sup> While speed-up measures are frequently considered essential to sufficient wartime productivity, they may, if carried too far, lessen that productivity by causing industrial conflict. In any event, the speed-up in production ranks alongside the increases in cost of living and the feeling that large profits are being made as factors which help to produce wartime strikes.

There are certain conditions which have the effect of lessening industrial conflict in wartime. Among them may be noted

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30. Twentieth Century Fund, op. cit., pp. 47-52.

31. Ibid. pp.70-1.

the sensing of a condition of emergency and the feeling of patriotism which customarily sweeps a belligerent nation. The vast bulk of labor being eminently patriotic, there is a greater reluctance to strike when it is realized that to do so may be at the expense of the welfare of the country. But patriotism as a check on strikes is not of permanent benefit.<sup>32</sup> While patriotism itself may remain substantially unaltered throughout a war, its influence as a factor tending to reduce strikes diminishes. During the early stages of the World War, patriotism was instrumental in lessening strikes, but during the latter stages of the war its influence was little. If the war is long, the feeling of emergency and novelty tend to wear off, and the customary causes of strikes tend to reassert themselves. As the influence of patriotism ebbs, and as other causes, the higher cost of living, the increase in profits, and the pressure of wartime speed-up, loom larger in the minds of workers, strike activity tends to increase. Thus, the influence of patriotism upon strike activity is at best only temporary; over the long period it is totally inadequate to check strikes.

If strike activity is to be substantially reduced, something more lasting than the influence of patriotism must be sought. War labor policies must be founded on the supposition that the war will be long, and that temporary factors must ultimately prove insufficient. Governments in wartime have sooner or later come to this realization. In the World War, every belligerent eventually provided for some form of governmental

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32. "Labor in Wartime in Great Britian," Monthly Labor Review, June 1917, p. 818; Twentieth Century Fund, op. cit., p. 71.

adjustment of industrial conflict. In the early stages of the present conflict, governmental restrictions were again imposed, and they were imposed more rapidly than in the first World War. In fact, the principal European belligerents had either already imposed restrictions before the outbreak of hostilities, or did so within a few days, even hours, after the declarations of war.<sup>33</sup> The United States is now confronted once again with wartime strikes and must consider what measures, if any, are to be taken. In this regard the experience of the past should not be without some value.

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33. John S. Gamba, "European Labor on a War Footing," Monthly Labor Review, December 1939, pp. 1348-58.

## Chapter II

### European Method and Experience, 1914-1918

Among England, France, and Germany are differences and similarities which throw light upon the differences and similarities of their experience in adjusting industrial conflict during the first World War. A similarity existed in that all were engaged in a desperate conflict and all resorted to rigid controls of their economies. Differences existed in the varying stages of industrialization and in the varying stages and strengths of unionization. These factors colored the experience of these nations in their attempts to regulate labor.

The regulation of labor in France before 1914 had not been an extensive problem. France had a comparatively late industrial development and similarly had only a late development of unionism. The principal organization, the Confederation Generale du Travail, had been established in 1902 by a union of existing national organizations.<sup>1</sup> The opposition of employers and of the state to unionism was especially bitter, since they had not yet become accustomed to the presence of unions. Moreover, the number of non-agricultural wage and salary earners in 1911 hardly exceeded the number of employers and self-employed.<sup>2</sup> Thus the strength of the laboring classes and of the labor movement in France was not great.

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1. Shepard B. Clough and Charles W. Cole, Economic History of Europe, pp. 808-15. Hereafter cited as Clough and Cole.

2. Herbert Heaton, Economic History of Europe, p. 716. Hereafter cited as Heaton.

In the early years of the war, the governmental regulation of labor was mainly directed at securing an adequate labor supply. Industrial conflict was not yet of consequence. Boards supervising the disposition of the labor resource were principally concerned with problems relating to the division<sup>3</sup> of man power between the military and the civilian endeavors.

It was not until the latter years of the war that strike activity took on a character that demanded attention from the government. While in 1915, there were only 98 recorded strikes, there were 315 in 1916, and 696 in 1917.<sup>4</sup> Due largely to the severe declines in real wages accompanying the rapidly rising cost of living, industrial unrest and dissatisfaction were prevalent. Moreover, defeatism, the feeling that the war could not be won, was rampant. In this situation drastic measures were taken.

The French Minister of Munitions on January 17, 1917, issued a decree which outlawed strikes and lockouts and provided for compulsory arbitration of disputes in munitions factories.<sup>5</sup> This was supplemented on September 17, 1917, by a decree of the Minister of War which applied substantially the same restrictions to all private establishments manufacturing war materials. Employers and employees were "forbidden to break the contract of employment, or to cease work until

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3. Frederick A. Ogg and Walter R. Sharp, Economic Development of Modern Europe, p. 718. Hereafter cited as Ogg and Sharp.

4. "Strikes in France," Monthly Labor Review, July 1922, p. 177.

5. "Text of Decree of Minister of Munitions on January 17, 1917 for Regulation of Disputes in Munitions Factories," Monthly Labor Review, March 1917, pp. 361-2.

the question at issue". . . had "been submitted to conciliation and arbitration".<sup>6</sup> The decrees remained operative until the termination of hostilities.

In order to facilitate conciliation and arbitration, committees composed of at least four members equally representative of labor and capital were appointed by the minister of war. A committee, varying in size with the importance of the industry, was named for each occupation. These committees were commissioned to hear the controversies and to make such disposition as the committee saw fit.<sup>7</sup>

The procedure by which a complaint reached a conciliation and arbitration committee was through the hands of the minister in charge of the production of the class of goods affected. A declaration of the question in dispute, made either by the employer or his agent, or by an employee accredited by at least twenty subscribing employees, was forwarded to the proper minister, who notified the proper conciliation and arbitration committee.<sup>8</sup>

Hearings, by order of the decree, were to be arranged as soon as possible. Conciliation was attempted first; parties to the dispute were urged to concede points of difference. This failing, the committee was obligated to arbitrate the dispute and to render within twenty-four hours a binding decision.

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6. "Settlement of Labor Disputes in Private Establishments Manufacturing War Materials in France," Monthly Labor Review, January 1918, p. 73.

7. Ibid., p. 73.

8. Ibid., p. 74.



If the committee were unable to reach a decision, an umpire was appointed to deal with the case. If the committee were unable to agree upon an umpire, the minister of war was notified, and he either appointed an umpire or heard the case personally. The umpire was obligated to hear both sides, to consider the committee's report, to weigh the testimony of any interested party, and to render a decision within twenty-four hours.<sup>9</sup>

Upon order of the minister of war, decisions could be made either immediately effective, or effective at a later date. Further, the minister of war might make the award rendered for one establishment, applicable in other establishments or other occupational classes, provided that conditions were similar.<sup>10</sup>

With the first receipt of the original declaration of a question in dispute, the constituted military authorities were notified, and they, in the interest of continuity of production, took the district involved into military jurisdiction. In effect, a state of martial law prevailed until the arbitral decision was posted and complied with. If the employer refused to accept the decision of the committee or the arbitrator, the government was empowered to place the plant under military requisition. If the employer refused to comply with orders to increase pay to workers, the government advanced the necessary funds to the workers and deducted equivalent funds from any payment thereafter due the establishment. If the

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9. Ibid., p. 74

10. Ibid., p. 75.

workers refused to accept the terms, they were made subject to military requisition, either in the armed services or in the establishment itself.<sup>11</sup>

These measures were indeed drastic. But it is to be recalled that the French nation was in the throes of a desperate struggle, that defeatism and industrial unrest were rampant, and that unionism had had little acceptance in French Governmental circles. Accordingly, it is little wonder that drastic measures were taken.

It is noteworthy, however, that even though strikes and lockouts were outlawed, a considerable number of stoppages yet occurred. In 1917, the year of the promulgation of the decrees,<sup>12</sup> 696 strikes occurred, while in the following year, 499 strikes occurred.<sup>13</sup> Thus it is apparent that the attempt to minimize industrial conflict by outlawing strikes, and by imposing military requisition was by no means wholly successful.

In Germany the situation had certain aspects not essentially different from those in France. Both countries bore the brunt of counter-blockades, and both had seen the necessity of rigid control of the economic phases of life in wartime. On the other hand there were elements of difference. The German industrial system was extensive and more highly developed than that of France. Moreover, the German government, a

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11. *Ibid.*, p. 74. Military jurisdiction implies martial law; military requisition implies the taking over of productive facilities by the government.

12. "Strikes in France," *op. cit.*, pp. 177-8.

13. The first decree was issued in January 1917, and the second in September.

bureaucratic autocracy, regulated economic affairs with a thoroughness characteristically German so that governmental regulation or control were factors not foreign to the experience of the German people.<sup>14</sup>

Paralleling the greater industrial development, was the greater development of unionism in Germany. Although German unions had only emerged from a governmental ban as late as 1890, and had suffered adverse court decisions in the years immediately thereafter, the labor movement in Germany had gained considerable strength by 1914. Of the three major branches of German unionism, the Social Democratic, the Christian, and the Radical, the Social Democratic unions, commonly known as the "free" unions, were by far the most important. Of the "free" unions, the German Metal Workers Federation, at one time the largest union in the world, and the Building Workers Federation were the most important.<sup>15</sup>

In the early months of the conflict, with the tightening of the British blockade and with the preparations for a longer war than had at first been anticipated, restrictions appertaining to German labor largely took the form of suspending union regulations as to working standards, and lengthening the hours of work in the effort to increase production.<sup>16</sup> The principle step to regulate labor was taken on December 5, 1916, with the passage of the National Auxiliary Service Law.<sup>17</sup>

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14. Heaton, pp. 621-40.

15. Ibid., pp. 716-20.

16. Ogg and Sharp, p. 718.

17. "Translation of the Text of the National Auxiliary Service Law, and Regulations and Orders Relating to It," Monthly Labor Review, April 1918, pp. 817-31.

The purpose of this act, which remained substantially in effect throughout the war, was the centralization and the coordination of the allocation of the labor resources of the country, so that in the interest of the state, labor might be directed into the industry where it was most needed. In the effort to secure sufficient labor, voluntary registration and voluntary disposition was tried, but eventually this gave way to the drafting of labor. Workers were assigned to work and their wages were fixed by constituted district boards. The act applied to every male, aged seventeen to sixty, not in the military service but engaged in productive activity.<sup>18</sup>

The administration of the act was placed in the hands of the War Office of the Prussian War Ministry. Facilitating in its administration were a system of district boards, and above the district boards, a board of appeals.<sup>19</sup> The district boards were constituted to deal with questions of labor supply, to hear appeals in regard to leaving certificates, and to act as boards of arbitration in cases of collective disputes. The board of appeals heard complaints from the decisions of the district boards, and they might also act as courts of arbitration in the cases beyond the jurisdiction of the district

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18. Ibid., p. 818.

19. Ibid., p. 818. The district boards were composed of three representatives of the employer, three representatives of the employees, and a chairman appointed by the War Office. The board of appeals was composed of two officers of the War Office, one to act as chairman, two officials appointed by the imperial chancellor, one official appointed by the central authorities in the state in which the establishment was located, one official representing workers, and one official representing employers. In cases where the decision related to matters of interest to the navy, it was stipulated that one of the officers be appointed by the Imperial Navy Office.

boards.

Similar to the British Munitions of War Act, the principal feature of the German measure was its provision for leaving certificates, statements requiring the signature of the employer before the individual could quit his employment. Without this certificate the individual could not lawfully leave his employer; neither could he be hired by another employer unless he produced a signed leaving certificate.<sup>20</sup> Since German industry was handicapped by a shortage of labor, and since there had been a comparatively high rate of turnover of labor during the early months of the war, this provision was directly an effort to lessen the drifting of labor from one establishment to another.<sup>21</sup> But since it was provided that on request for a leaving certificate, the workman must remain on his job until the question was decided, and since heavy fines were imposed for violation, it also had the effect of outlawing strikes and lockouts.

If the employer refused to grant a leaving certificate, the worker might make appeal to the district board for this purpose. The board investigated the case, and if it found by majority decision that the worker had valid reason for leaving his employer, it issued to the worker a leaving certificate

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20. Ibid., p. 818.

21. The shifting of labor from one factory to another usually in response to offers of higher pay from other employers who are short of men, naturally involves a considerable loss in efficiency. It was a problem confronted not only by Germany but by England, France, and the United States. In foreign countries it was not considered essentially different from the problem of concerted stoppage of production, since in either case a loss in productive efficiency was involved. Accordingly it is no surprise that the two problems should be treated by the same method, that of the requirement for leaving certificates.

which carried the force and value of one issued by an employ-  
er.<sup>22</sup>

In order to represent the workers in cases of collective disputes, the law required the existence of permanent workmen's committees,<sup>23</sup> committees whose functions were the promotion of good will and the voicing of complaints. In industries in which there was in existence no representative workmen's committees, it was required that they be formed, the members to be elected by the workmen under regulation by the state.

If the employer and the workmen's committee were unable to conciliate their differences, and if both parties had not invoked arbitration by any of the permanent industrial or mercantile arbitration courts, the district board itself arbitrated the case. If the employer did not submit to the decision, leaving certificates might be issued by the board to the workmen who took part in the dispute if the workers requested them. If the workmen did not submit, leaving certificates thereafter were not granted for reasons on which the award was made.

In addition to the revocation of the privilege attached to the granting of leaving certificates, a series of fines were provided for, ranging from a fine of 300 marks on the employer for discrimination against an employee for participation on a workmen's committee, to a fine of 10,000 marks on the employee for failure to perform the work assigned, and a fine of 10,000 marks<sup>24</sup> on the employer for employing a worker in contravention to the provisions and purposes of the act.

22. Ibid., p. 819.

23. Ibid., p. 820.

24. 300 marks was the equivalent of \$71.40; 10,000 marks, the equivalent of \$2,380.

In terms of man-days of work lost due to strikes, this measure did not enjoy much success. In fact, a greater loss in man-days occurred in each year under the operation of the act than occurred in the year preceding the passage of the act. It should be remembered, however, that even under the operation of the act, Germany's wartime loss was much less than her average yearly loss before the war.<sup>25</sup> It should also be remembered that some of the strikes in the latter years, especially 1918, were of a political nature attendant upon the break-up of the German government.<sup>26</sup> Accordingly the German system, on the face of the fact that more strikes occurred under the operation of the act than in the year before its enactment should not be regarded as having entirely failed of its purpose. The fact that German unions continued to gain in strength and prestige throughout the war indicates that the operation of the act was not an entire loss as far as labor was concerned.<sup>27</sup> It is significant that labor appreciated the recognition it received through the formation of workmen's committees empowered with the right to express grievances. But it is to be noted that strikes and lockouts were not prevented by making them illegal.

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25. "Strikes and Lockouts in Germany," Monthly Labor Review, January 1918, p. 234; Mendershausen, p. 103. Germany's average yearly loss in man-days in the period 1909-1913 was 11,190,494. In 1914, 2,843,895 man-days were lost, and in 1915, a record low of 45,511 was set. Thereafter the yearly loss increased to 245,404 in 1916, to 1,860,000 in 1917, and to 5,218,000 in 1918.

26. Clough and Cole, p. 720.

27. Heaton, p. 716.

England, the oldest industrial nation in the world, had had long experience with unionism. The British Trades Union Congress had been organized in the 1860's and had come to be accepted and respected.<sup>28</sup> The principles of collective bargaining, as well as other libertarian ideas, had been long affirmed, and had only occasionally been disavowed by the government.<sup>29</sup> Membership in British unions, which in 1913 numbered 4,135,000 individuals, had spread from the skilled downward to the unskilled, and upward to include the "black-coat brigade"--clerks, civil servants, musicians, actors, and other professional groups. Moreover, the Labor party, organized in 1906, had become influential in the House of Commons and had won 42 seats in 1910. Social and political reforms ranging from the reversal of the unfriendly Taff Vale and Osborne decisions, to the eight hour day and minimum wages for miners had been won largely through the efforts of the Labor party.<sup>30</sup>

For the adjudication of disputes there had been in existence since 1860 various conciliation and arbitration boards automatically set up by labor and capital to facilitate collective bargaining. These generally followed the procedure of first attempting conciliation, and then resorting to arbitration. But if the arbitrators' decision were unsatisfactory to either side, resort might still be had to strike or lockout.<sup>31</sup> These boards enjoyed considerable success in the decades prior to the war,

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28. Clough and Cole, p. 691.

29. Heaton, pp. 709-12.

30. Ibid., pp. 713-14.

31. Ibid., p. 712.



but with the outbreak of the war and with the recrudescence of strike activity, the government came to regard them as insufficient to cope with the situation and to consider measures to check strikes.

The earliest measure taken to check strike activity in England was embodied in the Defense of the Realm Regulations of 1914.<sup>32</sup> This measure made the attempt to interfere with the output of the munitions of war a serious misdemeanor punishable by very heavy fines. Striking and the incitement of others to strike were classified among the misdemeanors regarded as interfering with the output of munitions.

This measure did not achieve any considerable degree of success. While it was felt that the existence of the law as a threat of penalty in case a strike occurred at first might have helped somewhat to lessen stoppages, it ultimately came not to have much influence. Strikes continued to occur, and the authorities found it not in line with public policy to attempt to fine each of the striking workers. Rather there was an attempt to single out a few regarded as having incited the strike and to fine these few. But this policy tended to provoke accusations of victimization, and the whole process promoted an ill-feeling not at all a part of the high morale necessary to efficient production. Accordingly, the attempt to reduce strikes by fining the participants or the leadership was gradually abandoned, only a very small percentage of the

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32. "Labor in Wartime in Great Britian," Monthly Labor Review, June 1917, p. 821.

possible fines ever having been levied.<sup>33</sup>

The Defense of the Realm Regulations were supplemented on July 2, 1915, by the Munitions of War Act.<sup>34</sup> As applied to industrial conflict the Munitions of War Act had the effect of making strikes and lockouts illegal and of making compulsory arbitration essential. To administer the act, and to facilitate arbitration, a system of Munitions Tribunals, local boards directly under the authority of the Minister of Munitions were set up.

Its principal application to strike activity was in its provision for leaving certificates, certificates which the employee must secure from his employer with his employer's signature before he could lawfully leave his job. Failing to secure permission to leave, the employee might appeal his case to a Munitions Tribunal, which heard both sides of the controversy. The Tribunal, if it found the case justifiable, might dispose of it by granting to the worker a leaving certificate of equal value to one secured from the employer. Since employers and munitions tribunals seldom found struck plants to be appropriate situations in which to issue leaving certificates, strikes were in effect outlawed.

In England the functioning of the leaving certificate system met very considerable opposition from the laboring class.<sup>35</sup>

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33. Ibid., p. 822.

34. "Restrictions upon the Freedom of Labor Movement in Great Britian During the War," Monthly Labor Review, September 1917, pp. 125-30.

35. Ibid., p. 128.

Labor complained that frequently skilled men were prevented from taking jobs at better pay and in factories where their skill might better be applied to the national advantage. Further, there was sharp criticism of the contrast between the worker's difficulty in changing his employment with the unrestricted right of the employer to dismiss an employee. Occasionally the employer in dismissing an employee accompanied his endorsement of the leaving certificate with comment as to the character and conduct of the worker. If the conduct were unfavorable, the individual if not completely blacklisted, found reemployment more difficult to obtain.

On January 27, 1916, the leaving certificate provisions were amended in certain minor detail so as to remove some of its stringency of regulation.<sup>36</sup> Besides other minor amendments, an attempt was made to secure workers against neglect on the part of the employer to issue a certificate, and against the possibility of workers not being able to secure employment because the act had not previously applied to their occupation.

But the extent of the amendments was by no means sufficient to quiet worker dissatisfaction. During the course of the year 1916 and during the spring months of 1917, industrial unrest took on such proportions that in June of 1917, a Commission to be known as the Commission of Inquiry into Industrial Unrest, was appointed to investigate the causes of worker dissatisfaction. The commission submitted their completed report on

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36. Ibid., pp. 138-9.

July 17, 1917.<sup>37</sup>

The commission listed numerous factors which the workers had found not to their liking. The most commonly voiced complaint was that the cost of living had increased disproportionately to the advance in wages. Other complaints, some of a minor nature, included: the fatigue of long working hours; the restrictions on the consumption of liquor; the lack of coordination between the various governmental agencies dealing with labor; a lack of confidence in the government growing out of the surrender of trade union customs; the fear that promises regarding the restoration of pre-war conditions would not be kept; and the delay in dealing with disputes and the difficulty of securing prompt awards. Further, the leaving certificate provisions of the Munitions of War Act involving a restriction of personal freedom and difficulty in changing to better employment was reported to be one of the chief causes of dissatisfaction.

By an order of the Minister of Munitions on October 15, 1917, the leaving certificate provisions of the Munitions of War Act were abolished.<sup>38</sup> Thereafter any workman engaged in the production of Munitions was free to leave his employment after giving one week's notice or such longer notice as may have been provided for in the contract of service. Resort was

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37. "Industrial Unrest in Great Britian," United States Bureau of Labor Statistics, Bulletin No. 237, pp. 1-227. Reprint of the Report of the Commission of Inquiry into Industrial Unrest.

38. "Abolition of Leaving Certificates in Great Britian," Monthly Labor Review, December 1917, pp. 57-9.

had to an appeal to workmen to voluntarily refrain from excessive leaving instead of attempting to compel workers to remain at work against their will.

The failure of the policy of minimizing industrial conflict by fining its participants has been indicated. It was in short not expeditious to fine the entire mass of strikers; neither was it in line with public policy to victimize a few of the leaders. Similarly, the leaving certificate provisions of the Munitions of War Act met with only limited success. While the loss in man-days from strikes during 1915 and 1916 was considerably less than that for 1914, the loss for 1917 nearly doubled that for 1916.<sup>39</sup> Moreover, the strike statistics probably do not manifest the full extent of the industrial unrest and dissatisfaction of those years. Certain it is that industrial unrest took on such proportions that the entire system of leaving certificates was abandoned in the fall of 1917 in favor of a policy of voluntary cooperation.

In general the methods employed by the three nations were similar. All at one time or another outlawed strikes and set up elaborate systems of compulsory arbitration. The methods employed by England and by Germany were fundamentally the same since both indirectly outlawed strikes by the requirement for leaving certificates. The French employed a more severe system in that they resorted to military force to secure compliance,

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39. Mendershausen, p. 103. During the World War, Britian's strike losses were in terms of man-days: 1914, 10,746,000; 1915, 2,953,000; 1916, 2,446,000; 1917, 5,647,000; 1918, 5,875,000.

33  
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but this is perhaps partly explained by the bitterness of the state and employer opposition to unions and by the weakness of the French union movement itself. The general comparability of all three lies in the fact that each in effect outlawed strikes and each had systems of compulsory arbitration.

Although strikes were outlawed and systems of compulsory arbitration set up, in none of the countries were strikes prevented either by the imposition of fines, or by the requirement for leaving certificates, or by military requisition. In England the imposition of fines was abandoned as inexpedient, and military requisition in France checked strikes only slightly. In Germany and in England under the leaving certificates systems, strikes tended to increase,<sup>40</sup> and in England the leaving certificate system was abolished. In no case were strikes prevented by making them illegal.

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40. The extent to which compulsory arbitration checked or accelerated the intensity of strike activity is conjectural, since it of course cannot be known how serious strikes would have been had the system not been employed. It is possible to compare the volume of strikes which occurred in years in which compulsory arbitration was in effect with the volume of strikes in years in which it was not in effect, but this comparison is of only limited value since other factors may also have changed.

On this basis comparisons both favorable and unfavorable to compulsory arbitration may be made. Under compulsory arbitration during the war the volume of strikes generally ranged less than the average peacetime volume of strikes. But this may be generally true regardless of what system is employed. On the other hand it is possible to find years early in the war in which strike activity was less under a voluntary system than later in the war under a compulsory system. But other factors may also have been responsible. For example, in England greater strike activity occurred in 1917 than in 1915. But in 1917 real wages dropped to their lowest level, so more strikes should have been expected. Thus such comparisons are patently weak, and do not clearly indicate the success or failure of compulsory arbitration.

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England's experience contrasts in certain respects with the experience had by France and Germany. In England, both the system of fines and the requirement for leaving certificates had to be abandoned because of the unrest and dissatisfaction which they engendered. Contrasted to this is the virtual acceptance of leaving certificates in Germany, which may be partly explained by the customary German acceptance of authority, as contrasted with English individualism. In France, the use of military requisition contrasts with the necessity of return to voluntary methods in England. But this should not have been unexpected in the light of the general acceptance and strength of unionism in England as contrasted with the employer and governmental opposition to unionism in France. So as conditions varied, the application of similar methods had different results.

CONFIDENTIAL

### Chapter III

#### American Experience, 1916-18

Strike activity in the United States during the first World War was especially severe. In 1916, 3,789 strikes were recorded. In 1917, an unprecedented number, 4,450, occurred, and in 1918, the number of strikes was 3,353.<sup>1</sup> To cope with this strike activity, the United States pursued two different policies toward stoppages, and employed two different systems of labor administration during the course of the war. In 1917 the United States followed a policy which was largely a continuation of the peacetime policies of mediation and voluntary arbitration. The agencies which were set up to pursue this policy were heterogeneous and uncoordinated. Out of the weaknesses of the labor policy and its administration in 1917 evolved the policy and the Labor Administration of 1918.

Conditions in contrast to those in Europe influenced the labor policy and its administration in the United States. The American people were more individualistic and were less accustomed to regulation. Moreover, the American government had pursued in the past an avowedly laissez faire policy had little precedent or experience to follow in undertaking the administration of economic matters. Thus there was in America a smaller degree of habituation to economic controls and less experience on the part of the government in the administration of such controls. Both factors colored the American labor experi-

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1. "Strikes in the United States," Monthly Labor Review, July 1929, p. 136.



ence during the war.<sup>2</sup>

In extent of industrialization and in strength and extent of unionization there were differences also. While the United States was among the world's foremost industrial nations, the American labor movement was relatively weaker than that of either Germany or England. The principal organization, the American Federation of Labor, claimed a strength in 1917 of about 2,350,000 members.<sup>3</sup> The Industrial Workers of the World never numbered more than 60,000 adherents, and after the disastrous strikes of 1912 and 1913, had largely dwindled away.<sup>4</sup> But on the other hand the position of labor had by 1917 improved somewhat over previous years. The war in Europe together with the American "Preparedness" program had brought a quickening of industrial activity, and with it had come added employment, higher wages, and increases in the membership of the A. F. of L. Thus while the American labor movement was relatively weaker than some of its European contemporaries, it was enjoying a wartime revival which was to continue throughout the war.<sup>5</sup>

The actions of the government in that period reflected the rising strength of the labor movement. The passage in June 1912

2. Gordon S. Watkins, Labor Problems and Labor Administration in the United States During the World War, p. 224. Hereafter cited as Watkins.

3. Lois MacDonald, Labor Problems and the American Scene, p. 418. Hereafter cited as MacDonald.

4. Fred A. Shannon, Economic History of the American People, p. 809. Hereafter cited as Shannon.

5. MacDonald, pp. 415-25. The membership of the A. F. of L. increased to 2,750,000 in 1918, to 3,260,000 in 1919, and to its zenith of about 4,080,000 in 1920.

of the act extending the eight-hour day to workers engaged on government contracts, the organization in 1913 of a separate Department of Labor to represent the interests of wage earners, the enactment in 1914 of the Clayton Act which sought among other things to exempt labor from the anti-trust provisions of the Sherman Act, and the passage of the Adamson Act of 1916 which gave the railroad Brotherhoods a basic eight-hour day, all indicated an increasing recognition of the political importance of labor.<sup>6</sup> Moreover, Samuel Gompers, President of the A. F. of L., had been appointed to the chairmanship of the Committee on Labor of the Council of National Defense, and this had served to enhance the prestige of the Federation.<sup>7</sup>

In existence before the beginning of American participation in the war were two mediation agencies, the United States Board of Mediation and Conciliation and the United States Conciliation Service. Of the two the latter was the more important, the Board of Mediation having handled in the four years prior to June 30, 1917, only 71 cases.<sup>8</sup> The Conciliation Service on the other hand in the same four years dealt with 680 cases and successfully adjusted 480 of these.<sup>9</sup> During the course of the war the scope of its operations was greatly extended, and by June 1919, it had successfully adjusted 2,568

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6. Shannon, pp. 814-5.

7. Grosevenor B. Clarkson, Industrial America in the World War, p. 280.

8. Watkins, p. 125.

9. Ibid., p. 126.

out of a total of 3,667 cases handled.<sup>10</sup>

But though the operations of these agencies were extended, it became apparent early in 1917 that alone they were unable to cope with the situation. Strike activity took on such proportions that the Conciliation Service, being handicapped by a lack of funds, could not supply sufficient mediators to meet the demand.<sup>11</sup> Moreover, the Service lacked authority to take the initiative, being permitted to enter a case only with the consent of the parties to the dispute. While the Conciliation Service was granted more funds and its personnel broadened, the situation was met principally by the appointment of emergency boards and agencies.<sup>12</sup>

Numerous new boards and agencies were set up to deal with labor problems in 1917. Since there was a tendency to meet each succeeding industrial difficulty by the appointment of a new agency, the labor administration grew steadily in scope and in complexity.<sup>13</sup> During the course of the year 1917, there were appointed among others the Cantonment Adjustment Commission, The Shipbuilding Adjustment Board, The National Harness

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10. Ibid., p. 126.

11. Partly to the absence of sufficient governmental facilities to assist in the settlement of controversies has been attributed the volume and protracted nature of some of the strikes of 1916 and 1917. It was felt that had there been sufficient mediators, many of the strikes might have been averted entirely or at least have been terminated more quickly. See the Report of the President's Mediation Commission, p. 18.

12. Watkins, p. 133.

13. Ibid., p. 123.

and Saddlery Adjustment Commission, the National Adjustment Commission for longshore work, the Industrial Service Sections of the Ordnance Department, and the President's Mediation Commission.<sup>14</sup> Some of these agencies functioned under the War Department and some under the Department of Labor. Few of them bore any direct relation to any other agency. Thus the labor administration of 1917 may be described as complex and uncoordinated.<sup>15</sup>

The policies pursued in 1917 were similarly heterogeneous.

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14. By way of exemplification the administrative procedure of one of the more successful of the boards, the Cantonment Adjustment Commission may be considered. This commission was set up in June 1917, under the auspices of the War Department to deal with labor problems which might arise in the construction of army cantonments. It was composed of three men appointed by the Secretary of War, one to represent the army, one to represent the public, and one to represent labor. Besides being established to deal with questions as to standards of wages, hours, conditions of work, and status of unions, the commission was constituted to deal with the disputes which might arise out of these questions.

Whenever a dispute arose between a contractor and his employees, both submitted statements of the case to the Adjustment Commission. If the facts were reasonably clear, the Commission ruled on the case, and notified the contractor through military channels and the men through union channels of its decision on the matter. If however, the facts were not clear or were in dispute, the commission sent its district examiner to the scene. The district examiner investigated the case and made report and recommendations to the commission. On the basis of the original complaining statements and on the basis of the examiner's report, the commission made its award.

As was characteristic of the many other governmental adjustment agencies, the board had no authority to enforce its decisions other than the weight of public opinion and the prestige of the government. Its operations were characterized by prompt and fair disposition of the cases which it considered, and its success is attested to by the fact that in the construction of the cantonments, no substantial interruption due to industrial conflict occurred. For a more detailed account of the work of this and other agencies see War Department, Report of the Activities in the Field of Industrial Relations during the War, hereafter cited as War Department; Watkins, pp. 133-56.

15. Ibid., pp. 155-9.

In many cases a "hands-off" policy was followed, the government permitting the strikes to run their course, and permitting settlements to be reached on the basis of the relative bargaining strength of the parties involved.<sup>16</sup> In other cases the policy was one of mediation by the existing permanent agencies or by temporary commissions. During 1917, the United States Conciliation Service handled 378 cases,<sup>17</sup> and in the fall of that year the President's Mediation Commission successfully mediated in over 250 disturbances.<sup>18</sup> And in the industries where the emergency boards had been set up, "semi-compulsory arbitration" best describes the procedure, since although strikes and lockouts were not outlawed the disputants submitted their complaints to the boards, and were by the weight of public opinion indirectly compelled to abide by the award rendered.<sup>19</sup>

Thus both the policy and the labor administration of 1917 were defective. The administrative facilities were heterogeneous and uncoordinated. While the boards that did exist were numerous, facilities were yet insufficient to handle all cases which demanded attention, and strikes might continue because there existed no impartial bodies to mediate.<sup>20</sup> Labor frequently complained that it lacked equitable representation on

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16. War Department, p. 16.

17. Watkins, p. 126.

18. Ibid., p. 153.

19. Twentieth Century Fund, pp. 106-7.

20. See footnote 11, Chapter III.

boards and committees.<sup>21</sup> More agencies, centralized in authority and coordinated in policy were needed.

The policy itself was weak, lacking in authority, and inconsistent. Too frequently the parties in conflict did not know to which governmental agency to turn, nor what to expect from the government in its disposition of the cases. In many instances boards returned verdicts at odds with verdicts returned by other boards in similar situations.<sup>22</sup> Moreover, the initiative often lay not with the government but with the disputing parties, who frequently would rather continue the strike than call in the government.<sup>23</sup> A consistent, positive, and authoritative policy was needed.

Early in 1918, the administrative arrangements were centralized and coordinated. Existing agencies were supplemented by new adjustment boards,<sup>24</sup> and a War Labor Policies Board was formed to assist in the coordination of the policies of the Labor Administration. The principal functions of the War Labor

21. Curtice N. Hitchcock to William Brown Hale, November 21, 1917. (Mr. Curtice N. Hitchcock, Assistant Secretary, Council of National Defense, accompanied the tour of the Sir Stephenson Kent labor mission sent by the British Ministry of Munitions. In this letter he reported the impressions he received while on the tour.)

22. Ibid.

23. Watkins, pp. 158-62.

24. By the end of the war there were besides the boards previously mentioned: the Arsenal and Navy Yard Wage Commission; the Board of Control for Labor Standards in Army Clothing; the Industrial Relations Division of the U. S. Housing Corporation; the Fuel Administration; the Marine and Dock Industrial Relations Division; the New York Harbor Wage Adjustment Board; the Railroad Wage Commission; and the Railroad Boards of Adjustment. See Watkins; War Department; Twentieth Century Fund.

Policies Board were to fix standards to guide lesser agencies in the determination of wages, hours, conditions of work, status of unions, and other matters of policy.<sup>25</sup> Being directly under the Secretary of Labor who was at the head of the entire War Labor Administration, and being composed of the heads of each of the administrative divisions of the Department of Labor, the War Labor Policies Board did valuable work in coordinating the previously inconsistent labor policies.<sup>26</sup>

In addition to the War Labor Policies Board whose functions were administrative, there was created a National War Labor Board<sup>27</sup> whose functions were judicial. The National War Labor Board was constituted as a "court of last resort", to be the ultimate agency to which a dispute might be carried.<sup>28</sup> Although it possessed no statutory authority, the President had by proclamation delegated to it executive authority to settle by mediation and conciliation every controversy arising

25. "Organization and Functions of the War Labor Policies Board," Monthly Labor Review, July 1918, pp. 23-7.

26. Watkins, pp. 175-8.

27. Ibid., pp. 162-3. The National War Labor Board grew out of the functioning of the War Labor Conference Board, which had been constituted by President Wilson early in 1918 to formulate principles and policies for the government of relations between labor and capital. On the recommendation of the War Labor Conference Board, President Wilson on April 8, 1918, by proclamation appointed the National War Labor Board, and outlined the duties and powers which were by executive authority delegated to it. Because of its joint chairmanship by Ex-President William H. Taft, a representative of capital, and Frank P. Walsh, a representative of labor, it was commonly known as the "Taft-Walsh Board". Besides the chairmen, there were on the board ten other members equally representative of labor and capital.

28. Ibid., p. 177.

between labor and capital in the field of production necessary to the conduct of the war, and in all other fields where in the opinion of the War Labor Board, stoppage or threatened stoppage would be detrimental.<sup>29</sup> Thus the board was empowered to deal with virtually any dispute which might directly or indirectly affect production.

When a dispute arose it was handled first by the local mediation or voluntary arbitration boards which, in addition to the existing agencies, were appointed to facilitate this end. If all local or industrial agencies were unable to settle a dispute, it was referred to the War Labor Board. If they were also unable to settle a dispute, it was referred to an arbitrator or umpire selected by the War Labor Board.<sup>30</sup> The decision of the umpire was final and binding upon all parties concerned.

The policy pursued was thus one of permitting the dispute to go through a series of steps, mediation, voluntary arbitration, and "semi-compulsory arbitration".<sup>31</sup> It was compulsory arbitration in the sense that the parties were compelled to submit their dispute to the War Labor Board, and in that the decision was binding. But it was termed "semi-compulsory arbitration", because, while decisions were binding, the means of enforcement was by indirect pressure rather than by statutory regulation. Strikes and lockouts were never outlawed by statute;

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29. Fifth Annual Report of the Secretary of Labor, 1918, p. 103. Hereafter cited as Fifth Annual Report.

30. Fifth Annual Report, pp. 104-6.

31. Twentieth Century Fund, p. 106.



neither did the War Labor Administration possess any specific statutory authority for its activities.<sup>32</sup>

While the War Labor Board and its umpires had no statutory authority to make their decisions binding nor to enforce their ban on strikes,<sup>33</sup> they carried with them the prestige of the federal government and were supported by a public opinion resolved that there be little interference with production.<sup>34</sup> Moreover, there were various pressures which were brought to bear upon recalcitrant employers or employees. Employers could be threatened with requisition and operation of their plants by the military. Employees might be threatened with conscription or with blacklisting from future employment by the government.<sup>35</sup> Thus in its dealings with strikes and lockouts the government had weapons, the application of which, while not compulsion in the ordinary sense of the word, nevertheless left the recipients little choice but to comply.<sup>36</sup>

32. Watkins, p. 168.

33. The War Labor Administration, in setting up the War Labor Board, adopted the principle that "there should be no strikes or lockouts during the war." This declaration, since it had no statutory backing, was in the nature of a suggested truce, and was significant in that it served for the duration of the conflict as the guiding principle of the War Labor Board. See Watkins, p. 165.

34. Ibid., p. 170.

35. Ibid., pp. 168-70.

36. On only three occasions during the entire war was it actually necessary to make use of these weapons. The first occasion was in June 1918. Certain telegraph companies had refused to abide by a decision of the War Labor Board that they cease discrimination against employees for union activity, and President Wilson had directed letters to them asking that they comply with the

While it was seldom necessary to make use of these weapons, the threat of their use or even the possibility of being threatened with their use was instrumental in many cases in securing compliance. Where these measures were effective, the policy was little short of compulsory arbitration.

The War Labor Board and the War Labor Administration remained in operation until the end of 1919. Up to May 31, 1919, the Board had handled 1,245 cases and had returned awards or findings in 462 cases. 391 cases had been dismissed, 23 were pending, and 51 cases remained before the Board because its members were unable to agree. 315 cases had been referred to

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award of the War Labor Board. All complied except the Western Union Telegraph Company, which denied the right of the Board to enforce its decision. President Wilson then applied to Congress for authority to take over the telegraph and telephone lines. This authority was granted, and the utilities were taken over by the government and placed under the Postmaster General, who directed that the discriminatory practices should cease. See Fifth Annual Report, pp. 107-8.

The second instance occurred in the firearms plants of Bridgeport, Conn. In September 1918, following a full year of bickering between company and union in which numerous strikes had occurred and in which on one occasion the company had refused to accept the award of the Ordnance Wage Adjustment Board, the final decision of the War Labor Board was rejected by the workers. President Wilson addressed a letter to the workers at Bridgeport in which he asked them to return to work, and stated that upon refusal to do so the offending workers would be barred from all future employment by the government, and that the draft boards would be instructed to reject any claim for exemption based upon alleged usefulness in production. The striking workers returned to work. See War Department, pp. 32-4.

The third occasion occurred simultaneously at the Smith and Wesson plant of Springfield, Mass. This company refused to make effective the decision of the War Labor Board that it cease discrimination between organized and unorganized workers. Coincident with the letter to the Bridgeport workers, President Wilson directed the War Department to commandeer the plant. The War Department took over the plant, discharged the principal officers of the company, and operated the plant by representatives of the Ordnance Department. See War Department, pp. 34-5.

other agencies which had jurisdiction prior to the War Labor Board. Among those that had been referred to other boards, 164 had gone to the United States Conciliation Service, 24 to the War Department, and 29 to the Industrial Service Sections of the Army Ordnance Department.<sup>37</sup>

The work of the Board was generally highly commended both for its fairness and for its expeditious handling of disputes. It showed the practicability of amicable settlement of industrial grievances by governmental agencies.<sup>38</sup> As has been indicated in only three instances was it necessary to resort to force to secure compliance.

Strike activity in 1918 fell off considerably from the high levels of 1917. The number was cut from the high of 4,450 in 1917 to the 3,353 of 1918.<sup>39</sup> Many of the strikes were not within the jurisdiction of the War Labor Board and hence neither credit nor blame for them can be charged to the Board. But the lack of administrative facilities and the weak and inconsistent policies of 1917 may help to account for the great number of strikes in that year. And the more plentiful and more efficient administrative and judicial facilities and the more firm and consistent policies of 1918 perhaps account for the decrease in strikes which occurred.<sup>40</sup>

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37. Sixth Annual Report of the Secretary of Labor, 1919, p. 123.

38. Watkins, p. 170.

39. Monthly Labor Review, op. cit., July 1929, p. 136.

40. Twentieth Century Fund, p. 107.

Chapter IV  
Method and Experience, 1939-1941

European labor was placed on a war footing more rapidly in the second World War than in the first. In the first it was not until 1917 that all of the three western belligerents had rounded out their systems of regulation of labor. In the second World War all the belligerents had placed restrictions on labor either before the outbreak of hostilities or within a few days after. England's first specific regulation came on September 21, 1939.<sup>1</sup> On the other hand German labor was placed on a war footing years before the outbreak of hostilities, while France had passed measures in 1938 which were to be effective in the event of war.

In the years before the outbreak of the war French labor had made significant political and economic gains. A far reaching system of social insurance had been in operation since 1930. In 1936, left wing political parties had doubled their 1929 strength in the Chamber of Deputies, and a forty hour week had been established by the Popular Front government.<sup>2</sup> But the general strike of 1938 served to stiffen opposition to the labor movement, and the coming of the rearmament program in 1938 and 1939 resulted in considerable modification of the forty hour week.

France made provision for the wartime regulation of labor

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1. John S. Gambs, "European Labor on a War Footing," Monthly Labor Review, December 1939, pp. 1348-58.

2. Clough and Cole, pp. 811-4.

more than a year before the outbreak of hostilities. On July 11, 1938, a measure was enacted which provided that in event of war both labor and industry might be requisitioned.<sup>3</sup> Subsequently all males over 18 were registered, and it was provided that all those not subject to military draft were to be subject to requisition. Persons thus subject to requisition were to be at the disposal of the government to be placed in public service or in private establishments as the government saw fit.<sup>4</sup> This law was supplemented by the decree of November 28, 1938, which fixed the conditions under which labor might be requisitioned. It provided that the wages and salaries of persons requisitioned should remain fixed as of the date of requisitioning, and that laborers might be requisitioned either individually or collectively.<sup>5</sup>

With the outbreak of hostilities in September 1939, these measures were invoked and were supplemented by a series of additional decrees during the fall of that year.<sup>6</sup> Taken together these decrees provided in substance that the Minister of Labor be placed in charge of the entire organization, regulation, and utilization of labor.<sup>7</sup> Without the consent of the Minister of Labor an employer could neither hire nor fire his workers.

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3. "Wartime Labor Regulations in France," Monthly Labor Review, March 1940, p. 606.

4. "Coordination and Utilization of Labor in France," Monthly Labor Review, January 1940, pp. 45-51.

5. Ibid., p. 46.

6. Ibid., pp. 45-51; "Wartime Labor Regulations in France," op. cit., pp. 605-8. Decrees regulating labor were promulgated on September 1, 15, and 26, and October 19, and 27 of 1939.

7. "Coordination and Utilization of Labor in France," op. cit. p. 46.

Without the consent of the employer and the Minister workers could neither individually nor collectively leave their employment.<sup>8</sup> These regulations were aimed at reducing labor turnover; and in substance they made strikes and lockouts illegal. Infractions of these rules were met by fines and penalties as provided by the law of July 1938.<sup>9</sup>

The settlement of disputes was also under the Minister of Labor. Settlements were achieved either by governmental supervision of collective bargaining or by arbitration. To represent the workers and to give voice to their complaints, shop committees composed of three workers for each 1,000 employees met with representatives of the employer.<sup>10</sup> If a settlement could not be reached by this process, constituted boards of arbitration under the supervision of the Minister of Labor investigated the case and returned verdicts. The decree of October 27, 1939, provided that collective agreements and arbitration decisions, subject to certain qualifications,<sup>11</sup> were to remain fixed and binding for the duration of the war.

On August 16, 1940, decrees were issued pertaining to unoccupied France which provided for a state controlled economy

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8. Ibid., p. 50. In cases of leaves approved by the Minister of Labor the employer gave the employee a card stating that the leave was with official consent. This was an adaptation of the leaving certificate system used by Germany and England during the first World War.

9. Ibid., p. 50.

10. "Wartime Labor Regulations in France," op. cit., p. 607.

11. Ibid., pp. 605-6. The collective agreements and arbitration decisions might not conflict with the labor provisions of the decree of September 1. Also the agreements and decisions were subject to such modification as the Minister of Labor might from time to time see fit to make.

administered through committees appointed by the government. It was further provided that all employer associations and all labor unions including the Confederation Generale du Travail be abolished.<sup>12</sup>

In Germany under the National Socialist regime labor was placed on a war footing many years before the second World War began. Under the National Labor Law as promulgated in January 1934, labor unions and employers associations were abolished.<sup>13</sup> In their stead was set up the Labor Front, a state organization of which both employers and employees are members.<sup>14</sup> In 1936, the membership was reported to be more than 20,000,000.<sup>15</sup>

Under this act the organization of labor is pyramidal. At the bottom is the worker; over him, the shop leader, the employer; over him the leader of an industrial area, the labor trustee; over him, the state minister of labor; over all, the supreme leader of the German state.<sup>16</sup>

In this arrangement there can be no serious argument over questions of hours, wages, or conditions of work. Totalitarian

12. "French Decree on Organization of Industrial Production," Monthly Labor Review, January 1941, pp. 98-100.

13. "Text of the German National Labor Law," Monthly Labor Review, May 1934, pp. 1106-16.

14. P. Waelbroeck and I. Bessling, "Some Aspects of the German Social Policy under the National Socialist Regime," International Labor Review, February 1941, pp. 139-42.

15. William N. Loucks and J Weldon Hoot, Comparative Economic Systems, p. 628. Hereafter cited as Loucks and Hoot.

16. "Text of the German National Labor Law," op. cit., pp. 1108-10.

principles of state supremacy as applied to labor mean no free unions, no strikes or lockouts, no questioning of orders from superior authorities. Workers are followers and advisers to the leader, the employer, but the employer alone decides and directs all matters concerning the establishment.<sup>17</sup>

To hear cases regarded as offenses against the social honor, industrial courts were constituted. Each court, known as a Court of Social Honor, was composed of a president and two assistants, one of them an employer. Among the offenses heard by this court were the abuse of power by employers, the incitement to unrest, the making of unjustified complaints, and the abuse of confidential information. Penalties for violation ranged up to fines on 10,000 Reichmarks, and dismissal from employment or from factory leadership.<sup>18</sup>

Between the time of the promulgation of the National Labor Law and the new outbreak of war, controls over labor were elaborated. On January 1, 1935, a system of labor passports was introduced to prevent workers from shifting from one establishment to another.<sup>19</sup> In October 1936 it was ruled that workers could not be employed without approval from the national employment service.<sup>20</sup> On March 8, 1938, all youths were ordered to

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17. "State Control of Labor in Germany," Monthly Labor Review, October 1939, pp. 805-10.

18. "Text of the German National Labor Law," op. cit., p. 1112.

19. "State Control of Labor in Germany," Monthly Labor Review, October 1939, p. 807.

20. Ibid., p. 809.



register on April 8 of that year. On June 22, 1938, the entire working population was made subject to government call to work on special or immediate government jobs at the same wages and conditions as under old labor contracts.<sup>21</sup>

On February 13, 1939, in a decree so elastic as to apply to all phases of economic life, forced labor was adopted as a permanent policy.<sup>22</sup> Workers were made subject to indefinite draft, and the amount of their wages was made subject to determination by the state. Families of workers were assured of an "adequate" living, and the state labor office was designated to decide what was adequate. If the government placed a worker in a position regarded as permanent, all connections with his former job were severed. No changing of jobs or discharging of workers could occur without government permission. State control of labor was thus so far extended that there was "very little difference between the status of civilian persons and that of persons in the military forces."<sup>23</sup>

With the outbreak of the war a new decree was issued on September 3, 1939, which was purported to place Germany under a war economy. In its application to labor, wages were lowered, working hours were increased in some cases up to sixteen hours per day, workers were attached to their employers and were deprived of their freedom of movement, of speech, and of

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21. "Obligatory Labor in Germany," Monthly Labor Review, September 1938, pp. 542-3.

22. "State Control of Labor in Germany," op. cit., p. 808.

23. Ibid., p. 809.

independent thinking.<sup>24</sup>

Germany's system of labor control was thus rounded out with the outbreak of war. There were in actuality two great armies, one at the fighting front and one at home.<sup>25</sup> Discipline extended from the top downward, and obedience from the bottom upward.<sup>26</sup> But all did not go well with the German system of regimented labor.

Probably due to the extreme stringency of the decree of September 2, production began to fall off rapidly, accompanied by an "alarming increase in industrial accidents and stoppages."<sup>27</sup> During the course of the winter, 1939-40, the government was forced to lighten somewhat the stringency of its restrictions, some retreat being made from the sixteen hour day.<sup>28</sup> On the other hand penalties for resistance to forced labor were made more severe. An order issued on March 12, 1940, provided that persons who refused to perform labor service or who encouraged or incited others to refuse were to be interned in a house of correction or in prison, the length of the sentence depending

24. "Labor Policy in Germany," Monthly Labor Review, June 1940, pp. 1374-6, citing Reicharbeitsblatt, March 5, 1940, and the Weekly Report of the German Institute for Business Research, March 13, 1940.

25. "State Control of Labor in Germany," op. cit., p. 805.

26. Loucks and Hoot, p. 612.

27. "Labor Policy in Germany," op. cit., p. 1375. No statistical information is available as to how much of the loss in efficiency and increase in accidents was due to resistance to compulsion, or to exhaustion from speeding up or undernourishment, or perhaps to worn out machinery.

28. Ibid., p. 1375.

on the seriousness of the offense.<sup>29</sup> While no statistics are available, the fact that Germany found it necessary to increase the severity of penalties, and the fact that she experienced an "alarming increase in industrial accidents and stoppages" indicate difficulty with the forced labor system.

In England labor has made gains since the World War, but it has also suffered reverses and hardships. Chronic unemployment has plagued certain segments of the British labor population since 1919. Moreover, the general strike of 1926 resulted in a public reaction against labor and in legislative restriction on the sympathetic strike.<sup>30</sup> On the other hand the Labor Party twice formed the British Ministry, once in 1923 and again in 1929, and participated in the MacDonald coalition cabinet of 1931. During the pre-war period British unions continued to gain in membership and reported a strength at the end of 1939 of 6,234,000.<sup>31</sup>

In the second World War England formed her war labor policy more slowly than the other European belligerents. A series of measures were enacted in the fall of 1939 which gradually increased the degree of governmental control over the English economy and over labor. The Emergency Powers Act of August 24, 1939, empowered the government to make such regulation as might be

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29. "Labor Discipline in the German Forced-Labor Service," Monthly Labor Review, September 1940, p. 584.

30. Clough and Cole, pp. 811-4.

31. 1941 Britannica Book of the Year, p. 391.

necessary for the national security.<sup>32</sup> The Control of Employment Act and the National Registration Act of 1939 placed the hiring of workers under control of the Minister of Labor. An employer might not engage a worker without consent of the Minister, but the Minister might not refuse such consent unless suitable alternative employment were available.<sup>33</sup> These measures achieve substantially the same result as the French regulations except that the concept of civilian mobilization was absent from the British legislation.<sup>34</sup>

The most far reaching of English legislation in regard to labor and industry was the British Emergency Powers Act of 1940,<sup>35</sup> which superseded the Emergency Powers Act of 1939. It was an enabling bill under which sweeping regulations might be made. Through it the government was granted authority to regulate hours, wages, conditions of labor and of personal occupation. Freedom of enterprise was modified and an excess profits tax of 100% was made effective in controlled industries.<sup>36</sup> Blanket authority was granted to amend legislation passed since the beginning of the war.

Under the authority of this act an order in council on

32. "Wartime changes in Labor Conditions in Great Britian," Monthly Labor Review, January 1940, pp. 52-6.

33. John S. Gambs, "European Labor on a War Footing," Monthly Labor Review, December 1939, p. 1356.

34. Ibid., p. 1356.

35. "British Emergency Powers Act of 1940," Monthly Labor Review, July 1940, pp. 31-2.

36. Ibid., p. 31.

July 10, 1940, gave the Minister of Labor power to take steps designed "to prevent the interruption of work by strikes and lockouts."<sup>37</sup> Under the powers granted, the Minister of Labor on July 18, created a national arbitration tribunal composed of five members, three of whom were appointed as impartial members, and two were chosen from the panels of employers and workers representatives.<sup>38</sup>

The tribunal was constituted to deal with disputes which could not be settled by existing mediation and conciliation machinery. In case of a dispute threatening strike or lockout, the Minister of Labor determined the board which had jurisdiction, and he might if he saw fit refer the matter to the national tribunal in the first instance. If other boards took the case but were unable to settle the dispute, the Minister of Labor within twenty one days referred the matter to the national tribunal.<sup>39</sup>

Decisions and awards are binding on the parties affected. No strike or lockout is permitted unless twenty one days have elapsed since the dispute was reported to the Minister of Labor, and within that time the Minister of Labor has not referred the matter to a constituted agency. Since few disputes go without attention, strikes and lockouts are in practical effect outlawed for the duration of the war.<sup>40</sup>

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37. "Labor in Great Britian in the Summer of 1940," Monthly Labor Review, September 1940, p. 576.

38. Ibid., p. 576.

39. Ibid., p. 577.

40. Ibid., p. 577.

But while strikes and lockouts are outlawed, British policy is largely based upon voluntary cooperation rather than upon compulsion.<sup>41</sup> The measures at the disposal of the British government to compel workers to work have been only seldom used. Fines have been only frequently levied.<sup>42</sup> The British government has regarded its powers as of an emergency nature to be used only with great care.<sup>43</sup> Considerable reliance has been had upon patriotism and the feeling of a state of emergency to minimize industrial conflict.<sup>44</sup> Thus the British policy of 1940 is very similar to the American policy of 1918, the policy of "semi-compulsory arbitration." The low figure for man-days lost in 1940, 940,000, the lowest in fifty years, indicates considerable success with this policy.<sup>45</sup>

41. Margaret H. Shoenfeld, "Development of British War Labor Policy," Monthly Labor Review, May 1941, pp. 1079-89.

42. Ibid., p. 1081.

43. Ibid., p. 1082. In debates in the House of Commons on January 21 and 22, 1941, in answer to criticisms that the weapons granted by Parliament to control labor had not been used, the Minister of Labor stated: "In the main I regard these powers as sanctions in the background, although in some cases they have been exercised. I can assure the House that unless this question is handled with great care we might easily do more harm than good, and hinder the war effort."

44. Ibid., p. 1082. In the same speech the Minister of Labor emphasized these factors, saying that, "People are in dead earnest and willing to do almost anything to win this war."

45. "Changes in Working Conditions of British Labor in 1940," Monthly Labor Review, April 1941, pp. 829-33. The loss of only 940,000 man-days of work compares favorably with the loss of 2,953,000 in 1915, which is the year in the first World War most comparable to 1940 in the second. But to what extent the present British labor policy is accountable for this low figure it is difficult to say. With any policy the feeling of patriotism or the feeling of a state of emergency might have checked strike activity somewhat. Furthermore, it should be remembered

In the United States labor made far reaching political and economic gains in the decade of the thirties. The Social Security Act of 1935 set up a broad scheme of social insurance. The Wagner Labor Relations Act, also of 1935, guaranteed labor the right of collective bargaining and established the National Labor Relations Board to deal with unfair labor practices and to assist in the determination of appropriate bargaining units. The Walsh-Healy Public Contracts Act of 1936 specified the labor standards to be met by establishments working on government contracts. The Fair Labor Standards Act of 1938 provided for a basic forty cent wage to be reached in 1945 and a forty hour week to be reached in 1940.<sup>46</sup>

During the same period union membership increased markedly. In 1932 the A. F. of L. had dropped to about 2,140,000, but by 1935 the Federation reported over 3,000,000 members. Following the schism of the craft and the industrial unions of the A. F. of L. in 1936, and the formation of the separate C. I. O., then known as the Committee for Industrial Organization, there occurred intensive organizational drives in previously unorganized industries.<sup>47</sup> By 1940, the C. I. O., the A. F. of L., and the railroad Brotherhoods together reported a membership totaling about

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that in the first World War, 1915 and 1916 were years of comparatively little strike activity and that strikes and industrial unrest increased in the latter years of the war. Whether or not this experience will be repeated in the present conflict, of course, cannot be said.

46. Statutes at Large of the United States, Vols. 49-52.

47. MacDonald, pp. 413-66.

8,000,000.<sup>48</sup>

For the adjudication of disputes in the United States there have grown up a number of permanent state and national agencies. Besides the state labor relations boards and the state mediation agencies, there are the National Mediation Board and the National Railroad Adjustment Board for railroad disputes,<sup>49</sup> the United States Conciliation Service, and the National Labor Relations Board.

The National Labor Relations Board is instrumental in settling disputes in that it deals with cases involving employer unfair labor practices and assists in the determination of the appropriate bargaining unit in cases where there is question as to which union represents the largest number of workers. In the fiscal year ending June 30, 1940, the NLRB disposed of 7,354 cases. In 38% of the cases settlements were obtained by informal agreements. In 17% of the cases the complaints were dismissed. Parties to disputes withdrew their complaints in 28% of the cases, and formal proceedings were necessary in the remaining 17% of the cases. Of the total of 7,354 cases, 4,664 were cases involving unfair labor practices, and hearings were necessary to reach decisions in only 255 cases. 2,690 representation cases were disposed of, 78% of these without formal

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48. 1941 Britannica Book of the Year, p. 391.

49. For a detailed discussion of the work of these boards and for a consideration of the applicability of the railroad adjustment boards to other industries, see the Twentieth Century Fund, pp. 86-99; Edwin E. Witte, The Government in Labor Disputes, pp. 236-62.



proceedings. To determine the appropriate bargaining unit, the Board conducted 1,192 elections, 676 of these with consent of union and employer, and 516 upon the Board's direction.<sup>50</sup>

While the functions of the National Labor Relations Board are "quasi-judicial", the functions of the United States Conciliation Service are primarily diplomatic. When the Conciliation Service enters a dispute, it seeks only to assist the parties to settle their controversy and makes no effort to pass judgement upon the case. The scope of its operations has been expanded until it now employs over 100 mediators.<sup>51</sup>

During 1940, the Conciliation Service handled 4,665 "situations". 2,630 of these were termed "labor disputes", which were settled before reaching the stage of strike or lock-out. 1,062 of the situations involved strikes and lockouts, and 1,568 were termed "threatened strikes". Of the threatened strikes less than 10% actually developed into work stoppages.<sup>52</sup>

In order to assist and supplement existing agencies, President Roosevelt, by executive order on March 19, 1941, created the National Defense Mediation Board. The Board was composed of eleven members, three representing the public, four representing employers, and four representing labor. Of the four representing labor, two represented the A. F. of L. and

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50. Fifth Annual Report of the National Labor Relations Board, pp. 13-19

51. John R. Steelman, "Activities of the U. S. Conciliation Service," Labor Information Bulletin, May 1941, p. 7.

52. Ibid., p. 8.

two the C. I. O. The Board was granted authority to mediate in disputes which the United States Conciliation Service had been unable to adjust. It was further specified that the Board might enter a case only after the Secretary of Labor had certified such a dispute to it.<sup>53</sup>

In the executive order five functions were enumerated. In disputes coming into its jurisdiction, the Board may attempt to mediate. It may also offer its services in voluntary arbitration. When a dispute is settled, it may assist in establishing machinery to resolve future controversies. If it sees fit to do so, the Board may investigate facts in a case and make such facts known to the public. Finally, it may request the National Labor Relations Board to expedite elections in cases of questions as to the appropriate bargaining unit.<sup>54</sup>

In the period from March 19 to April 30, nineteen stoppages were certified to the Board. By April 30, the workers had agreed to return to work in fourteen of the nineteen cases. In ten of these cases agreements had been reached and in four others workers had returned to work pending settlement. The average length of time from date of certification to date of return to work was about nine days.<sup>55</sup>

While neither the Conciliation Service nor the National

53. "Establishment of the National Defense Mediation Board," Monthly Labor Review, May 1941, pp. 1137-9.

54. "National Defense Mediation Board," Labor Information Bulletin, April 1941, p. 12.

55. "Establishment of the National Defense Mediation Board," op. cit., p. 1139.

Defense Mediation Board possess authority to make their decisions binding, similar to the War Labor Board of 1918 they exercise non-statutory pressures the use of which may approximate compulsory arbitration. The weight of a determined public opinion, the prestige of the government, the use of troops to reopen a struck plant,<sup>56</sup> and the threat of military conscription have thus far been the pressures and non-statutory measures employed to enforce decisions. Thus the labor policy of the United States approaches the status of the labor policy of 1918, that of non-legal or semi-compulsory arbitration.

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56. In the strike of the C. I. O.-United Automobile Workers in the North American Aviation Corporation plant at Inglewood, California, troops were used to reopen a struck plant. The dispute had originally been caused by demands for wage increases. Following lengthy company-union negotiations, and attempts to mediate, the dispute was certified to the National Defense Mediation Board. But after a few days of negotiations, union officials accused the Board of "stalling", and called a strike on June 5. Threats of force failing to terminate the stoppage, President Roosevelt, on June 9, 1941, ordered the Secretary of War to take over the facilities of the plant. Troops moved in, broke the picket lines, and permitted non-strikers to return to work. By June 11, the strike had been broken, and the plant approached normal production. See the New York Times newspaper, June 5 to June 12, 1941.

## Chapter V

### Conclusion

During the first World War and during the early stages of the present conflict, in their efforts to deal with strikes the governments involved in this study followed two general policies. These two policies may be described as arbitration and "semi-compulsory arbitration". The United States in the first World War and both England and the United States in the second followed substantially the policy of semi-compulsory arbitration. France with military requisition in both wars, Germany with a leaving certificate system in the first war and a forced labor policy in the second, together with England's leaving certificate system in the first war, all followed policies which were compulsory arbitration systems of various degrees.

The World War experience with compulsory arbitration does not indicate that any real approach to the elimination of strikes can be had by that method. In some circumstances there were more strikes under compulsory arbitration, and in other circumstances there were less. Both Germany and England had less strike activity in 1916 under leaving certificate systems than either country did in 1914 before the inauguration of those systems. On the other hand in every country considered there were years in which there were more strikes under compulsory systems than there were in years under voluntary systems. In France more strikes occurred in 1918 under military requisition than in 1916 before the system was instituted. In Germany where the leaving certificate system began in December 1915, there were more strikes in 1916, 1917, and in 1918, than in 1915 itself. England

had greater strike activity in 1917 than in 1916, and industrial unrest took on such proportions that in the fall of 1917 the leaving certificate system was abolished. Thus there is from the World War experience no clear indication that strikes were measurably lessened by compulsion.

During the early stages of the second World War France and Germany again resorted to forms of compulsory arbitration.<sup>1</sup> In Germany, the most extreme of all systems of compulsory arbitration, the Nazi forced labor policy, has had difficulties. There were losses in efficiency and employee resistance to assigned work.<sup>2</sup>

In addition to the absence of any real indication that compulsory arbitration has measurably checked strikes, it should be recalled that compulsory arbitration necessitates complicated machinery to handle questions of wages, hours, conditions of work, union status, and others. Since the ordinary processes of collective bargaining are dispensed with, these questions must be decided by constituted boards and committees. During the World War, France set up heterogeneous industrial committees. Germany had her district courts and boards of appeals. England had multitudinous munitions tribunals. Before the outbreak of the present war, Germany set up her pyramidal labor arrangements

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1. No information is here available as to what experience France had with military requisition in the second World War.

2. Twentieth Century Fund, pp. 99-100. "Under an authoritarian regime disturbances may be minimized, though never entirely prevented, by the constant threat of imprisonment or death. In a country unwilling to resort to such methods there is no way by which a thousand workers who quit work in a body can be prevented from doing so."

and numerous Courts of Social Honor. France again provided industrial committees. In the United States where this complicated machinery is not present, an added difficulty to compulsory arbitration exists.

Furthermore, there is involved in compulsory arbitration the necessity of the use of force. The German forced labor policy is the extreme example. During the first war, England attempted to secure compliance by levying fines. In France, during both wars compulsory arbitration involved force in the form of military requisition. Among peoples where there is not a habituation to force of this nature compulsory arbitration is less appropriate.

This habituation to force does not exist in the United States. Neither is the necessary machinery of adjudication present. Although the popular mind seems to prefer compulsory arbitration,<sup>3</sup> it seems not applicable to the United States. Where it has been tried, strikes have not been measurably checked. In England during the World War, it was so conducive

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3. "The Fortune Survey: XXXVIII," Fortune magazine, June 1941, pp. 70-1. In answer to the question, "Do you think there should or should not be a government agency with the power to force settlement of differences between employers and labor?", 64.4% of the total questioned answered, "Yes", 9.3% answered, "Depends", 12.6% answered, "No", and 10.7%, "Don't know". Among proprietors and executives the percentages favoring were 76.0% and 73.8%, respectively. White collar workers, factory labor, and miscellaneous labor also answered, "Yes", by large majorities, 70.2%, 68.3%, and 68.8%, respectively.

In answer to the question, "Do you think the government should or should not forbid labor in defense industries the right to strike about working conditions?", 58.4% answered, "Should", 29.4%, "Should not", and 12.2%, "Don't know". For non-defense industries the same question was answered, "Should", 28.9%, "Should not", 58.3%, and, "Don't know", 12.8%. The Fortune magazine stated that this seemed to indicate that the public was not necessarily anti-labor but was "extremely pro-defense."

to industrial unrest that it was abolished, and the English in substance pursue a different policy during the present conflict. The policy which the British now pursue is the policy of "semi-compulsory arbitration". The process of conciliation, mediation, and voluntary arbitration are facilitated, and supplemented by pressures in emergency cases to secure compliance. In substance, this was the policy of the War Labor Administration of the United States in 1918, except that the pressures applied were of a non-statutory nature. American labor policy in 1941 seems to be approaching semi-compulsory arbitration.

The cardinal feature of the policy of semi-compulsory arbitration is its flexibility. It permits different cases to be handled by different methods. If in the judgement of the administration, the strike is not serious and may soon be settled, it may well be permitted to run its course. In a great many other cases amicable settlements will be reached by conciliation or by mediation or by voluntary arbitration. If all other means fail and the strike persists, pressures such as the threat of conscription, or blacklisting, or military requisitioning of factories may be brought to bear. If threats are insufficient, action may be taken. Thus as the nature of the case varies, the severity of treatment varies. Compulsion is not exercised on cases where compulsion is not needed. Minor cases may be ignored, other may be mediated, and a few coerced. It is noteworthy that in the United States during the World War, while threats of action were made in several cases, action was actually taken in only three.

It is important that the emergency pressures be exercised cautiously. In this regard, the words of the British Minister of Labor to the House of Commons on January 22, 1941, bear repeating. In answer to criticisms that the weapons to control labor had not been used, the Minister of Labor stated:<sup>4</sup>

"In the main I regard these powers as sanctions in the background, although in some cases they have been exercised. I can assure the House that unless this question is handled with great care we might easily do more harm than good, and hinder the war effort."

The British remember their experience in the first World War when compulsion caused industrial unrest of such proportions that leaving certificates were abolished. Emergency pressures should not be wantonly used, lest more industrial unrest be created than allayed.

In the administration of American policy the mistakes of 1917 should be avoided. There should be sufficient mediators to answer all requests for assistance in reaching agreements. A new War Labor Board as a court of final appeal and a new War Labor Policies Board to insure consistency would be in order. Equal worker-employer representation on boards and committees seems most judicious. A consistent, coordinated, and firm administration may do much to prevent a repetition of the strikes of 1917.

In the prosecution of the policy of semi-compulsory arbitration with a coordinated administration, the more elemental factors, the causes of wartime strikes, should not go without attention. If workers real wages are to decline during the course of a war, equal sacrifices should be expected of others.

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4. See footnote 43, Chapter IV.



The British 100% excess profits tax in controlled industries is a clue to action in this regard. With such a tax there is eliminated much of the basis for the feeling on the part of the workers that they alone are being called upon to sacrifice. Further, the speed-up in production should not be carried to the lengths of exhaustion, lest production be curtailed rather than increased, and lest workers be impelled to strike in resistance.

This study shows that there is no panacea for the prevention of wartime strikes. Strikes were not appreciably checked by making them illegal, nor has any system of labor administration proved to be a cure-all. On the basis of the study the most appropriate system of labor administration for the United States would seem to be one which incorporated the consistency and the coordination of the War Labor Administration of the United States in 1918. The most appropriate policy would seem to be a policy of semi-compulsory arbitration in which was combined the occasional use of pressure and the broadmindedness of present day British attitude. To this should be added an increased attention to the causation of strikes.

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