76-24,382

EL-MESSIDI, Kathyanne Groehn, 1946-
SURE PRINCIPLES MIDST UNCERTAINTIES:
THE STORY OF THE 1948 GM-UAW CONTRACT.

The University of Oklahoma, Ph.D., 1976
History, United States

**Xerox University Microfilms**, Ann Arbor, Michigan 48106

THE UNIVERSITY OF OKLAHOMA

GRADUATE COLLEGE

# SURE PRINCIPLES MIDST UNCERTAINTIES:
# THE STORY OF THE 1948 GM-UAW CONTRACT

A DISSERTATION

SUBMITTED TO THE GRADUATE COLLEGE

in partial fulfillment of the requirements for the

degree of

DOCTOR OF PHILOSOPHY

KATHYANNE GROEHN EL-MESSIDI

Norman, Oklahoma

1976

SURE PRINCIPLES MIDST UNCERTAINTIES:

THE STORY OF THE 1948 GM-UAW CONTRACT

APPROVED BY:

Norman L. Crockett

David W. Levy

DISSERTATION COMMITTEE

TABLE OF CONTENTS

## PREFACE

The General Motors-United Auto Workers settlement of 1948 forwarded a subtle revolution in American capitalism already begun by greater industrial concentration, government regulation and corporate managerial guidance. The three concepts the agreement popularized were wage escalation, productivity factoring and longer term bargaining. Wage escalation meant workers gained automatic increases or decreases in wages as living costs rose or fell. The U. S. Government's Bureau of Labor Statistics provided the Consumer Price Index to record the ups and downs of a typical U. S. consumer's market basket. Productivity factoring recognized that workers deserved regular percentage wage increases because they added to American productivity. Such increases came regardless of cost of living changes. The contract based productivity percentages on an historical yearly average increase in output per man hour in U. S. manufacturing industries.

Because workers' incomes kept up with the cost of living and workers received dependable wage increases, GM management assumed that strikes and negotiations need not be as frequent. Both GM and the UAW could devote themselves to other matters. America could again prosper. Colorful automobiles, from the bulbous to the streamlined could fulfill dreams long deferred in depression and world war years. The GM-UAW settlement of 1948 also struck a balance among labor, management and government. These three parties huddled for security in a society which

Communism disquieted, and American capitalism would never be the same. The contract assured Big Labor and Big Business, thereby supporting collective while lessening individual effort in society. Both parties enlisted a government agency for a permanent role in wage determination. The economy's effect on the worker, rather than union musclepower or laws of labor supply, influenced wages.

My father, the late Thomas E. Groehn, GM News Relations Director, often spoke of spending his retirement years writing about "that character, 'C. E.' Wilson," credited with originating the 1948 contract concepts. I dedicate this to dad, who loved his work, and mom, who loved everything about him.

I also dedicate it to my husband, Adel, who having finished a doctorate in petroleum engineering, understood and patiently accepted the time I needed to spend travelling, researching and writing this. My thanks to my brother-in-law, Osama El-Messidi, for accomodations and pool contests while I worked in Norman, Oklahoma, and my cousin, Elizabeth Haarz Petersen, who helped me research and re-order the card catalog drawer I dropped. Without the generous help of Mr. Andrew Court of Detroit, Michigan, this project would never have been as much fun, nor as thorough, and I dedicate this to him, also. He gave me his time, interest and special genius. I am also grateful for the encouragement given me by Mrs. Carolyn Swan of Oklahoma City, Oklahoma.

Dr. H. Wayne Morgan, my adviser, shared his knowledge of editing and authoring fifteen of his own works and returned corrected material promptly with cogent, straightforward criticism. I thank him for his professionalism. I appreciate the advice and support given me by

other committee members: Dr. David Levy, Dr. Arrell Gibson and Dr. Norman Crockett. Dr. Sidney Brown also nourished my efforts with his interest.

Alexis Rodgers and Jo Gil of the University of Oklahoma's History Department, saw me through the traumas of graduate school and the formalities, fine points and typing skills required in this work. They merit deepest gratitude.

Several helping hands and research centers facilitated this study. Mr. George Morris, GM Vice President, Industrial Relations Staff and Mr. Anthony DeLorenzo, GM Vice President in Charge of Public Relations, arranged for my access to helpful material at the General Motors Building in Detroit. They directed company personnel to discuss topics with me, which Mr. Clifford Merriott, GM News Relations Director, Mr. Jim Crellin of the GM News Relations Staff, and Mr. William Brunstad, Assistant Director of Labor Relations, did. This led me to study the 1948 GM-UAW Contract and its concepts.

Mrs. Nettie Seabrooks and the GM Public Relations Library staff helped me locate books, magazine articles, biographies and speeches. A forty-five volume collection titled "Wage Escalator and Inflationary Spiral" from 1948 to the present provided a thorough source of published comments in the media. The volumes also surveyed productivity and long term contract coverage.

Jim Crellin, of GM's News Relations section gave me free access to their 1948 bound volumes, which recorded media coverage of negotiations and settlement and both GM and UAW-CIO press releases.

Miss Joan Spring, Senior Statistician with GM's Economic Rela-

tions Library, located pertinent research which company, government, union and independent organizations published. Mr. William Brunstad, Assistant Director of Labor Relations, guided my research in his department's materials.

General Motors officials gave me access to certain vital but confidential information concerning the 1948 GM-UAW negotiations. My access to this material was restricted to and solely for my use as background information. It was made available so that my interviews with participants in the negotiations would be more meaningful. I am not permitted to quote from these documents nor describe the nature of them. Much of what they contained, fortunately, was corroborated by participants in the negotiations and was reported herein to the extent they were willing to permit attribution.

The interviewees recreated and humanized a complex, technical subject. Without the informative, lively comments of Andrew Court and Louis Seaton, my study would have neglected outstanding interviewees and missed vital points.

The Jack W. Skeels oral history, housed at Walter Reuther Labor Archives, Detroit, Michigan, detailed UAW and Communist Party activities prior to the 1948 settlement. It amply developed Reuther's rise to power, so crucial to my topic's background. Mr. Warner Pflug and Mrs. Di Miles at the archives acquainted me with their personal and departmental collections, biographical files, union convention records, dissertations and books. They also arranged crucial interviews with auto worker and Communist Party (CP) figures.

The Charles Erwin Wilson Archives at Anderson, Indiana held disappointingly little on Wilson's development of and involvement with the concepts. However, it recorded insights into his lifestyle and corporate life. Miss Lynn Goldman helped me use the collection.

# CHAPTER I

## POSTWAR PANORAMA

Postwar America, enjoying record prosperity, outfitted Ann Blyth with a $18,000 mermaid tail for a 1948 movie spectacular, "Mr. Peabody and the Mermaid."[1] At the same time, people longed to know that this time abundance was real. Depression memories cast long shadows. Inflation frustrated higher living standards.

In 1947, sixty million employed Americans earned a record $200 billion to spend on the unprecendented $235 billion worth of goods and services they produced. Only two million, about 3.5 percent of the labor force, waited for work. An average industrial worker received $1.25 hourly, double his pre-war wage.[2]

Corporate profits increased about one third as much as wage increases. Total corporate profits after taxes reached $17 billion in 1947, and total farm income, $18 billion. America exported more than it had in the most active World War II year.[3]

Auto manufacturers expected to use fifty million pounds of plastic in 1948.[4] They also needed sheet and strip steel. Because of a steel shortage in 1947, auto companies operated at 65 percent of capacity, but produced almost five million vehicles, an amount passed only three time before. More trucks, busses and replacement parts were sold in 1947 than ever before, and more vehicles registered. Auto leaders expected to surpass 1947 production and make

5.5 million vehicles. Wages and employment, too, reached an all-time high.[5]

More dollars passed over department store counters than ever before. Sears, Roebuck and Company sales reached their highest dollar volume in history.[6] Stories about inferior Russian factory goods in that country's department stores, probably amused American readers. The manager of Moscow's largest department store complained that he received overpriced, defective shoes. He worried that potato peeling machines, in high demand, could be made but were not, and that Russians did not manufacture bookshelves or window screens.[7]

United States industry boasted a magnetized, all-purpose kitchen tool, foam to fight fires and mechanical hands to handle radioactive materials. Some citizens expected to develop "hangar-house communities," where private pilots could fly their planes onto community runways, then taxi into hangars attached to their houses.[8]

More product awareness through advertising characterized postwar customers. Advertisements reflected the record setting mentality of the times. For example, the "New" Duz soap was "The Finest Duz that Ever Wuz."[9]

A baby boom caught up with America in 1948, the year a Pittsburgh Planned Parenthood clinic vice president gave birth to triplets.[10] By the end of 1950, U.S. population figures outnumbered the most generous 1940 projections by five million people. The war influenced the increase. Some husbands avoided the draft when they started families. Others wanted children to carry on the family name. Still others returned from war and quickly re-domesticated. The G. I. Bill helped them return to school, buy a home or start a business. The birth rate that hovered around an average 17.5 per thousand crested at 25.8 per thousand in 1947.[11] Population growth also reflected greater life expectancy among all ages. Life insurance companies dropped 1848 tables, and published new mortality tables for 1948. More people, living longer, paid more insurance.[12]

After the war, Americans jingled more money in their pockets than ever before. New Deal programs and wartime taxes leveled the populace into a larger middle class. Deposits in savings banks increased nearly $1 billion in 1947, but withdrawals apparently offset new savings. Blue collar laborers earned more and saved more than white collar workers during and after the war. To maintain their living standards at higher prices, white collar workers saved less or withdrew money, especially as previously unavailable consumer goods came on the market.[13]

The public sector also headlined prosperity. "Federal Surplus Hits $1,658,190,000," the New York Times announced, and they added that tax collection would push the government surplus up to $6 or $7 billion by June 30, 1948. President Truman felt expansive enough to allocate $15,000 in executive funds to build a porch on the back of the White House.[14]

None of these blessings erased the twelve year shadows of depression as Americans anxiously recalled the post World War I slump. One economist hinted that recession came and went quietly in 1947, eighteen months after World War II, the same time span between World War I and the 1920 recession. The commentator theorized that because American involvement in World War II was twice as long as in World War I, the country needed twice as much time for the new postwar adjustment.[15]

Businessmen feared a decline in demand for now well stocked expensive durables. They believed export demand might slacken. Automobiles might find less favorable markets, except in farm territory, they predicted.[16] Chrysler's President thought Marshall plan requirements might divert raw materials needed in auto manufacturing.[17] Pessimists recalled the long strikes of 1945 and 1946 in major industries, and feared that a third round of wage and price increases would create more acute inflation.

UAW researchers claimed that new cars were too expensive for workers and farmers who already had spent most of their wartime savings. Most of the 16 percent of U. S. families with incomes over $4,500 who might afford new cars would not buy during the anticipated recession, they estimated.[18]

Stock market activity mystified many analysts. The market frequently acted contrary to expectations from the general trading public. During full employment, with earnings and their ratio to selling prices up, and in spite of increased and extra dividends, averages fell short of the 1946 pinnacle rate of 148.50, the highest since 1929.[19]

Three years after V-J Day, food prices had increased 50 percent, rents, 9 percent and the total cost of living, almost 70 percent. Many economists thought that the inflation stemmed from easy money and pent up consumer demand. A few blamed business, labor and government. Businessmen assumed wages would rise, and that they could not lower prices as productivity increased without endangering profits. Labor leaders assumed prices would rise and that laborers needed higher wages to pay those prices. Government, lacking standardized wage-price policies, aimed to avoid labor-management negotiation deadlocks and get on to business as usual. Often, that meant it sanctioned inflationary settlements.[20]

Remedies chased diagnosed inflation. One was direct government wage-price control which during war proved popular, but generally not as effective as promised. In peace, presidents hesitated to apply controls, which required widespread public support. Many manufacturers and farmers insisted that the laws of supply and demand resolve inflation, but consumers opened pocketbooks regardless of high prices.

Truman maintained wartime price controls until 1946 and in June of that year he vetoed Congress' feeble price regulation measure. A stronger bill passed in July, but was difficult to administer. Truman asked a special session of the predominantly Republican Congress for price controls on scarce products, and wage ceilings to make those price ceilings effective.[21]

The Congress of Industrial Organization (CIO) opposed wage freezes, but favored price controls. The American Federation of Labor (AFL) supported ending the Office of Price Administration, another aspect of Truman's proposal. The National Association of Manufacturers and the Chamber of Commerce opposed his entire program.[22]

Republican Representative Clare E. Hoffman from Michigan commented: "It sounds to me as though he is asking for a complete return to price control and rationing when he knows he won't get it and wants to blame us for anything that may happen."[23] The U. S. Congress then rushed its "voluntary anti-inflation program" to Truman, who signed it reluctantly, believing the measure would not solve inflation.

Through the program, federal agencies consulted industry and agriculture, and reached voluntary agreements to relax anti-trust laws. The Secretary of the Interior conferred with coal, coke, natural and manufactured gas producers and others to discuss priorities, allocations and inventory control of their products. The Secretary of Agriculture met with farm representatives to discuss food and feed conservation problems and speculative trading on the commodity exchange. The Secretary of Commerce administered export controls. The Office of Defense Transportation allocated transportation facilities. The Attorney General stamped his final approval on their agreements.[24] An ounce of Hooverism (voluntary government-business agreements) plus an ounce of Rooseveltism (cooperative government-business relaxation of anti-trust laws) plus a pound of Truman's new setting (inflation) equaled the new program.

Outside of Washington, D. C., businessmen praised General Electric Company for reducing prices 5 percent on 40 percent of its products. Ford Motor Company and International Harvester imitated price cuts and then rescinded when their costs rose.[25]

American politicians asked whether New Deals, Old Deals or

Newer Deals solved postwar America's depression and inflation threats to prosperity. Old Dealers longed to curb federal power, pare down bureaucracy, minimize relief, revive business prerogatives by deregulating capitalism, and tone down labor strength through legislation. They concluded that government power shackled the ability of industrious, self disciplined individuals to create wealth. Some even considered business benevolence, rather than union muscle or social legislation, better for employees. Others sought to discontinue the New Deal during normal, prosperous times. Many considered the New Deal Communistic. Senator Robert Taft typified Old Dealers.

New Dealers wished to strengthen and expand the programs which survived the 1930's and World War II policy changes. They sought, for example, to increase the minimum wage or number of Social Security beneficiaries. New Dealers believed government held ultimate responsibility for a smooth running economy, full employment and labor-management peace. They cautiously pressed for social legislation to protect the weak in society.

Workers and lower class beneficiaries of Roosevelt's programs who moved into middle class status needed to secure their new positions before they welcomed newcomers. Many assumed, however, that FDR would have lived up to his promise to upgrade blacks after the war. Some wanted to continue government activity in public businesses--education, medical insurance and housing, for example. Most looked to Truman to follow Rooseveltian traditions.

Newer Dealers grew disillusioned with Truman and gathered around Henry Wallace and made vigorous attempts to forward FDR's

Economic Bill of Rights. They hoped to use Keynesian economic principles to maintain full employment, lend federal money to small businesses, maintain wage stability, aid education, provide agricultural price supports and federal crop insurance. Newer Dealers foresaw the day of the guaranteed annual wage. They wished to toughen up anti-trust efforts, believed in large scale housing programs and federal health insurance, and thought Truman too tough with the Soviet Union.

The President tried to understand what to do with a transformed America. Rossevelt threaded programs through recovery, and justified government spending with Keynesian theory, but Truman faced an expanding economy, high employment and inflation.

He struggled with the public memory of FDR, often sent flowers to the late President's grave on the slightest pretext, and revered and deferred to Mrs. Roosevelt. He believed he could improve on FDR's performance in three ways: 1) get rid of tactless, contentious New Dealers but not their programs; 2) be more efficient; reorganize executive and other departments; and 3) try to "good fellow" rather than force Congressmen into passing liberal programs.[26]

New factors influenced Roosevelt's former coalition, the basis of Democratic loyalty. The thirteen million immigrants who came between 1900-1914, suffered through the depression and formed the backbone of FDR's coalition, remained loyal Democrats. Although prosperous, they retained underdog attitudes. They continued to provide the Democrats their urban pluralities.

The newly established northern city black identified himself with these Democratic urban masses struggling to leave the slums. Southern blacks strove for greater rights and registered Democratic. This strained party unity there, and turned many southern whites toward coalition with the GOP.

After World War II, America sought protection through involvement in the world. No longer could either party, especially the Republican, command political support of those ethnic segments most traditionally isolationist.[27]

Roosevelt's programs--from electrification to improved education--changed American farmer status by the end of World War II. The typical midwestern farmer frequently had more ready cash than the traditionally GOP town banker. Farmers and townsmen practiced two party politics in postwar America, voting for the man or party they expected to give them the most.

Years of full employment subdued organized labor's fervor into All Americanism and bread and butter campaigns. Ethnic and religious ties, as well as economic interests, bound workers to the Democratic Party. Sometimes prosperity thrust previous general labor concerns into the background and brought forth divisive occupational interests, but most workers remained Democrats.[28]

Third party leader Henry Wallace wooed laborers with only mild success when he demanded wage increases to meet living costs.[29] Truman alienated some labor leaders when he brought government power to bear in 1946 labor disputes in auto, steel and bituminous coal industries. They suspected he wanted to weaken labor's right to strike.[30] Truman echoed Wallace's bid for wage raises without price hikes, to help labor's "ability to pay" for their own accelerated production, and maintain a healthy economy.

The President disappointed many FDR liberals. New Dealers such as Harold Ickes, Henry Wallace, Henry Morgenthau, Frances Perkins, and James Byrnes resigned or were fired. Truman's "liberals" --lame-duck politicians, men-on-the-make and business failures--replaced them. Both liberals and conservatives resented this "cult of mediocrity, the Missouri gang" as they viewed it. They also disliked Truman's handling of reconversion, inflation and labor disputes and his inability to convince a more conservative Congress to pass his reform legislation.[31]

In January, 1948, Truman offered the country one measure to resolve inflation, a "cost of living tax program." Each taxpayer would get a $40 cost of living credit, and $40 credits for each dependent. Federal revenues would decrease $3.2 billion, but higher taxes on corporate profits would regain the loss. He added social legislation to his proposal.[32] Congress defeated Truman's program and enacted their own, which reduced individual income taxes by $5.6 billion.[33] Inflation lingered.

"He looks active but goes nowhere," one Truman observer said, "he appears happiest when able to make a dramatic show of activity, secure in the knowledge that nothing much is going to happen." He encouraged and perpetuated stalemates when he raised all issues but settled none.[34] Citizens shrugged off his performance with "To Err is Truman." Truman admitted to his own personal dilemma when he sadly admitted he never wanted to be President and wished he could hand over the job to someone else. Many assumed he never meant that, as he sought the vice presidency when FDR was alive, and later ran again for President in spite of severe political opposition.[35]

Perhaps the uncertainty of the times warranted holding action, until emergent realities revealed themselves completely. Inflation and the threat of recession enervated prosperity. Old Deals and Newer Deals tugged at the New Deal from either side. World War II victory did not bring secure peace.

Communism and atomic power frightened many. America proliferated but did not use atomic bombs and ironically operated on the premise that "peace could not be had except by arming as if for war." Businessmen, concerned that defense needs might interfere with consumer production, asked the administration what military and economic cooperation might soon be required of them.[36] Labor leaders thought national defense needs and Marshall Plan requirements worsened inflation.

Insecurity about Communism abroad came home to roost by 1948. Loyalty boards continued their investigations of all federal employees, and eleven key Red leaders faced trial for violating the Smith Act. Whittaker Chambers, former Communist agent, repeated accusations against Alger Hiss before the House Un-American Activities Committee. In the face of Communism, U. S. re-assertion of capitalism with a social conscience gained importance.

Both business and labor leadership responded. Businessmen recalled the 1920's as a free for all of business blundering that later caught up with them. They remembered their unpopularity during the depression. In World War II, they joined with labor leaders, scientists and government officials. Their cooperation gained some public favor. Corporate leaders came into the 1940's with more willingness to face political and social facts. They appeared more able to see that no policy benefited business unless it also benefited society.[37]

Despite security and new found power, labor moved cautiously after the war.[38] It feared economic collapse and anti-labor offenses characteristic of post World War I America. These never materialized, and labor retained most of its membership in relative prosperity. Laborers who shut down plants with sitdown strikes in the late 1930's put up their own homes in neat neighborhoods in the late 1940's. Full employment, and wages sometimes tripling depression wages accounted for the change. Some leaders still exhorted with revolutionary zeal, but evicted Communists from their bureaucratic, "lodge hall" unions.

Enlightened "industrial statesmen" met "establishment" labor leaders in a new light by 1948. Strong unions in strategic industries faced important industries now keyed to administered rather than competitive pricing.[39]

Immediately after World War II strikes in oil, coal, steel and auto industries angered the nation. The strikes caused the greatest work idleness in U. S. history as industry and the nation sought speedy reconversion and production. An embittered Congress passed the Taft-Hartley Act of 1947 over Truman's veto. Just as the government prevented unfair business practices in the Wagner Act, it now thwarted unfair labor practices in the Taft-Hartley Act. By the act, the government banned the closed shop (which limited hiring to union men), required unions to sit out a sixty day "cooling off" period before striking, and permitted employers to sue unions for broken contracts or strike damaged property. It also forbade union contributions to political campaigns, required unions to publish their financial statements, and required union leaders to take an oath that they were not Communist party members.

Some feared the Taft-Hartley law's union busting potential in unemployment times, when union bargaining power weakened or during anti-labor administrations.[40] Heber Blankenhorn, National Labor Relations Board (NLRB) staff member, resigned because he believed the law so harmful to labor organization that "even its own backers want its enforcement soft pedalled."[41] Some workers evidently found the act less abusive than they feared. A clothing cutter said he liked the act because "there have been fewer strikes. When other workers strike, business drops and we get laid off."[42]

Under Roosevelt and Truman, collective bargaining turned into a war of press agents and frequently ended in stalemate or strike. Government intervened, seized industries and imposed settlements more than previously. By 1948, labor and management preferred to settle disputes privately, avoid government solutions and remain aloof from the press.[43]

A more studied approach to negotiations became possible as reliable data grew. Worker fears of technological obsolesence spurred the Works Progress Administration during the depression to survey productivity in more than fifty industries. In 1940, Congress ordered the Bureau of Labor Statistics to study postwar productivity because they anticipated mass unemployment.[44]

The pace setting "big three" industries, steel, auto and electric, which settled at standardized 15 cent wage increases in 1947, changed relative positions in 1948. In that year, auto and electric industries faced returned strong competition and tremendous labor and material cost increases since price decontrol. Experts expected these industries to be like Scrooge during negotiations.[45] Others considered the union's position "fairly good." They reasoned that as long as manufacturers got high prices, they would not risk strikes.[46]

Instead of strikes, the climate invited suggestions: The Council of Economic Advisers urged industries to adopt guaranteed annual wages, although they considered such a proposal off limits for federal legislation. Guaranteed annual wages would promote regular production, assure incomes, and free workers from job insecurity. They would become more productive, less subject to slow down and stretch out practices when they feared layoffs.[47]

General Motors' President Charles Erwin Wilson and American Federation of Labor President William Green suggested a forty-five hour work week to remedy inflation. Both thought it would give workers extra pay to meet higher costs and it would equalize production and demand. Green submitted that industries compensate workers at time and a half. Wilson proposed straight time pay for the added hours. Truman confused the issue when he said he thought Wilson was "living in the 1890's" and he did not realize the GM President intended extra hours to be an emergency rather than permanent proposition.[48] Green anticipated a third round of wage demands but remarked that labor preferred price cuts to wage increases defeated by inflation.[49] Secretary of Labor Lewis Schwellenbach sympathized, claiming that corporate profits outran wage increases considerably.[50] Truman cautioned: "We face the danger that the continuance of maximum employment and production will be impossible unless we achieve the necessary purchasing power adjustments in the price-wage-profit structure."[51]

Battling in the public forum, the CIO began its third round battle: rising prices bit off 15 percent of worker take home pay in the last three years; corporations profited 89 percent in the same period. Total assets of all corporations nearly doubled since 1939. Corporations could increase wages 10 percent, not increase prices and still profit as much as they did in 1946, the CIO announced. Four million organized workers in steel, rubber, electrical, auto and railroad industries readied themselves to test management.[52]

General Motors spokesmen countered the record profits arguments and insisted that reports overstated their 1947 earning power. The company claimed that because of inventory markup, one out of every four dollars represented paper profit. Also, depreciation charges did not cover wear and tear at current replacement prices.[53]

Communist George Morris considered 1948 an opportune time for unions to force substantial wage raises. Industry would not want strikes to disrupt climbing profits and production. Assured Marshall Plan commitments and rising prices meant business doubly wished to avoid strikes. Politicians in an election year probably would not oppose justified labor wage demands. He called for "a little noise" and previously successful co-ordinated action from a "too quiet" CIO.[54]

Government economists thought food shortages in the spring would initiate food price increases, and in turn cause labor demands for higher wages. Labor leaders expected government to avoid price or profits limitation as well as favorable tax policies before spring. Union legislative agents prodded Congressmen, but the Secretary of Labor urged labor to go easy on wage demands, and he would encourage price control.[55]

Congressmen foresaw stabilized labor-management relations. Others disagreed. They pointed out General Electric Company's deadlock with its unionized workers over wages, and predicted steel industry slowdowns. They also anticipated disputes over the union shop issue in the coal and auto industry.[56] Labor columnist Victor Riesel estimated that none of the union chiefs but United Mine Workers President John L. Lewis favored strikes, but all feared the need for eventual strike action.[57]

The CIO unions moved quietly and cleverly into bargaining. They sought to set a "pattern," demanding wage increases in high pay industries that lower paid industries could use as a goal.[58] Steel, oil, electrical manufacturing and auto industries were the big wage focus of their strategy. Of the auto companies, General Motors came first under fire.

FOOTNOTES

CHAPTER I

[1]"Ann Blyth Fitted With $18,000 Tail to Play Movie Mermaid," Life, Vol. 24, No. 6, February 9, 1948, p. 91.

[2]These figures compare favorably with the following statistics from the depression years, 1933-1938:

Unemployment in millions and as percentage of work force:

1933: 13 (25%)
1934: 11.5 (22%)
1935: 10.5 (20%)
1936: 9 (17%)
1937: 7.7 (14%)
1938: 9.5 (17%)

Gross National Product in billions of dollars:

1933: 56
1934: 65
1935: 72
1936: 83
1937: 91
1938: 85

Gross National Income in billions of dollars:

1933: 40
1934: 49
1935: 57
1936: 65
1937: 74
1938: 68

Average production worker hourly earnings in cents:

1933: .44
1934: .53
1935: .55
1936: .56

1937: .62
1938: .63

United States Bureau of Census, Historical Statistics of the United States, Colonial Times to 1957 (Washington, D.C., 1960), p. 92.

[3]"1947 Business Activity Greatest in Peacetime History of U.S.," New York Times, January 2, 1948.

[4]"Plastic Makers See'48 Expansion," Ibid., January 2, 1948.

[5]"New Record Year For Autos Is Seen," Ibid., January 4, 1948.

[6]John G. Forrest, "The Financial Year," Ibid., January 2, 1948, and Thomas Conroy, "Retailer Buoyed by 1948 Prospect," Ibid., January 2, 1946.

[7]"Soviet Store Finds Goods Shoddy: Asks Electric Iceboxes, Vacuums," Ibid., January 8, 1948.

[8]"Foam To Fight Fires," "Mechanical Hands," and "Hangar Houses," Life, Vol. 24, No. 18 (May 3, 1948), pp. 53, 95 and 109.

[9]"Advertising in '48 to be 10% Over '47," New York Times, January 1, 1948; also see the advertisement page for Duz, "The Finest Duz that Ever Wuz," Life, Vol. 24, No. 18 (May 3, 1948), p. 3.

[10]Booth Mooney, The Politicans: 1945-1960 (Philadelphia: J. B. Lippincott Co., 1970), p. 60.

[11]Frederick Lewis Allen, The Big Change: American Transforms Itself, 1900-1950 (New York: Harper Brothers, 1952), pp. 199-200.

[12]"New Mortality Tables," New York Times, January 2, 1948.

[13]"Intensified Drive Seen For Savings," Ibid., January 2, 1948.

[14]"Federal Surplus Hits $1,658,190,000," Ibid., January 6, 1948; and "Truman Decides to Have Porch at White House to Cost $15,000," Ibid., January 3, 1948.

[15]C. F. Hughes, "Business Outlook," Ibid., January 2, 1948.

[16]"U. S. Economy Held Vulnerable in '48," Ibid., January 2, 1948.

[17]"Curb On Auto Output by ERP Held Possible," Ibid., January 3, 1948.

[18]"Prospects for the Auto Industry," and "Slave Bill Invites Slump," Research Report (UAW-CIO), Vol. VI, No. 17 (June 1947), p. 1. WRLA.

[19]"Debate on Bull or Bear Trend Part of 1947 Financial History," New York Times, January 2, 1948.

[20]William Dickinson, Jr., "Price-Wage Restraints in National Emergencies," Editorial Research Reports, Vol. II, No. 16 (October 25, 1961), pp. 783-784.

[21]Ibid., p. 78.

[22]"Wage Freeze is Opposed by CIO Leaders," New York Herald Tribune, November 18, 1947.

[23]As quoted by Douglas Cornell, "Executive Asks New Ration Right," Detroit Free Press, November 18, 1947.

[24] "Truman Activates Republicans' Law to Curb Inflation," New York Times, January 4, 1948.

[25] C. F. Hughes, "Business Outlook," Ibid., January 2, 1946.

[26] Robert S. Allen and William V. Shannon, The Truman Merry-Go-Round (New York: The Vanguard Press, 1950), pp. 15, 18.

[27] Samuel Lubell, The Future of American Politics (New York: Harper and Brothers, 1952), p. 154.

[28] Ibid., pp. 172-174, 179-186.

[29] "Wallace Backs UAW in Fight for Wage Hike," Daily Worker, May 21, 1948.

[30] Alonzo Hamby, Beyond the New Deal: Harry S. Truman and American Liberalism (New York: Columbia University Press, 1973), p. 67.

[31] See Booth Mooney, The Politicians: 1945-1960 (New York: J. B. Lippincott Co., 1970), p. 27; Susan Hartmann, Truman and the 80th Congress (Columbia: University of Missouri Press, 1971), pp. 6-7; and Robert S. Allen and William V. Shannon, The Truman Merry-Go-Round (New York: The Vanguard Press, 1950), pp. 15-16, 40.

[32] Anthony Leviero, "President Speaks," New York Times, January 8, 1948.

[33] "GOP Buries Cost of Living Tax Adjustment Plan," Ibid., January 9, 1948.

[34] As quoted by Lubell, The Future of American Politics, pp. 20-21.

[35] As quoted by Robert S. Allen and William V. Shannon, The Truman Merry-Go-Round, p. 18.

[36]"The U. S. Arms For Peace," Life, Vol. 24, No. 20 (May 17, 1948), pp. 33-35.

[37]Frederick Lewis Allen, The Big Change: America Transforms Itself, 1900-1950 (New York: Harper and Brothers, 1952), p. 252.

[38]Labor leaders had considerable rank and file support and solidarity in the 1940's. In 1929, organized labor comprised about 10 percent of all non-agricultural workers. By the end of World War II, over 1/3 of all similar laborers joined unions. See U.S. Bureau of the Census, "Labor Union Membership and Membership as a Percentage of Nonagricultural Employment, 1930-1956," Historical Statistics of the United States, Colonial Times to 1957 (Washington, D. C., 1960), p. 8.

[39]H. M. Douty, "Living Costs, Wages and Wage Policy, Monthly Labor Review, Vol. 90, No. 6 (June 1967), p. 1.

[40]Lubell, The Future of American Politics, p. 183.

[41]Heber Blankenhorn, Letter to National Labor Relations Board, Washington, D. C., September 30, 1947, p. 1, WRLA-HBC.

[42]As quoted by Lubell, The Future of American Politics, p. 192.

[43]"Prosperity and Lower Prices Are Omens of Industrial Peace," Newsweek, Vol. 41 (March 9, 1953), p. 18.

[44]Ewan Clague, "Escalation, Productivity, Wages and Costs--Do the Figures Tell the Story?" Speech before the American Management Association Mid-Winter Personnel Conference (Chicago, Illinois: February 5, 1962), p. 10, GMPRL.

[45]Edwin Lahey, "Steel Industry May Hold Wage Key in Changed Labor Picture," Detroit Free Press, February 5, 1948, p. 13.

[46]"CIO Mathematics: Wage Drive in '48 Will Seek Living Cost Boost Plus a Dime an Hour," Wall Street Journal, November 15, 1947, p. 10.

[47]"Truman Economic Group Expected to Endorse Guaranteed Wage Plan to Stabilize Economy This Spring," Ibid., February 9, 1948.

[48]As quoted by David Lawrence, "Truman Fails to Support Plans to Boost Production," Detroit News, January 23, 1948.

[49]Samuel Tower, "Green For Extra Work Hour Daily as Curb on Inflation," New York Times, January 23, 1948.

[50]Harold B. Hinton, "Secretary Warns House Group Alternative To Controls is More Pay," Ibid., December 3, 1947.

[51]As quoted by Blair Moody, "Truman Warns Congress of Bust; Asks Powers to Choke Inflation," Detroit News, January 14, 1948.

[52]"Pay Shrinkage 15% in 3 Years, CIO Says," New York Times, March 8, 1948; and Louis Stark, "Labor Preparing for Another Wage Rise," Ibid., December 28, 1947.

[53]J. A. Livingston, "Anticipating the Wage Arguments," Washington Post, February 8, 1948.

[54]George Morris, "A Cheap Wage Pattern Big Business Looks For," Daily Worker, March 14, 1948. George Morris, writer of articles for the Communist press is not to be confused with George Morris, current Vice President of Labor Relations for General Motors Corporation.

[55]Louis Stark, "Labor Preparing for Another Wage Rise," New York Times, December 28, 1947, and Stark, "Labor Plans Economic Test in Spring of '48," Ibid., December 7, 1947.

[56]Edwin Lahey, "Storm Clouds on Labor-Management Horizon Make Optimistic Senators Look Silly," Detroit Free Press, March 22, 1948. The Steel contract contained a no-strike clause, and prevented worker strike action in 1948, but slowdowns to indicate wage increase needs were still possible.

[57]Victor Riesel, "Inside Labor," New York Post, May 5, 1948.

[58]"CIO Mathematics: Wage Drive in '48 Will Seek Living Cost Boost Plus a Dime an Hour," Wall Street Journal, November 15, 1947.

# CHAPTER II

# THE RICHEST COMPANY AND THE RICHEST CORPORATE OFFICIAL

The UAW probably challenged General Motors first in 1948 because it was the largest, richest corporation in the United States. It made more cars than any company in the world.[1] Many UAW leaders believed whatever they gained at GM, they could gain elsewhere. They demanded generous wage increases of the company, because they assumed it would rather pay than fight. GM could not afford time off for strikes.

As labor clamored for higher wages, competitors scrambled for better auto sales. Ford Motor Company ranked third; Chrysler, fifth, and American Motors, one hundred thirteenth, in the U. S. economy. Independents, like American Motors and six other postwar carmakers,[2] sold every car they made and pursued supplies. These smaller companies gained almost 20 percent of the market.

Many people considered starting auto companies. Pent up consumer demand meant entrants could produce at less than efficient scale and still profit. They need not fight so hard to sell, nor worry greatly about their effect on other companies. The government sold war surplus factories and machine tools at bargain prices. Potential dealers sought any franchises when they saw prosperous dealers and eager customers. Plans for three-wheelers, midget cars, flying models and light weight autos were considered.[3]

Newcomers did not scare established firms, which adopted the new ideas entrants introduced as the latter went out of business. Cost advantages and the economies of scale helped the regulars. They also had product differentiation and brand name reputation on their side. Any competition beginners and foreign car makers presented to the established dwindled by the 1950's.[4]

General Motors thrived on its balanced, diverse product line and its administration over auto divisions through some central controls. The company surpassed Ford in profits after the 1920's, partially because Henry Ford, Sr., overextended and mismanaged his enterprise.[5]

By 1945, Henry Ford II hired GM executive Ernest Breech to correct faults. Ford Motor Company--worth $900 million--suffered from bad bookkeeping, overburdened operations and confused, mutually distrustful executives. Breech got Ford to sell the Brazilian rubber factory and soybean processing plants his father had acquired. He modernized bookkeeping methods, streamlined the organization chart and fired 8,500 unnecessary employees. Most of all, the company remedied its ills with a successful postwar car, the 1949 Ford, unveiled in 1948.[6]

After the war, both GM and Ford thought people wanted smaller, lighter, cheaper cars. The federal government approved a new plant GM built for such small car manufacture. By September of 1948, both companies disavowed their plans. Factory building failed and materials remained scarce. Buyers did not want to give up luxuries in current car models. GM figured it could sell the projected small car for only $100 less than the Chevrolet. The company salvaged something from the small car ideas in their Australian Holden, introduced in 1948.[7]

Multiple models in each of five car divisions gave GM market flexibility. They did not place all their hopes on one horsepower. Winners balanced losers. GM also outsold and outprofited others because it had more success with its integration than its rivals. It produced more of its own major components than others did, and provided replacement parts in its U. S. and foreign truck and car markets. The General Motors Acceptance Corporation, a subsidiary, financed GM products. Another subsidiary, Motors Insurance Corporation insured the financed cars. GM owned Frigidaire, which made home appliances, diesel locomotives, industrial and marine diesel engines, gas turbines and heavy duty transmissions. At the end of World War II, the company owned Hertz Drivurself Corporation, as well as minority shares in bus, aviation, chemical and gasoline corporations,[8] gradually it dispensed of these holdings.

The company gained when it acquired helpful subsidiaries, integrated them and sidestepped businesses not closely associated with auto making. For example, Wilson said, GM bought or developed accessory divisions and absorbed Fisher Body Corporation. They produced aircraft and diesel engines with the idea that they might learn something useful in auto production or might be ready to make war material if requested. They avoided buying industries like prefabricated housing.[9]

According to company stock reports, yearly GM profits after taxes multiplied after the war. In 1946, GM earned $87.5 million; in 1947, about $288 million; in 1948, $440.5 million; in 1949, a recession year, $656.5 million; and in 1950, $834 million. GM's rate of return since 1947 outdistanced averages for all other corporations.[10]

Profits appeared on balance sheets as sales revenue going to stockholders and reinvested in business. In 1948, for example, General Motors earned $4,714 billion in sales. The company divided 1948 revenue into the following: 50.2 percent went to suppliers for materials and services; 28.5 percent went to employee wages and salaries; 9.8 percent was allocated for local, state and federal taxes; 2.1 percent covered plant depreciation; 4.5 percent went to GM stockholders; and 4.9 percent returned for use in the business.[11]

GM slowly overtook Ford's price leadership,[12] although cost increases, more than other companies' decisions, shaped immediate postwar pricing. Labor, steel, glass, upholstery and other materials cost companies more. Ford and Plymouth actually lowered some of their prices between 1946 and 1948, but auto prices generally increased after government ended wartime price controls in 1946.

Dealers got the best of the profits. They received 30 percent returns on the net worth of their cars. Central office supervisors encouraged dealers to stick to list prices, but dealers deflated trade in values, loaded cars with "extras" and demanded kickbacks. They also "bootlegged"--sold new cars to used car lots.[13]

GM executive John Mollica remembered that he bought a 1938

Chevrolet in late 1946 for "more money than it sold for new." He added that the auto industry "never even noticed the 1949 recession." He described the postwar years as "an Alice-in-Wonderland period" where "most sectors of the economy couldn't keep up with the demand."[14]

According to postwar auto history authority Lawrence White, company officials feared that high prices might end. Newspapers frequently compared high postwar prices with prewar prices. The companies might have charged more on a temporary basis, maximizing profits while the market favored them. They chose instead to curb prices somewhat, and allow dealers to gain from their own methods. Company officials thought the public would not justify price increases by auto-making cost increases. The companies did not want to provoke either excessive wage demands or anti-trust cases from a Democratic administration.[15] Charles Erwin Wilson, GM's President (1941-53), said that national strikes and worker inertia prevented the smooth flow of materials to automakers, and caused some unavoidable price increases.

A few colorful personalities emerged from GM's staff, but objective promotion on merit rather than popularity, marked most personnel decisions.[16] Charles E. Wilson once said: "an organization is the lengthened shadow of a man or a small group of men." He recalled that when he first came to GM from Westinghouse Electric Company, in 1919, his new associates seemed less competent than former associates. He liked their enthusiasm, but saw them put their own individual advancement first.

Wilson noted that in the 1920's, Pierre and Lammot DuPont, John Raskob, C.S. Mott, and others "lengthened their shadow" with new centralizing policies. New financial controls, clarified authority, effective working committees and the "car for every purse and purpose" policy helped strengthen the company. GM adopted a bonus plan and a Manager Security Plan in 1923, which tended to attract and keep able men.[17]

Unlike Ford, GM adopted hiring procedures which protected the company against disintegration at the end of a life cycle of crucial company men. Henry Ford, Sr., and the Dodge brothers dominated Ford in the 1920's and 1930's, and the business went through the life cycles of these men. This mistake gave GM time to make many crucial, constructive moves.[18]

Alfred P. Sloan, Jr., who grew up as the automobile came into being and matured with General Motors, became its President and Board Chairman. He believed GM prospered because it used systematic information to support or deny business decisions, applied production scheduling which equalized work in spite of seasonal sales, and adopted rational accounting methods.[19]

In 1931, Sloan hired Paul Garrett to create a formal public relations policy for GM as the company faced a critical, depressed public. GM officials had counted on advertising alone to tell their story. The company needed to sell itself as well as its products and to relate well to the public as customers, Garrett decided. He told GM men that people now carefully watched the social byproducts of business as well as its economic contribution and he educated company men to consider public response to their policies.[20]

General Motors had to make friends, as well as money and motor vehicles. Employees earned war bonds and stamps from the company for suggestions that improved war production. This reward system continued after the war. GM promised jobs for every former employee in the armed services. They also announced plans to hire handicapped veterans.[21] Group life insurance, savings and investment plans continued from pre-war years. The corporation started these policies outside of collective bargaining agreements with unions.[22]

Before 1933, General Motors did not bargain collectively with and had no formal, open policy regarding unions. They had no separate labor relations staff, and did not usually know who to negotiate with. Section 7a of the National Recovery Act (NRA) legitimized collective bargaining and spurred industrial union organization. The resulatant unions clashed with the employee associations the company encouraged. New Deal legislation settled some principles in auto industry codes: employers must bargain freely with chosen representatives according to proportional representation. Employers could not discriminate against employees for union membership. The Auto Labor Board (ALB) decided alleged discrimination cases. Some company officials charged that union leaders created unwarranted cases to prove their support to potential union members. ALB resolutions favored the company.

In 1934, President Sloan endorsed collective bargaining and continued to do so after a Supreme Court decision nullified the NRA. In 1937, 10,000 workers struck crucial GM plants, immobilizing 140,000 workers. State and federal government condoned the sitdown strike, which ended in management recognition of the UAW as exclusive bargaining agent for members. By 1940, the National Labor Relations Board (NLRB) made the UAW-CIO the exclusive bargaining agent for all workers, and GM and the UAW negotiated their first national agreement. Wildcat strikes continued. Factionalism disrupted unions, and management did not often know whom to bargain with in these years.[23]

During World War II, labor and management turned to the National War Labor Board (WLB) to resolve disputes. During reconversion in 1945-46, labor demanded a 30 percent wage increase to catch up with inflated prices. The UAW argued in the press that GM could pay higher wages from their profits. Lou Seaton, GM labor relations staff member at the time believed the union brought up company "ability to pay" because the latter was very profitable. He remembered responding, "We're not pleading poverty. . . ." Seaton also recalled that they disagreed so heartily with Truman's contention that ability to pay was a perfect subject for bargaining that they walked out of a WLB hearing in Washington, D.C.[24]

A costly 113 day strike followed, during which GM offered the UAW a flat 13.5 cent raise to meet the cost of living increase since January, 1941. The company offered to cut work hours from forty-five to forty and maintain the same take home pay. President Truman's fact-finding board recommended a 19.5 cent increase without price increases. The corporation refused. It also repelled government fact-finding board attempts to gain access to company books, to determine the company's "ability to pay." Steel and electrical industries settled for a flat 18.5 cent increase. GM eventually settled the strike on similar terms.

John Mollica said that although auto executives considered their industry more immune to government intervention than steel companies or railroads, they disliked government wage recommendations during the 1946 auto strike. Mollica remembered that "there had been imapsses where government intervened in private bargaining and their recommendations were not law in most of these cases, but they were pretty forceful recommendations and right through 1947, there was continued government intervention in strikes."[25]

By 1947, GM disclaimed violence in labor settlement. Charles E. Wilson told a Senate Labor Committee that the company no longer used "thugs, spies, tear gas and bullying techniques in industrial labor warfare." Wilson urged legislators to pass legislation to protect management from labor excess.[26] Some company men heralded the 1947 Taft-Hartley Act as a step in this direction.

Labor mediator and Assistant Secretary of Labor Ed Cushman believed that GM started accepting unionism before the end of World War II. "Not that it wasn't a shotgun wedding. If it hadn't been for government, I think the general feeling in General Motors was that the unions couldn't have been created as they were, but nonetheless, they were there," he said. Government support and union political and economic power compelled acceptance. The company then sought a way of containing and working with union power.[27]

Labor reporter Stanley H. Brams concluded that GM and Ford recognized union permanence and their need to accomodate it long before other companies--both auto manufacturers and their suppliers. Relations changed from the 1930's, where two "primitive forces stood up against each other" to World War II, when they both "began to talk a little more professionally" and appreciate "that this was a human relations problem." He added that both parties emerged from the 1946 strike "quite chastened." The company realized that the union understood that the company "meant business."[28] The unions appeared to grow stronger from longer periods of high employment and rising membership.[29]

With Charles Erwin Wilson, the highest paid U.S. corporate chief at the helm, GM dared new directions in labor relations. The public called Wilson "Engine Charlie" as opposed to "Electric Charlie," Westinghouse President Charles Edward Wilson. Business associates called him "C.E." Historians mistakenly immortalized him as the man who quipped, "What's good for General Motors is good for the country." He never said that.[30]

People suspected simple, practical idealism, as it came from this wealthy head of the world's richest corporation. A subordinate who privately disagreed with Wilson on some ideas, Stephen DuBrul, said, "I don't think I've known any man in life who was more sincere than C.E." DuBrul helped write Wilson's speeches for many years. "When he wrote a speech, he wrote from his heart," DuBrul stressed. He remembered helping Wilson express his ideas in "good, clear, simple English" and correcting his grammar. The GM President told them he preferred their help to that of executive vice presidents, who often wanted to argue with him rather than help say what he meant.[31]

A magazine profile of the leading U.S. business executives in the 1940's and 1950's showed a pattern: Most were sons of midwestern or eastern businessmen and attended four full years of college, concentrating in business administration or science. They worked briefly for another company in their twenties, before joining the company they would stay with for thirty more years. Most joined the latter company in clerical or administrative positions, then worked their way through sales or operations to general management on to top executive positions.[32]

Wilson fit and broke the mold. His father was principle at a Minerva, Ohio school, where his mother also taught. Young Wilson quickly made friends when they moved to Mineral City, Ohio. The town blacksmith let him work the bellows and hand him tongs. A town section hand allowed him to run a handcar on a siding. He sometimes rode with locomotive engineers. A schoolmate's father, a coal miner, let them load coal. He also lingered at the local light plant and stoked boilers, trying to find out what electricity was, and how generators ran. He later said these experiences showed him how things worked.[33]

Wilson graduated from a Pittsburgh high school at sixteen. He finished a normal four year college course in three years at Carnegie Tech, second in his class. To pay for his schooling, he made filament lamps for 12 cents an hour. Westinghouse Corporation hired him as student engineer apprentice in 1909. When, after three years of work there, his salary skyrocketed from $7.20 to $20 a week, he decided he could afford to marry Jessie Ann Curtis, a secretary. They raised chickens and garden vegetables to feed their growing children.

Westinghouse's genius designer, inventor and reasearcher, B.G. Lamme admired Wilson's ability to simplify processes and improve equipment design. Lamme developed concepts experimentally and graphically. Wilson easily converted the concepts to mathematical formulas, making them understandable to engineers. By 1916, he supervised all their auto electrical equipment engineering, just as auto making was in its most experimental, competitive stage.

The government drafted him in World War I. In Washington, D. C., he designed and developed radio generators, made a primitive crystal set (precursor to the walkie-talkie), invented a generator to attach to the wing of a 1918 airplane, and made electrical equipment for the army B truck.

After World War I, Wilson left Westinghouse to join a General Motors subsidiary, Delco Corporation. His salary trebled as Delco's chief engineer and sales manager. He convinced company officials to let him move from Detroit to Anderson, Indiana, where the Delco factory operated. A superior came down from Detroit to study Wilson studying the factory. He gave C. E. free rein to introduce new designs into the Delco line, and sales problems soon vanished. By 1926, Wilson became president of the merged Delco-Remy Corporation, and moved to Dayton. He saved the company $5 million per year when he consolidated all Dayton's ignition work, and he hired employees the consolidation displaced.

In 1929, GM named him vice president of the accessories division. He acquired properties and took part in labor relations for the company and became executive vice president of GM ten years later. After William Knudsen resigned his GM presidency in 1941, to serve the federal government, C. E. Wilson became president, and served until 1953, when he resigned to become President Eisenhower's Secretary of Defense.[34]

Wilson's energies reaped generous reward. His net worth was $5,145,140.79 in 1946. He, his wife and their six children held stocks, real estate and insurance policies, and recorded owning a mere $5,000 in automobiles and $1,500 in horses.[35] By 1949, Wilson was the highest paid corporation executive in the U.S. He earned $586,100 in salary, bonus and stock, but paid about $430,350 in taxes.[36] His generosity ranged from a $2 check to an old schoolmate for tobacco to $2,500 for a Detroit friend's political campaign.[37]

Wilson viewed the corporation as an extension of the Nineteenth Century Horatio Alger success story. He claimed that to the degree that big business followed the "homely virtues of industry, thrift and honesty," it prospered.[38]

He believed that some government policies controlled or caused inflation, especially those concerning taxes, budget-balancing and banks and credit institutions. Money supply was the heart of the matter, he asserted, and this was heresy among business executives in the 1930's and 1940's. Producers determined available goods and services, which were secondary. Customers determined turnover. Individual and corporate savings habits also influenced the picture.

He said that reducing either wages or profits caused deflation, and increasing wages and profits led to inflation. He qualified: "If productivity increases with wages, then the increased wages are not considered inflationary."[39] During his GM Presidency, Wilson concluded that "It is not primarily wages that push up prices. It is primarily prices that pull up wages."[40]

Wilson's economic thinking surprised GM's Economic Staff. Wilson developed his philosophy independent of others, as far as his contemporaries knew. Even as a group executive, Wilson showed "an amazing grasp of economics." Mr. Stephen DuBrul, former director of GM's Business Research Staff, speculated that Wilson broke out of "narrow engineering thinking" when he became president and general manager of Delco-Remy. Wilson then handled things "broader than just running a plant, because Delco-Remy had to sell its products in competitive markets outside of the corporation." Wilson also served as a bank director in Anderson, Indiana and Detroit, Michigan for many years.[41] To Thomas A. Johnstone, UAW bargainer in 1948, "Charles E. Wilson was an engineer with a strong touch of humanity--one with the ability to solve day to day problems on a common sense basis."[42]

Victor Reuther, who pioneered the UAW with his brother Walter and himself became UAW Educational Director, described Wilson as "a very unique individual whose greatest contribution was a sense of pragmatism. He knew he had a corporation to run, and he knew we could tie it up, he knew he had to make some concessions and he made genuine efforts to search for them. He was very creative in that regard."[43]

Andrew Court, GM labor economist, thought Wilson often considered "GM's impact on society . . . broader things than just getting through the next week . . . and meeting next week's payroll."[44]

Labor relations impressed Wilson as early as 1915, when he worked at Westinghouse and found five to ten thousand men on strike around the plant. He tried in vain to enter the factory and fearing rough treatment from pickets, took a diverted route to work. This experience stimulated his interest in labor problems.[45]

At GM, Wilson chaired the committee negotiating the first union contract after the 1937 strikes. GM President William Knudsen asked him to head the committee because "you talk more than I do and you have more patience." Some friends later told Wilson, "you do not understand this union business, you have got to pay off somebody, that is the way to handle it." Wilson refused.[46]

Two key persons who researched most of Wilson's economic ideas and edited his speeches were bespectacled Stephen DuBrul and tall, inquisitive Andrew Court. From his father, an econometrics pioneer of the 1920's, DuBrul gained respect for financial factors in business. He came to GM in 1927. In 1934, GM transferred him to the finance staff to conduct special economic studies. He took part in labor relations problems until after 1948, and directed GM's Business Research Staff thereafter.

DuBrul's associate, Andrew Court, who some considered a "corporate maverick" or "eccentric genius," joined GM in 1941. Successful cattle hide market predictions earned him a good reputation before his GM career began. Wilson became interested in Court's abilities when the latter presented an Econometric Society paper on "Hedonic Horsepower," a new proposal Court envisioned for adjusting the CPI and other economic indices for quality changes in products.

Court and DuBrul helped Wilson formulate details of the wage escalator, productivity factor, long term contract package. They related probably the most reliable version of the package's origins as follows:

As early as 1934, Alfred Sloan, Jr., considered adjusting GM's wages to cost of living increases.[47] He had National Industrial Conference Board members compute cost of living indexes in each GM plant city that the Board or the Bureau of Labor Statistics had not yet surveyed.[48]

Executives knew that employee discontent followed unadjusted cost of living increases. Wilson despaired over negotiating all year long, and wanted longer term contracts. He believed that the UAW would not settle on wages unless they won cost of living wage adjustment plus living standard increases. Wilson did not want to usurp union power with his package and he knew he needed to sell it to the UAW.

Wilson pondered the ideas continuously as he lay in bed in a Detroit hospital in 1941, on the mend from a broken hip sustained in a skating accident. From his bedside, he directed Court and DuBrul to check the validity of the Conference Board and BLS Cost of Living Indexes, and to discern if the union could divert these measurements to their ends. They recognized that the BLS used statistics from families of lower incomes than GM's average worker. They also discussed how best to measure productivity. Wilson's ideas quickly crystalized, and he projected a five year contract.[49]

They tried to determine the average rate of technological development in the U.S. in fifty years. They agreed that the country's output per man hour had improved at an annual rate between 7/8ths of 1 percent and 3 percent.[50]

World War II interrupted Wilson's study of escalator and productivity factors. In 1942, the WLB developed and applied the Little Steel Formula, a yardstick for wage adjustment according to cost of living increases.[51] The Board recognized a 15 percent rise in living costs since January 1, 1941, and recommended a proportionate increase for steel workers. In 1943, United Mine Workers President John L. Lewis protested the "Little Steel Formula" and unsuccessfully sought wage increases perpetually tied to the cost of living.

Wilson also considered the war, with wage-price controls, a poor time to introduce the package.[52] Immediately after the war, labor recalcitrance angered him. He complained of an unholy alliance between labor and government that "built labor monopoly." He asked Congress to modify the Wagner Labor Relations Act and thought the right to work superior to the right to strike. He also deplored Communist infiltration of the labor movement. Class warfare caused industrial anarchy, he said.[53]

By 1948, the Taft-Hartley Act eased management unrest and the government-labor alliance weakened. Walter Reuther repudiated union Communists and rose to solid UAW power. Inflation compensation preoccupied workers. Although labor, the public and most of management did not know it, Wilson revived old ideas only hinted at previously.

## FOOTNOTES

## CHAPTER II

[1]Eric Goldman, The Crucial Decade and After: America, 1945-1960 (New York: Alfred A. Knopf, Inc., 1956), p. 22, and "UAW Will Demand Pay Increase," New York Times, January 7, 1948.

[2]Lawrence White, The Automobile Industry Since 1945 (Cambridge, Massachusetts: Harvard University Press, 1971), p. 9. Other independents were Crosley, Nash, Packard, Hudson, Studebaker, and Kaiser-Frazer.

[3]White, The Automobile Industry Since 1945, pp. 66-67.

[4]Joe Bain, Barriers to New Competition (Cambridge, Massachusetts: Harvard University Press, 1956), pp. 11-19.

[5]Charles Erwin Wilson to Alfred P. Sloan, Jr., December 28, 1954, CEWA.

[6]White, The Automobile Industry Since 1945, pp. 12-13.

[7]*Ibid.*, p. 178.

[8]*Ibid.*, pp. 88-89.

[9]Charles E. Wilson to Alfred P. Sloan, Jr., December 28, 1954, p. 8, CEWA. Alfred P. Sloan, Jr., My Years With General Motors (Garden City, N.Y.: Doubleday and Company, 1964), pp. 64, 214-15. Edited by John McDonald and Catharine Stevens.

[10]White, The Automobile Industry Since 1945, p. 250.

[11]General Motors Corporation 40th Annual Report, December 31, 1948 (Detroit, Michigan), p. 5, GMPRL.

[12]GM overtook Ford's 1920's price leadership during World War II. By price leadership economists normally mean that one company provides a general guide from which all prices in the industry vary as the state of demand fluctuates. Such leadership eases price competition and provides references for price determination the next year. White, The Automobile Industry Since 1945, p. 111.

[13]*Ibid.*, p. 124.

[14]Interview with current Assistant Labor Relations Director, John Mollica, August 6, 1974.

[15]White, The Automobile Industry Since 1945, p. 124.

[16]Sloan, My Years With General Motors, p. xxiii.

[17]Charles Erwin Wilson to Alfred P. Sloan, Jr., December 28, 1945, p. 5, CEWA. Bonuses depend on profits and were awarded only if the corporation earned more than 6 percent on its net capital. They go to executives whose efforts are judged superior for the year. The executives gain incentive from yearly check-ups and reward. The Manager's Security Plan gives stock options to select executives.

[18]*Ibid.*, pp. 12-13.

[19]Sloan, My Years With General Motors, Chapters 1-6.

[20]L. L. Golden, Only By Public Consent (New York: Hawthorn Books, 1968), pp. 96-107.

[21]"General Motors Outlook," The Argonaut, June 8, 1945, GMPRL.

[22]Sloan, My Years With General Motors, pp. 390-91.

[23]Ibid., p. 393.

[24]Interview with Mr. Lou Seaton, former Director of Labor Relations, August 9, 1974.

[25]Interview with John Mollica, August 6, 1974.

[26]As quoted by James Haswell, "GM Chief Says Violence in Labor War Is Past," Detroit Free Press, February 6, 1947.

[27]Interview with former Labor mediator, Assistant Secretary of Labor, and Vice President of American Motors Corporation, current Wayne State University Vice President, Ed Cushman, August 1, 1974.

[28]Interview with Stanley Brams, editor and publisher of Labor Trends, July 25, 1974.

[29]Interview with Victor Reuther, UAW Education Department Director, and Walter Reuther's brother, August 8, 1974.

[30]In Senate hearings over his nomination as President Eisenhower's Secretary of Defense, the conversation went as follows: Senator Robert C. Hendrickson of New Jersey asked Wilson if he could put government first in a situation adverse to his GM stockholdings, but in the best interest of the U.S. government. Wilson said, "Yes sir, I could. I cannot conceive of one (such situation) because for years I thought that what was good for our country was good for General Motors and vice versa. The difference did not exist.

"Our company is too big. It goes with the welfare of the country. Our contribution to the nation is quite considerable." U.S. Senate, Eighty-Third Congress, First Session, Hearings Before the Committee on Armed Services on Nominee Designates, January 15 and 16, 1953 (Washington, D.C.: USGPO, 1953) p. 26.

[31]Interview with former Business Research Staff Director, Stephen DuBrul, June 28, 1974.

[32]"The Nine Hundred," Fortune, Vol. 46, No. 5 (November, 1952), pp. 132-35.

[33]Beverly Smith, "Secretary Wilson's Year of Trial," Saturday Evening Post, Vol. 226, No. 44 (May 1, 1954), p. 113.

[34]Ibid., pp. 116-17.

[35]Charles E. Wilson, "Assets and Liabilities," financial statement, July 1, 1946, from personal papers, CEWA.

[36]Anna Rothe (ed.), "Charles Erwin Wilson," Current Biography, 1950 (New York: The H. W. Wilson Company, 1951), p. 621.

[37]Paul Ranft to Charles E. Wilson, December 9, 1939 and Alfred Glancy to Charles E. Wilson, September 27, 1938, CEWA.

[38]As quoted in U. S. Senate, Nomination Hearings, p. 15.

[39]"The Wages of War and Inflation," Charles E. Wilson to Mr. X, an open letter circulated to many newspapers, Detroit Michigan, August 24, 1951, GMPRL.

[40]As quoted in "The New Inflation," Time, Vol. 70, No. 3 (July 15, 1957), p. 84.

[41]Interview with Stephen DuBrul, June 28, 1974.

[42]Thomas Arthur Johnstone to the author, September 5, 1974, p. 8. In speaking with people who said Charles E. Wilson had an "engineering mind," I was unable to come up with common connotations.

Mr. Stephen DuBrul implied that it meant narrow, mechanistic thinking about a product line. Mr. Andrew Court suggested it meant the tendency to order non-technical aspects of business in terms of formulas and scientific principles. Wilson's friend Arthur Godfrey in a televised interview uncovered "engineering mind" as a rather simple mind. When Godfrey asked Wilson "What do you think of that jet power?" Wilson replied, "Well, it certainly is a wonderful thing for an airplane. But when it come to try to move a train or an automobile or a truck with a blast of hot air you can't do it." See Beverly Smith, "Secretary Wilson's Year of Trial," Saturday Evening Post, Vol. 226, No. 44 (May 1, 1954).

[43]Interview with Victor Reuther, August 8, 1974.

[44]Interview with Andrew Court, GM labor economist and participant in 1948 negotiations, June 28, 1974.

[45]Charles E. Wilson to Alfred P. Sloan, Jr., December 28, 1954, p. 5, CEWA.

[46]As quoted in U.S. Senate, Nomination Hearings, p. 22.

[47]Mr. Andrew Court supplied the author with a list of many GM innovations, much of which Mr. Sloan originated, he said. Mr. Sloan was particularly interested in quantitative, objective approaches to social problems and he was skilled in enlisting others in promoting concepts in the development of which he had played a seminal role. Included were some of the following, with their year of origin:

1921- a specialized retail sale finance company for franchised dealers
1922- a college-level, company-run educational institute for management
1923- Management bonuses dependent on profits
1924- Formal statement of organizational principles by executives
1925- Pricing based on estimated cost at standard volume
1926- Proving ground for testing own, competitor's products in simulated customer conditions
1928- Styling staff independent of engineering
1929- Customer research to set norms for regional sales
1931- Standardized dealer accounting, audited
1933- Built 3 hydraulic analogues of economic functions

1934- Disability and surgical insurance
1937- Programs dramatizing industrial hazards for supervision which stimulated unexampled plant safety improvement
1938- Concept of umpire-formal contract in collective bargaining as distinct from ad hoc arbitration of differences arising between negotiations
1939- Published econometric model of retail auto sales fluctuations
1954- Professional seminars

[48]The NICB pioneered the cost of living index for the U.S. in 1918-1919. The BLS index gained prominence later. Interview with Andrew Court, June 28, 1974.

[49]Interview with Stephen DuBrul and Andrew Court, June 28, 1974.

[50]Stephen DuBrul, "Statement by General Motors Corporation before the Subcommittee of the Committee on Education and Labor," House of Representatives, Washington, D.C., May 24, 1951, p. 6. The question of which studies to use to determine national productivity increases remained a dilemma. A Council of Economic Advisers' Study said real total outpur per hour of labor quadrupled in sixty years, and an average yearly improvement, compounded, was 2-2.5 percent. A 1949 study by Dr. Solomon Fabricant preferred placing prewar long term gains between 1.6-2.2 percent a year, because of the "approximate nature of the basic data underlying calculations." A 1951 study by John W. Kendrick for the National Bureau of Economic Research placed productivity increases at an average 2.1 percent from 1909-1941, and said from 1946-1950 productivity rose about 1 percent a year. From Gertrude Deutsch, "Productivity Roundup," Business Record, July, 1952, pp. 256-257. Stephen DuBrul commented that to determine average annual productivity for the nation, they used comments from Harold Moulton's Brookings Institution studies. They probably referred to a comment like the following: "While precise data are not available for all the various lines of industry, it appears that for the economy as a whole output per man-hour during the first four decades of the twentieth century 'doubled or more than doubled'." A productivity increase of 100 percent for forty years averaged 2.5 percent yearly. From Harold Moulton, Controlling Factors in Economic Development (Washington, D.C.: The Brookings Institution, 1949), pp. 28-29.

[51]Stephen DuBrul, "Statement by General Motors," p. 6.

[52]Interview with Ed Cushman, August 1, 1974.

[53]As quoted in "Sick of Reuther, Lewis Christmases, GM Head Declares," Cincinnati Times-Star, December 5, 1946.

## CHAPTER III

## THE BIGGEST CIO UNION

UAW membership, highest of any American union during World War II, slumped immediately after the war. By autumn of 1946 membership rose and during 1947 delegates heard that they belonged to "the largest free industrial union in the world." By April, 1948, they claimed a record peacetime membership of 950,000.[1]

Walter Reuther wanted to lead a strong union capable of disciplining all these workers, and corporations approved.[2] The "Redhead's" discipline started with his own personal life. He did not smoke or drink alcoholic beverages. At cocktail parties he ordered Manhattans, ate the cherries, and left the drinks. Reuther apparently showed no interest in women other than his wife, former Socialist and schoolteacher, May Wolf, who worked in UAW Local 174 and reared their two daughters.[3] He ran no debts, and engaged in "conspicuous underconsumption." The UAW leader flew to conventions and meetings on cut rate overnight air coach flights, and once there, squeezed his own orange juice for breakfast in his hotel room. The Reuthers frequented family cafeterias and ordered specials when they traveled together.[4]

The UAW paid him $10,000 yearly, about half the salary of Steelworker President Phillip Murray, and one third of Teamster President Dan Tobin. Reuther worked twelve hours a day, with a few free Sundays each month. He spent little time at home in his five room west Detroit bungalow. In 1948, he still drove a 1940 Chevrolet, and wore a "seedy old balmacan-style top coat."[5]

Reuther had few vices. If any, he chewed gum and craved power. He wanted influence to reform society, not to enrich himself.[6] He also used reform to gain union control. He used Communists to build his UAW reputation, then spurned them with similar results. Daily Worker editor Louis Budenz once asked Reuther to join the Communist Party (CP) in the 1940's, when the leader was so close to CP members some considered him one of them. The proposition intrigued Reuther until he projected how difficult it would be for him to submit to vigorous party discipline, so he turned down their offer. The UAW President verified Budenz's story in 1948.[7]

All four Reuther brothers grew up on Socialism. Grandfather Jacob Reuther, a well known German Socialist, pacifist and labor leader, raised father Valentine Reuther on the humanistic doctrines of German Democratic Marxism. These two brought their philosophy with them to America in 1892. Valentine held Sunday debates at home on economic and social topics with sons Ted, Walter, Victor and Roy in Wheeling, West Virginia.

As students at Detroit's Wayne University in the early 1930's, Walter and Victor fostered Socialist Worker Party (SWP) youth activities and began anti-ROTC rallies. When Ford Motor Company executives suspected their tool and die foreman Walter Reuther of active Socialism during the depression, they fired him. He and Victor then hitchhiked through Europe and Asia in pursuit of the worldwide labor movement. Nazi police almost seized the two in Germany.

The penniless brothers entered the U.S.S.R., where they worked in a Gorki auto factory which the Ford Motor Company had built for the Russians. Walter trained peasants in precise machinist work and won bonuses for his production ideas. A letter from Victor which praised the Communist system, later politically embarrassed them. They denied sending it. They came home and in 1937 Walter ran for Detroit councilman on the SP ticket and lost.[8]

By 1946, he openly denounced the Socialist faith of his father, brothers and wife, and condemned government ownership of industries. He commented: "I'd rather bargain with General Motors than with the government . . . General Motors has no army."[9] He grew to dislike Communists because they refused to abide by principles or programs.[10] He believed nationwide wage increases would help avert Communist control of any American industrial unions.[11] Opponents accused him of "redbaiting," labeling any enemy with the unpopular Communist tag, regardless of that person's true affiliations.[12]

Communists disowned Reuther at about the same time he shunned them. They suspected glowing reports about him from capitalists and their "reactionary press." They asserted that employers played up his "socialist coloration" and made him look militant while they promoted class harmony, and dampened the worker's legitimate class struggle. Reuther once described the 1945-46 strike in the New Republic as "a fight to save truly-free enterprise from death at the hands of its self-appointed champions." No decent "militant" wanted to save capitalism from self destruction, Communists judged.[13]

Cadillac Local 22's bargaining committee sent "Brother Reuther" a critical letter, in 1947 complaining that the GM Department under his direction was "a bunch of company cops." They called him "spineless" because he did not fight unwarranted disciplinary layoffs. One UAW member, fired because he "stole an electric light bulb later proved to be his own," and five members discharged when they complained about excessive factory heat early in 1947, still awaited justice.[14]

Regardless of criticism, in ten years Reuther won solid backing and learned to lead. At twenty-six, he joined Detroit's Westside Local 174 and became their 1936 national convention delegate immediately. He and five other delegates took shifts sleeping in their South Bend, Indiana, hotel room bed. It typified Walter's long waking hours. He delivered one stirring speech, which prompted conventioneers to elect him to the UAW International Council.

After the convention, he gave speeches and distributed handbills at factory gates until his opportunity for action arose. He and Victor organized and carried out a signal strike in winter, 1936 at Detroit's Kelsey-Hayes plant where about fifteen vital Ford brake-assemblymen, members of Local 174, complained about unnecessary speed up of production. Strike fervor spread to GM plants in Flint, and two months of labor unrest ended in GM recognition of the UAW as the workers' bargaining agent. Membership in Local 174 soared from seventy-eight to thirty thousand in a few weeks.

Once the first battles with GM ended, battles within the UAW began. A "Unity" caucus, which opposed UAW President Homer Martin, became a hard hitting bloc which Reuther, George Addes and a few others eventually led. Martin disliked the faction's support of wildcat strikes. Addes and the Unity caucus believed that management provoked workers with speedup and job discrimination practices. He thought the auto companies hoped to arouse a minority of organized union members to a strike which would overwhelm and destroy them. The companies did not anticipate that workers would join in strikes and prompt more organization than ever, as they did.

Martin did not join the Unity caucus members who went to Ford's River Rouge plant on May 26, 1937, to pass out handbills. Ford thugs beat the union men, as photographers captured the incident known thereafter as "The Battle of the Overpass." The Unity caucus gained publicity and suspected Martin of collusion with Ford officials.

In 1938, Martin charged Addes and four others with a plot with Communists to overthrow him and seize the UAW. The Addes group charged that Martin worked with Communists. Martin suspended the five officers.[15] Briefly suspended, then reinstated, then discharged again, the faction met in George Addes' apartment and told local unions to send their dues to them rather than to Martin. They held the checks and got financial support from John L. Lewis at the CIO. The challengers set up their own headquarters and held their own conventions.[16] By March, 1939, the Unity caucus won CIO support and the Martin group, backed by the AFL, faded.[17]

During World War II, the seams of the victorious caucus weakened, and its member, Reuther, gained momentum. His sturdy rival, "nice fella" George Addes believed Reuther's desire for leadership caused more factionalism to come to a head.[18] He said factionalism centered on personalities and leadership struggles more than issues. Walter, a Lutheran, first allied with the Association of Catholic Trade Unionists (ACTU) in 1939, and they combined a distinct force separate from the Unity caucus. Addes, a Catholic, denounced the ACTU. Experts within Catholic parishes trained ACTU members in parliamentary order and obstructionist techniques. They also studied papal encyclicals on labor.[19] Addes might have beaten Reuther, but remained always a secretary-treasurer, never a President.

By August, 1941, at the UAW Convention in Buffalo, Reuther's ambitions showed clearly, said Addes, and Walter became Vice President under R. J. Thomas as President and Addes as Secretary-Treasurer.[20] Reuther's following consisted of some "Socialists . . . non political centrists, and a very powerful right wing led by . . . the ACTU." Addes' followers at that time were long time militants who resented army intervention in labor disputes, Communists and Radical Socialists. Some non political progressives remained with Addes.

Factional disharmony emerged in three crucial struggles in 1941. First, the U.S. Army and some UAW leaders got aircraft wildcat strikers back to work, and Reuther at the convention sought to expel their leader, Lew Michener. Rebellious Michener was an executive board member. Although few union convention delegates openly advocated wildcat strikes, they probably secretly admired Michener because his actions reminded them of original union militance in the 1930's. A close vote favored Addes' faction and prevented Michener's expulsion. However, the close vote also revealed Reuther as "a competent opposition general."

Second, Reuther tried to use delaying tactics to prevent seating the Allis-Chalmers union delegation, whom he considered Communists. Addes told delegates their constitution did not prevent officeholding on the grounds of either political or religious affiliation, and he won the strong point.

The ambitious redhead lost the first two issues, but his faction won a third. They proposed a constitutional amendment to prohibit Communists from holding leadership positions. They worded it to prevent only Communists, not Socialists or Catholics, from UAW offices.[21]

The two factions also disagreed on how to approach World War II. Addes gained support from CIO President John L. Lewis when he first led UAW members to oppose involvement in the war in 1939. Reuther and President Roosevelt leaned toward involvement. The President's labor ally advocated immediate conversion of the auto industry to war production and increased aid to Britain.

UAW Communists, Reuther and Addes' coalition later together promoted a labor movement united to win the war at all costs in the "victory through equality of sacrifice" program. When Reuther considered rescinding the no strike war pledge, Addes' group accused him of following John L. Lewis' "strike and the war-be-damned" policy.[22]

Addes called for incentive pay plans to promote war efforts. Reuther opposed the idea, and won rank and file support.[23] He also gained publicity in the spring of 1943 by taking 250 shop stewards to a "mock boot camp" in Indiana. They dug trenches, paddled assault boats and performed other military duties which might help in the picket lines after the war.[24]

In late 1943, Addes tried to act first and place Reuther's faction in an embarrassing position. Addes suggested informally to his own group that two members could be added to the Executive Board, a black and a woman, to be elected at large from among unionized workers. Through his proposal, he appeared either to champion minorities or admit that his own board members did not speak effectively for minorities.[25] Reuther won the vice presidency again and placed his men against all but leaders Thomas and Addes.[26]

Before the next convention, Reuther gained constant publicity. He protested government agency actions--their wage ceilings, unsatisfactory price control, and inactivity on housing shortages. He also said employers got active unionists drafted as "non-essential labor."[27]

At the 1944 Convention President R. J. Thomas sought Reuther's support when he appointed him chairman of the GM Department, a very important post. Executive board members rejected the choice but Thomas overruled. The UAW President of 1944 recalled that his friends feared the appointee would try to undermine him. Thomas admired his nominee's firsthand experience in the early strikes.[28] Eventually, Thomas' friends proved correct.

Reuther renewed his reputation for strike activism in 1945-46, during the 113 day GM-UAW skirmish. It was a new kind of strike. Previously, desperation, poor working conditions, low pay and the desire for union recognition caused labor unrest. Now, the ambitious GM Department Chief focused on his economic arguments. The company, he argued, could pay UAW workers a deserved 30 percent wage raise to meet living cost increases. Better pay, spread throughout the nation, would lead to higher production and more abundance for all.[29] Other possible leaders did not grasp their opportunities as Reuther did. UAW President Thomas blundered when he began a "back to work" movement. Richard Frankensteen was with Hollywood stars in sunny California while workers manned picket lines in Michigan's icy winter temperatures. Thomas, Addes and Frankensteen opposed the strike because re-tooling was not yet complete and the steel supply was inadequate. A strike meant less to a corporation in this situation.[30]

Reuther's reputation faltered when the UAW settled for 18.5 cents in March, 1946, following the pattern in several other key industries. The figure fell far below the 30 percent he originally suggested as well as the 19.5 cents Truman's fact finding board recommended earlier and the UAW leader disavowed.[31]

Reuther's future looked bleak in 1946, and many deserted him. Thomas and Addes held the two most important union posts, and controled a majority of the Executive Board. Addes still believed his Communist allies wanted labor organization, as everyone did. They did not in any case control union affairs, he said. Relations between the U.S. and the U.S.S.R. deteriorated, and UAW members and others tired of CP rhetoric. Reuther and his supporters heckled

Communists.[32] Meanwhile John Anderson rounded up influence for Reuther, ironically gaining forty-four convention delegate votes in 1946 from among SWP members. Anderson thought Reuther took a better stand than R. J. Thomas in the 1946 strike.[33]

In night caucus sessions, Reuther's speeches and job offers won many converts.[34] Thomas later determined he lost because he "never made any attempt to form a caucus." He explained that he tried to unite factions as Addes' and Reuther's politicking created them.[35]

Addes said Reuther proposed to him a Thomas-Addes-Reuther race for UAW Presidency. They expected Thomas would lose such a race. Reuther suggested that he and Addes agree to support whoever lost the run off between them, for Secretary-Treasurer. Addes refused and told Reuther, "I'm committed to Thomas . . . I think we ought to give him another chance. I know he's not the smartest guy in the world, Walter, but I'm committed."[36] When he refused to "make any deals" with Reuther, the latter made the exchange appear as though Addes really wanted to desert R. J. Thomas for his own hard working, efficient self.

In the final hours of the 1946 election, Reuther sent persuaders to hotels, barrooms and even railway stations to make sure no possible supporters escaped. He needed more time than the two hour roll call allowed to win non-committed delegates. He questioned an unimportant constitutional point to create the needed delay. Opponents were oblivious to his plot. Thomas talked about the issue raised, and Reuther's planted speaker also took the floor. The nonsmoker peered through the smoke filled room, and kept his eye on the doors. He determined when enough of his men came in and then yielded the point. Addes and R. J. Thomas interpreted this as a victory for them, but the roll call recorded a Reuther presidency by a narrow 124 votes out of 8,764 cast.[37]

Reuther replaced Thomas, who accepted a step down to the Vice Presidency. Richard Leonard was Second Vice President. Addes won his tenth term as Secretary-Treasurer. All but Emil Mazey and a few others on the newly elected Executive Board backed the Thomas-Addes-Leonard faction.[38]

After the 1946 election, the UAW turned into "a huge industrial union, run like a well oiled machine," one member recounted. The new President observed "everyone's comings and goings." He found out who ate lunch together and who shared rides. Members became discreet about expressing their sympathies.[39]

Cost of living and productivity issues mingled with factional strife, throughout the next year and at the November, 1947 Atlantic City Convention. Reuther opponents charged that he served management when he proposed increased productivity, then a sharing of productivity gains between higher wages for the laborer, lower prices for the consumer and more take home profits for the company.[40] Critics said this would "sweat higher production out of the workers . . ." and "hand out some crumbs in higher wages" while corporations profited.[41] Reuther denied the charge and pointed out that industry could raise wages out of present productivity.[42]

He also cut short a grass roots political challenge from the following five UAW local presidents from Flint's GM plants: Chairman, Francis R. "Jack" Palmer, of Local 659; Joe Berry, Buick 699; Bob Carter, A.C. Sparkplug 651; Larry Finnan, Fisher Body 581; and Bill Connally, Fisher Body 598. They represented about fifty thousand workers, did not belong to either Communist or Socialist Parties, and feared Reuther's power over workers. In December, 1947, the Five proposed a 25 cent hourly wage increase to make up for the price increases since the last negotiations in May, 1947, and for quarterly adjustment according to the BLS index, and for a negotiated wage floor.

Chairman Palmer knew the escalation experiment had mixed results in some oil company contracts after World War II. He remembered getting ideas about escalation from the SWP paper, The Militant.[43] John Anderson, who raised the demand in vain in the 1947 UAW convention, also read the Militant articles. He said the escalator clause originated with Leon Trotsky, and was a part of that theorist's transitional program from capitalism to socialism.[44]

Palmer, who noted that workers gained more concessions when leadership elements competed, ran for UAW President on their program, and gave a radio speech on the demands in January, 1948. The Five received solid support at once, which "staggered their imaginations." A Detroit News labor writer called attention to their campaign in a Sunday paper because he thought it hinted Reuther's 1948 negotiation demands. Reuther rushed to Flint to speak out against the group and their ideas.[45]

He stated that the policy contradicted previous convention decisions of the CIO, UAW Executive Board, UAW Policy Committee and GM Council. Their campaign upset a democratic decision, he declared, and it confused the UAW as it went out to fight GM at the bargaining table.[46] Reuther also pointed out that the Oil Workers International Union planned to end the short term escalation experiment they had contracted with the Sinclair Oil Company because members feared cuts and favored flat wage increases.[47] The UAW Chief opposed escalation on the following bases: it froze workers living standards, it could not be applied just in inflation, and it prevented workers from gaining in case prosperity lasted longer for the auto companies than the general range of industries.[48]

Palmer replied that Reuther opposed wage escalation to rid the UAW of their opposition. Although none of them were Communists, "Reuther quoted from the CP paper, and then from my radio address, and then said, 'These are the people who are trying to destroy our union,'" Palmer recalled.[49]

In fairness to the victor, opponents probably used "Reuther-baiting" during this period. In a letter to UAW members the UAW President answered charges that he was big business' ally, a champion of the Taft-Hartley Act and a proponent of speed-up in the factories. He said he refused to call names or sling mud, but needed to clarify the false charges. In any case, he reminded members how Communists supported the Addes-Thomas-Leonardites in the cases he brought up.[50]

This faction scored a point when Reuther sought and failed to get the removal of leftist Irving Richter at a March, 1947 Executive Board meeting. Reuther accused the UAW lobbyist of disloyal activities, and reportedly told officers in closed session: "There is a witch hunt on (in Washington). Before it is over, I suppose I'll be kicked around and everyone in this room will be kicked around."[51] The board kept Richter because they could not substantiate disloyalty charges.[52]

Also in early summer, 1947, Reuther disabled Wisconsin's largest local union at Allis-Chalmers Company. Local president, Harold Christofell, and others were either CP members or closely allied to the party. The UAW President allegedly ended the strike when he met with the company president. The local union leaders lost their jobs and the resultant agreement dissatisfied many.

At about the same time, ninety thousand Farm Equipment Workers (FE) proposed a merger with the UAW. They asked to appoint certain representatives Executive Board members, and to seat delegates in the upcoming fall convention. The CP strongly influenced FE members.[53] Reuther claimed the merger proposal was unconstitutional. It would make the FE a union within a union, guarantee jobs for their staff, and offer other special privileges. The CIO rejected it, as the Addes faction anticipated.[54] The latter agreed to submit the issue to a vote by all local unions. Unionist John Anderson thought this gave Reuther a chance to redbait. The ACTU helped him. Locals voted "no" on the proposal.[55]

State and federal laws in 1947 restricted Communists severely, which aided Reuther's strategy. Michigan's Callahan Law, passed on June 6, 1947, regulated foreign agencies within the state. Such agencies had to state their activities, income, expenditures and other information for Michigan's attorney general.[56] The Taft-Hartley Act, which went into effect in August, 1947, required union members to sign an affadavit that they were not Communists, and did not advocate the violent overthrow of the government.

UAW member John Anderson related that one hundred thousand auto workers left their jobs and marched to Detroit's Cadillac Square to protest the entire law, following a UAW Executive Board order. Not all were angry about the Communist affadavit. Some disliked other aspects of the law. A few locals, which Walter Reuther evidently influenced, remained at work. Protestors later received discharges and penalties. Anderson said someone started a vicious rumor that he tried to strike his personnel manager when he left for the rally. UAW officials got the men back to work without much penalty, but Anderson said: "Here was another reminder to all of us of the left that we no longer had a union that would defend us as union members." Reuther's group bid for favoritism with GM and the public press and wanted to appear to be respectable labor statesmen, he charged.[57] Opponents sent a telegram asking board members to censure Reuther because he "betrayed his high office, maligned fellow officers, jeopardized hard-won UAW economic rights and publicly championed the Taft-Hartley law."[58]

CIO President Philip Murray and AFL President William Green backed Addes against Taft-Hartley compliance. They resented the requirement that members vow they were not Communists. If a union did not comply, it lost NLRB services.[59] Addes considered the law unconstitutional. He explained, "If they would have said 'Industry, you testify to the fact they you are or are not Communist, and labor, you do likewise,' I probably would have said, 'There is nothing wrong with this policy' . . . but they were picking on labor."[60]

Legal experts helped Reuther find a means to pressure the UAW Executive Board majority to comply. He told UAW members to send an intent to comply statement to the NLRB. This induced the Board to continue holding hearings and elections for the UAW, and helped members with pending cases. They could object to the law's "constitutionality, validity and applicability" at the end of their intent to comply forms. He promised to further take up acceptance or rejection of the law at the upcoming convention.[61]

Again, the UAW chief won. Members assumed that those who would not sign Taft-Hartley affidavits were Communists, who could not run for UAW office. In this manner, the law helped Reuther control leadership positions. The House Un-American Activities Committee supoenaed witnesses and sought their affiliations. Many received letters, visits or inquiries from the U.S. Immigration Department or Federal Bureau of Investigation. Sometimes officials asked, "If you are not a Communist, why don't you support Walter Reuther?"[62]

"Resent and Reject Communism," was a Reuther slogan at the 1947 convention which most of the two thousand delegates applauded.[63] One of the most well known UAW Communists was Nat Ganley, who admitted that the "redbaiter's" opponents harmed themselves. Ganley thought Addes did not respond adequately to economic conditions and R.J. Thomas appointed too many Reuther backers to union posts.[64]

Victor Reuther judged that his brother capitalized on union positions he controlled. The director of publications, who edited the union newsletters, was a Reuther man. Victor directed the Education Department. His staff trained local leaders who took Walter's plans directly to the rank and file and put them in a favorable light. At the Cleveland UAW Educational Conference in 1947, both Addes and Walter Reuther spoke. "It was a psychological turning point . . ." Victor judged, "From that point on, the forces that opposed the old leadership in the union had new confidence."[65] Leonard Woodcock, later UAW President, viewed the 1947 Convention and the FE merger controversy as the turning point where the membership "just had to resolve . . . the naked power struggle" that evolved.[66]

By the end of 1947, Reuther's power looked secure. He won over twenty of the twenty-two Executive Board Members, and gained proportionate popularity among the rank and file.[67] The opposition caucus died out, as its leaders went elsewhere. Addes lost his usual post, and went into the nightclub business. R.J. Thomas, and later Richard Leonard, took minor jobs with the CIO.[68]

The new UAW ruler scolded auto company managements. They had "better get out of the habit of trying to exploit the factional divisions of this union because there will be no factional divisions . . . in the future," he warned. He also cautioned would be UAW opponents, that "name-calling will not reduce the high cost-of-living."[69]

After the Atlantic City Convention, a comparatively unified UAW assessed its resources. Newly elected Secretary-Treasurer Emil Mazey reported a $330,000 surplus in the first three months of office. In January, 1948, the strike fund approached $750,000. Mazey called it inadequate and called for $5-6 million to strengthen their bargaining position. At the end of March, members paid $1 yearly dues and strike funds neared $2 million.[70]

Jack Livingston thought they could not boast of strength at the 1948 negotiations. Not all GM plants were yet organized.[71] Between February 9 and March 21 of that year, the UAW membership drive combed the country. They hoped all GM workers covered by UAW agreements would join the union. National and local union lotteries provided incentive. The drive in GM plants gleaned twenty-five to thirty thousand new members.[72] Some GM workers still had not recovered from the 113 day strike of 1946, and asked that a costly strike "guinea pig" role go to other than GM workers.[73] George Merelli concluded that the strike proved to previous disbelievers at GM that the UAW gained worker loyalty.[74]

The largest U.S. industrial union hinted of its emergent forcefulness in American politics in 1948, a presidential election year. The Taft-Hartley Act prohibited union political contributions to federal office seekers, but the union's Political Action Committee (PAC) discussed issues and backed favorite candidates. Reuther's opinions gained nationwide attention, as workers probably sought his directions. In election year, the UAW President blamed both Republicans and Democrats for government failure to curb inflation.[75]

He also downgraded third party Progressive candidate Henry Wallace as a "lost soul." The CP satisfied Wallace's ego and provided him podium, audience and applause, Reuther explained.[76] If the Democrats chose Truman again, Reuther would probably vote for him, but he believed that "Truman is hopelessly inadequate. I still hope some competent man like Eisenhower will be nominated by the Democrats."[77] Michigan's Democratic Party was weak and disorganized, and the GOP dominated affairs in early 1948. James Hoffa used Teamster Union funds to control Michigan's Democratic Party machinery. Hoffa's lawyer and partner, George Fitzgerald became the Michigan National Democratic Committeeman. This gave Hoffa influence in federal patronage in Michigan while Democrats ruled in Washington, D.C. Another Hoffa lawyer was Michigan Democratic Chairman. Reuther and his allies later counterattacked. From Wayne County, where UAW members and wives accounted for 60 percent of registered voters, came 40 percent of the Michigan delegates to the Democratic convention. The UAW potential for political influence became especially apparent.[78]

Ironically, the man whose ascendency in the UAW created more order missed most of the bargaining which led to the famous contract. On April 20, 1948, Walter Reuther came home late from an Executive Board meeting at Detroit's Book-Cadillac Hotel. At about 9:45 p.m. as he spoke with his wife, four twelve gauge shotgun blasts ripped through their back window, hitting him in the right arm and chest. He fell to the floor and his wife tried to administer first aid. An ambulance rushed him to a Detroit hospital while police at the scene took testimony from witnesses. Three neighbor boys said they watched a man make a getaway in a 1947 or 1948 maroon Ford sedan. When interviewed later in his hospital room, Reuther said he thought a Communist, Fascist, agent for management, or screwball probably shot him, but he did not think any internal union matter prompted it. "I used to get crank letters, but I have had nothing like that in the last several years," he added.[79]

Officials offered $112,600 for the capture of the gunman.[80] Communists complained that Detroit police questioned only trade unionists rather than "professional labor baiters and employer stool pigeons." They also claimed that auto baron propaganda created red baiting hysteria against the third round wage drive.[81] An unsuccessful attempt on Victor Reuther's life on May 25, 1949, amplified the case further and doubled reward money. Some evidence suggested a plot by combined Communist and gangster forces. Communists sought UAW power, and the Detroit underworld needed Red co-operation to maintain lucrative auto plant gambling rackets. Courts never substantiated these charges.[82] A Senate labor rackets committee investigation in 1958 also came to a deadend. The statute of limitations in the case expired April 20, 1968, making the guilty immune from prosecution if found.[83]

Carl Haessler recalled that "for some years it was impossible to say anything against the Reuthers--no matter how true--that would find general credance," because of the shootings. Even from a hospital bed, Walter gained power. Victor thought the shooting hindered management in the negotiations as it martyred Walter among UAW members. They would fight harder if it came to a strike. Labor reporter Jack Crellin said the shooting caused reporters to neglect negotiations.[84]

From his hospital bed, the man who straight-armed his way to UAW control instructed doctors to improve the traction pulling his encasted right arm. The 1948 contract setting he helped to create not ran on its own power.

Reuther and Wilson, who indirectly influenced these negotiations even though they did not meet across the bargaining table, formed an unusual mutual admiration society. Unorthodox leaders within their economic spheres, both considered broad questions of American life and formulated well-publicized programs as their organizations magnified their national power.

The "gentleman" union leader wanted GM to be the most prosperous company in the auto industry because "nothing could be more asinine than to destroy GM and destroy the job opportunities with GM."[85] The company president who took unusual interest in worker well-being made a familiar "foot-in-mouth" blunder when he gave reporters this quote: "Reuther is a remarkable leader, a very valuable man . . . I cannot tell you how good a man he is because his membership might not like it."[86]

The unified UAW which operated with businesslike efficiency under Reuther met the top company in the automobile oligopoly, whose president prepared to introduce a new method of wage determination on a large scale. Early auto manufacturers struggled with technology in a competitive atmosphere, but by the 1930's General Motors, Ford and Chrysler emerged as the strongest, with seven small companies seeking their share of the market the "Big Three" dominated. They competed for greater market shares as they improved products, introduced new ideas, anticipated consumer tastes and used aggressive advertising and salesmanship. Victory or defeat with General Motors and Ford small car experiments could alter market positions. Independents, like Kaiser-Frazer Company, might have cut considerably into the Big Three's dominance if they had managed their initial investment with more foresight.

Formal price fixing was illegal, but price leadership, with General Motors the keystone, helped minimize price competition, especially after the early 1950's. With about 40 percent of the market, GM calculated new costs and set new prices to meet their historical average profit margin at a standard volume. The price set, Chrysler and Ford--with about 20 percent of the market each--tried to match it, but generally did not come up with profit margins for comparable models which GM had. Neither did smaller companies, which had gone from a prewar 10 percent to a 1948 20 percent share of the market.

By 1948, and until about 1952, other elements overshadowed GM's latent price leadership. General Motors made its historical margin and its dealers made more than their normal share of profit, but consumer demand was so great that Chrysler, Ford and others could price their models higher than GM brands and still sell.

Wilson probably anticipated GM's eventual price leadership and considered new entrants a minor nuisance. He foresaw that if GM maximized production and predicted labor costs, it could profit greatly from high consumer demand. To do so, the company needed to secure labor peace. The formula could not predict labor costs in absolute terms, because living costs might rise or fall irregularly, but as a neutral referee, it evaded much of the mystery and disruption of continual bargaining. Wilson had to convince a reluctant board of directors and finance staff members that the productivity increase which certainly would come in times of eager consumers and uninterrupted working days, could pay GM's wage bill as well as its increased supply costs. Suppliers would also raise wages, GM officials assumed. Higher costs for wages, supplies and taxes would not force price raises, or result in volume cuts and unemployment. GM needed this argument to satisfy the UAW as much as GM's finance staff.

The union had a delicate balance to maintain. They knew the company wanted maximum production and they could cripple GM with a strike which would benefit their competitors, but they also knew that a strike would hit GM workers again, who just began to recover financially from the long 1946 strike. UAW leaders probably sought ultimate wage increases short of a strike. The UAW was in a better position than ever to balance options because it was more sure of its identity and unity than before. Tension between AFL and CIO factions no longer harmed the UAW. The young man with an apparently big UAW leadership future saw that the small percentage of Communists who once helped the movement organize workers was now a big liability. The public might allow even greater union repression than the Taft-Hartely Law implied if the UAW insisted on continued close relations with Communists. The general political goals and methods of the Reds did not mesh will with practical, economic drives channeled through collective bargaining and strikes which the UAW stressed. The UAW President probably sensed that longer periods of high employment and rising membership during industrial prosperity would strengthen the union more than stubborn militance would, but he needed to take a strong position to maintain his own power and gain advantages for UAW members.

The best position for Reuther and the UAW was probably to avoid internal political disruption like the Five Flint Presidents offered, and gnaw at, but not bite off the hand that fed them. They did not want to destroy GM, but to get the best of it.

General Motors negotiators knew that UAW members wanted wages to keep up with living costs as well as improve their standard of living. In spite of Taft-Hartley legislation, the elimination of Communist influence from the UAW and the coming to power of a leader who talked friendship with GM, the UAW wielded considerable power. GM did not want to destroy the union but to rationalize labor relations into more predictable patterns, so that the company might be able to function more effectively in a promising economy. While it appeared that GM would like to co-opt labor, it would not usurp its function, as the aborted GM insurance plan which ended in negotiated benefits, indicated. In other areas GM held its ground. Company ability to pay arguments were sidetracked.

The UAW acted with more self assurance once the fight for recognition and unity ended successfully. Now, members sensed that if they worked for practical gains to strengthen their economic position, they might soon widen the scope of collective bargaining, maximize wages, and seek new gains like insurance programs, benefits and pensions. If their union prospered in members and financial backing, they could even pursue political and social programs.

For both parties, a promising peacetime economy beckoned them to find a common ground. The bargaining table provided the setting.

FOOTNOTES

CHAPTER III

[1]Lester Velie, Labor, U.S.A. (New York: Harper and Brothers, 1958) p. 77; United States Department of Labor, Bureau of Labor Statistics, A Brief History of the American Labor Movement (Washington, D.C.: U.S. Government Printing Office, 1970), p. 37; Walter P. Reuther, "President's Report to the 11th Convention of the UAW-CIO," Atlantic City, New Jersey, November 9, 1947, p. 5, WRLA; and Arthur O'Shea, "Reuther Steers a Purposeful, Silent Course," Detroit Free Press, April 4, 1948.

[2]R. J. Thomas Collection, quote from Newsweek, Vol. 27, No. 14 (April 8, 1946), p. 73, from R. J. Thomas memo, "Newsweek Praises Reuther's Discipline Policy in GM," WRLA-RJTC.

[3]Eldorous Dayton, Walter Reuther: The Autocrat of the Bargaining Table (New York: The Devin-Adair Company, 1958), p. 7, and Jerry Hartford, "Reuther Considered By Many As Likely Heir To Murray Crown," North American Labor (March, 1948), p. 14.

[4]Velie, Labor, U.S.A., p. 67.

[5]"Top U.S. Labor Unions," Life, Vol. 24 (May 31, 1948) pp. 80-81, and O'Shea, "Reuther Steers a Purposeful, Silent Course," Detroit Free Press, April 4, 1948.

[6]Velie, Labor, U.S.A., p. 64.

[7]Dayton, Walter Reuther, p. 87, and "Says Reuther Spurned Reds," CIO News, September 8, 1948.

[8]Dayton, Walter Reuther, pp. 12-13, 39-45, 50-55, 87, and 104.

[9]As quoted by Velie, Labor, U.S.A., p. 64.

[10]Hartford, North American Labor, p. 29.

[11]"UAW To Go After Raise This Spring," Detroit _Free Press_, December 19, 1947.

[12]Interview with George Addes, August 13, 1974.

[13]As quoted by Winter, "The Face of a Social Democrat: Walter Reuther," p. 1, WRLA-NGC.

[14]Bargaining Committee, Cadillac Local 22, UAW-CIO, "An Open Letter to Walter Reuther," Detroit, Michigan, September 27, 1947, p. 2, WRLA.

[15]Dayton, _Walter Reuther_, pp. 67, 69-71, 88, and 92.

[16]Interview with George Addes, August 13, 1974.

[17]Dayton, _Walter Reuther_, p. 104.

[18]Interview with George Addes, August 13, 1974.

[19]Oral History Interview, Carl Haessler and Jack Skeels, ILIR, October 24, 1960.

[20]Oral History Interview, George Addes and Jack Skeels, ILIR, June 25, 1960.

[21]Oral History Interview, Carl Haessler and Jack Skeels, ILIR, October 24, 1960.

[22]Interview with George Addes, August 13, 1974. See also Thomas E. Groehn, "Labor and Industry," _Detroit News_, October 2, 1943, WRLA.

[23]_Ibid_.

[24]Dayton, _Walter Reuther_, p. 146.

[25]Thomas E. Groehn, "Labor and Industry," _Detroit News_, September 11, 1943, WRLA.

[26]Thomas E. Groehn, "Labor and Industry," _Detroit News_, no date, WRLA.

[27]Oral History Interview, Carl Haessler and Jack Skeels, ILIR, October 24, 1960.

[28]Oral History Interview, R. J. Thomas and Jack Skeels, ILIR, March 26, 1963.

[29]Dayton, _Walter Reuther_, p. 156.

[30]Oral History Interview, John Anderson and Jack Skeels, ILIR, February 17, 1960 - March 21, 1960.

[31]Dayton, _Walter Reuther_, p. 166.

[32]_Ibid_., pp. 164, 167.

[33]Oral History Interview, John Anderson and Jack W. Skeels, ILIR, February 17, 1960 - March 21, 1960.

[34]Dayton, _Walter Reuther_, p. 171, and Oral History Interview, Carl Haessler and Jack Skeels, ILIR, February 26, 1963.

[35]Oral History Interview, R. J. Thomas and Jack Skeels, ILIR, February 26, 1963.

[36]Interview with George Addes, August 13, 1974.

[37]Oral History Interview, Carl Haessler and Jack Skeels, ILIR, October 24, 1960.

[38]Dayton, _Walter Reuther_, pp. 171-172.

[39]Oral History Interview, Carl Haessler and Jack Skeels, ILIR, October 24, 1960.

[40]"Purchasing Power For Prosperity," UAW Pamphlet, Detroit, Michigan, from a speech by Walter Reuther, p. 39, WRLA-WRC.

[41]As quoted in "Notes on 'Reuther and Speedup,'" 1946, WRLA-NGC.

[42]Walter P. Reuther, UAW Press Release, Detroit, Michigan, August 27, 1947, p. 1.

[43]Interview with Jack Palmer, head of the "Five Presidents," September 5, 1974.

[44]Oral History Interview, John Anderson and Jack Skeels, ILIR, February 2, 1960 - March 21, 1960.

[45]Interview with Jack Palmer, September 5, 1974.

[46]"Notes on Escalator Clause," January 24, 1947, attached to letter from Coburn S. Walker to UAW Members, February 1, 1948. From material given to the author by Jack Palmer, Flint, Michigan, September, 1974.

[47]E. E. Phelps, Director of Research and Education for the Oil Workers International Union, to Nat Weinberg, UAW Research Director, January 23, 1948, in author's possession.

[48]Coburn Walker, Letter to UAW Members with attached summary to "Reasons for Opposing Escalator Clause," February 1, 1948, in author's possession.

[49]Interview with Jack Palmer, September 5, 1974.

[50]Walter P. Reuther to all UAW-CIO Members, Detroit, Michigan, October 6, 1947, WRLA-NGC.

[51]As quoted in "Reuther Seeks Head of Lobbyist," Detroit Free Press, March 23, 1947.

[52]"Reuther Loses Purge Attempt," Detroit Times, March 24, 1947.

[53]Oral History Interview, John Anderson and Jack W. Skeels, ILIR, February 17, 1960 - March 21, 1960.

[54]Walter P. Reuther to all Local Union Officers and Members of the UAW-CIO Regarding FE Merger Proposal, Detroit, Michigan, June 30, 1947, WRLA-UAWED, VRC.

[55]Oral History Interview, John Anderson and Jack Skeels, ILIR, February 17, 1960 - March 21, 1960.

[56]Michigan State Legislature, "The Callahan Act," passed June 6, 1947, in Lansing, Michigan, WRLA-NGC.

[57]Oral History Interview, John Anderson and Jack Skeels, ILIR, February 17, 1960 - March 21, 1960.

[58]Telegram from Sara Greenberg to John Livingston, September 23, 1947, WRLA-JLC.

[59]NLRB provided facilities for union elections and unfair labor practice hearings. From Oral History Interview, Carl Haessler and Jack Skeels, ILIR, October 24, 1960.

[60]Interview with George Addes, August 13, 1974.

[61]Letter from Emil Mazey to all local unions on Taft-Hartley Affidavits and Statements, November 17, 1947, p. 2, WRLA-NGC.

[62]Oral History Interview, John Anderson and Jack W. Skeels, ILIR, February 17, 1960 - March 21, 1960.

[63]Jack Crellin, "Purge Reds, Reuther Asks Convention," Detroit Times, November 10, 1947.

[64]Oral History Interview, Nat Ganley and Jack Skeels, ILIR, April 16, 1960.

[65]Oral History Interview, Victor Reuther and Jack Skeels, ILIR, March 7, 1963.

[66]Oral History Interview, Leonard Woodcock and Jack Skeels, ILIR, April 30, 1963.

[67]Interview with John W. "Jack" Livingston and E. J. "Pat" Patterson, September 5, 1974.

[68]Oral History Interview, John Anderson and Jack Skeels, ILIR, February 17, 1960 - March 21, 1960.

[69]As quoted in "Reuther Assails 'Conservative' Label," Detroit Free Press, November 15, 1947, and Letter from Walter P. Reuther to all UAW-CIO Members, Detroit, Michigan, October 6, 1947, p. 1, WRLA-NGC.

[70]Asher Lauren, "UAW's Levy Asks Million," Detroit News, March 31, 1947.

[71]Interview with Jack Livingston and Pat Patterson, September 5, 1974.

[72]"Organizational and Educational Program to be Advanced in General Motors Plants Covered by National Agreement," Instructions to UAW Leaders in Locals prior to the February 9 - March 21, 1948 Membership Drive, WRLA, UAWGMDC; and Jack Livingston to L. C. Steele, in Hurdland, Missouri, May 17, 1948, p. 1, WRLA-JLC.

[73]"Fear Guinea Pig Role for GM," Detroit Times, January 29, 1948.

[74]Nat Weinberg, "More Adequate Current Reports on Industrial Activity," Speech before the American Statistical Association, New York City, New York, December 29, 1947, p. 1, WRLA.

[75]"UAW and Electrical Union Plan New Pay Raise Campaign," New York Times, January 7, 1948.

[76]As quoted in Hugh Daly, "UAW to Ask Pay to Match Prices," Detroit Times, December 19, 1947.

[77]As quoted in Arthur O'Shea, "Reuther Steers a Purposeful, Silent Course," Detroit Free Press, April 4, 1948.

[78]Velie, Labor, U.S.A., pp. 71-73.

[79]As quoted in "Reuther's Own Story of Escaping Death," Detroit Free Press, April 22, 1948, and Dayton, Walter Reuther, p. 192.

[80]"$112,600 Reward Spurs Manhunt," Detroit Free Press, April 22, 1948.

[81]As quoted in William Allen, "Reuther Shooting Used to Head Off Wage Fight," Daily Worker, May 2, 1948, and Nat Ganley, "Auto Barons Use Reuther Shooting As Hatchet Against 30¢," Daily Worker, May 2, 1948.

[82]Issac Don Levine, "The Story Behind the Plot to Kill the Reuther Brothers," Plain Talk, Vol. IV, No. 4 (January, 1950), pp. 1-2.

[83]Robert S. Ball, "Senators Open Reuther Shooting Quiz," Detroit News, September 7, 1958, and Frank Cormier and William J. Eaton, Reuther (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1970), p. 274.

[84]Oral History Interview, Carl Haessler and Jack W. Skeels, ILIR, October 24, 1960; Interview with Victor Reuther, August 8, 1974; and Interview with Jack Crellin, August 14, 1974.

[85]As quoted by Carl Winter in "The Face of a Social Democrat: Walter Reuther," a biographical sketch issued by the Michigan State Committee of the Communist Party, 1946, p. 2, WRLA-NGC.

[86]As quoted in Oral History Interview, Carl Haessler and Jack W. Skeels, ILIR, October 24, 1960.

# CHAPTER IV

## UNIFIED AUTO WORKERS MEET "GENEROUS" MOTORS

About a quarter of a million members looked to the thirteen UAW representatives to battle eight GM negotiators for their well-being. The UAW served an unprecedented 132 demands to GM on March 12, 1948, and negotiations formally began.

For the negotiations, GM outfitted Room 5-202 of their Detroit office building with "some of the damnedest old furniture, whatever they could find."[1] UAW men sat across from GM men in double rows around a small conference table. The number of negotiators present changed daily.

All the key negotiators remembered from experience the union-management struggles of the 1930's and the bitter strife over union recognition and collective bargaining. UAW President Walter Reuther, who stood on a factory platform during the 1937 Sitdown Strike, now politely sat down at the bargaining table. He led only forty days of negotiations for the UAW before an assailant shot him. Hospitalized, he left Thomas Arthur "Art" Johnstone and John W. "Jack" Livingston to fight for the union.

Art Johnstone knew labor's needs. As a thirteen year old "hired man," he once plowed fields with eight horses in a four-horse tandem to earn a living. He emigrated to Detroit, and in 1928, Pontiac Motor Car Company hired him as a dock-loader for 50 cents an hour. Regular eleven hour days stretched into fifteen and sixteen hour days without overtime premium pay. When he tried to organize fellow dock loaders to seek more just work practices, his supervisor dismissed him. Shortly after, he concealed his previous employment and got a job framing coaches for Yellow Truck and Coach Company (now GM Truck and Coach). Johnstone became one of the first UAW members. He directed the UAW's GM Department in 1948.[2]

Jack Livingston resigned the presidency of his local union at a St. Louis GM assembly plant to join the UAW international staff in 1939. His wife was also an active union organizer. As UAW-CIO Vice President in 1948, he sat down to his ninth bargaining session.[3] Livingston was the "top man" and Johnstone, the "articulate fellow," GM negotiator Lou Seaton judged.[4]

Seaton, GM's director of labor relations in 1948, did most of the talking for GM in this session. He, too, knew the working world. A Detroit chart and poster firm made him their messenger boy when he was in the eighth grade. He worked at various jobs there, and attended Wayne University several years before Victor and Walter Reuther enrolled there. He joined GM's Sales Section in 1928, then moved to industrial relations four years later. His casual grammar, wit and dockworker expletives enlivened negotiations for about thirty years.[5]

GM's Vice President in charge of the Personnel Staff, Harry Anderson, negotiated less than Seaton, but in 1948 was the company's "top man at the table." Management and labor leaders alike knew him as a "quiet and determined negotiator." His dignified manner, accented by a bow tie, gave him a professorial air. He came to GM labor relations in the 1930's, after legal training at the Detroit College of Law until 1913, and sales positions in GM and other companies. He often assisted C. E. Wilson. In 1959 his life ended tragically when retired GM President Harlow Curtice shot him in a duck hunting accident.[6]

As key UAW negotiators consulted Walter Reuther in Grace Hospital, and later at his home, the GM bargainers sought President Charles E. Wilson's advice. Both sides brought to the table their research staff leaders, who mustered charts and graphs to back their arguments.[7]

The union viewed GM in 1948 as "in a good position financially" with "a good market."[8] Livingston dramatized, "We used to describe General Motors as a corporation with its headquarters in Wall Street and its hindquarters spread all over the world." GM loved the UAW equally. "We may be married to you, but by God, it was a shotgun wedding," Livingston remembered a GM man remark in a tense moment.[9]

Both parties evidently accepted each other better by 1948 and showed more candor and amiability.[10] Some tensions continued. Seaton remarked that Johnstone threatened the GM "titans" to "the damnedest struggle ever," and challenged him to public debate on whether the corporation restricted the union, or the union, the corporation.[11] GM negotiator Earl Bramblett claimed that company officials then wanted a "longer, sounder agreement." They were tired of "either going out of or coming into negotiations."[12]

There was more privacy in the 1948 negotiations. Previously, the UAW publicized its case in the press. The media now hungered for information from either side. Government, frequently a third party in former settlements, lost its place. Livingston also dismissed court reporters during the 1948 session. He asserted that both sides this year "did their homework better."[13] Johnstone reminded GM that it disliked government directives. He bade the representatives to soothe labor relations so that government would not feel compelled to interfere this time.[14]

Each side knew better what to expect of the other. Livingston once told UAW members about GM negotiators, "They were rough, they were tough, but one good thing about bargaining with GM, you never had to be ashamed to ask for money." Seaton, overhearing Livingston recount this story, wryly commented, "That's right, Jack, we've got it. All you have to do is get it."[15] Seaton considered the 1948 UAW demands "the most drastic set of demands they ever made on GM," but knew some meant more to the union than others.[16]

Tensions grew over the benefits' issue. Months before, Walter Reuther contended that GM promoted its group insurance program to coerce worker loyalty to GM and prevent UAW benefits' programs. Union officials thought they could win a jointly administered, employer financed group insurance policy. GM reminded the UAW that the National Labor Relations Act validated collective bargaining only on wage, hour and working condition questions. The company rejected the union's suggestion that benefits made up "conditions of employment." Two cases pending with the NLRB suspended the question during negotiations.[17]

The UAW accused GM of disrupting union loyalty through insurance plans, job contests and employee relations programs. They also sought to increase their representation ten times to offset alleged company influence with workers. GM officials responded that to them, loyalty was "not an either/or proposition." A worker could maintain several loyalties, to family, friends, church, country, political party, union and company. They did not think either the union or company gained loyalties by fostering class struggle, the GM men said.[18]

The perennial union shop demand emerged once more and GM again refused. From the War Labor Board days, the union still had a maintenance of membership clause behind them. Every worker did not have to join a union, but the ruling required that those who did, must stay in.

The parties argued about whether medical rejections of workers are subject to collective bargaining, and concluded they were not. The UAW sought "time and a half" for Saturday work, but GM agreed to pay time and a half after forty hours of work a week, which was the law.[19]

A nerve numbing numbers game dominated these negotiations. Researchers, armed with wage, profit and price figures, took the spotlight. "A Monstrous monument to unbridled greed," said UAW officials about GM's 1948 first quarter profits. Profits approached 28 percent on investment, compared with the U.S. Treasury average of 4 percent for all manufacturers in 1936-1939. The company's gains were "the greatest ever accumulated in a single three month period by any corporation anywhere on the face of the earth."

UAW researchers visualized that GM could cut retail passenger car prices $130 each, raise worker wages 50 cents an hour, give equivalent percentage increases to salaried workers, and still have 6 percent profits on stockholders' investments.[20] Seaton described their conclusions as "just a propaganda ploy for the great unwashed American public that Reuther put out."[21]

Company researchers accused UAW specialists of manipulating facts and figures to their liking. They admonished union commentators who said profits should be limited to a degree the company men considered prohibitive to industrial expansion. They commented that GM could give away all its green Cadillac convertibles and still make a profit, just as easily, as green Cadillac convertibles represented a fraction of a percent of company output, like the figures they manipulated.[22] To the GM people it seemed just as absurd for UAW officials to tell them how to divide their profits, as to ask them to give away green Cadillac convertibles.

At the end of March union negotiators complained that no progress had been made on economic considerations. The UAW reduced its initial $1.44 demand to 45 cents by March 23. Seaton warned that "ability to pay" arguments, when couched in a UAW tirade against GM profits and executive bonuses, gained little favor with the company. He suggested they change their focus from company ability to pay to the merits of a wage increase.[23]

Anxieties about the cost of living accelerated after the war, when wage and price control ended. Victor Reuther recalled, "we had paid heavily in terms of real wages and actual living standards. If it hadn't been for the long hours of overtime during the war, the living standards of workers would have dropped seriously. . . . At the end of the war, the hours were cut and many hundreds of thousands of workers were thrown onto the streets in idleness."[24]

Seaton remembered UAW officials demanding a "cost of living increase" of 25 cents to catch up with real earnings lost to them since June, 1946. GM negotiators questioned union cost of living figures. Nat Weinberg, their research director, forecast that by May 15 the Consumer Price Index would reach 175, based on the 1935-39 index. Seaton and Johnstone literally gambled on the CPI. Seaton wagered the index would stand closer to 165 than to Johnstone's 175 by May 15. An index figure of 170, they agreed, meant a tie. The stakes? A malted milk shake at Shapero's drug store on the first floor of the GM Building. By mid-May the index was so close to 170 as to defy a milk shake, and probably merited dutch treat on a more potent beverage. Nat Weinberg protested that food and farm product declines influenced the lower than predicted figure. He declared his timing wrong, and said the index would reach 175 by August or September.[25]

UAW negotiators also asserted that workers deserved a raise in real wages because they contributed to American productivity. Increased capital alone did not increase productivity. In fact, capital accumulation over many years deprived workers of their due. They further tried to convince GM men that the American system of mass production required continuing pay increases for workers as consumers to maintain the system.[26]

In other heavy goods industries, managements resisted wage demands. GM and the UAW kept wary watch over them. On April 18, Chrysler offered workers a 6 cent wage hike. UAW negotiators held out for the 35 cents they asked initially. One hundred delegates from fourteen plants rejected the 6 cent offer and seventy-five thousand workers struck their plants. On April 23, GM announced that earlier coal strikes caused shortages of pig iron and steel, and now necessitated the layoffs of two hundred thousand GM metal fabricating workers for ten days. Ford rejected the UAW's 30 cent hourly wage bid, and notified workers it sought to reduce average hourly wages.[27]

General Electric Company refused to increase United Electrical Workers pay. United States Steel Company also turned down the steelworkers union requests for increases. Some eighty thousand United Packinghouse Workers accepted a 9 cent wage increase after dropping their demand for 29 cents. They lost an estimated $40 million in wages because they could have settled for the 9 cents before the strike, some said.[28]

If major companies withheld so much, what could the UAW expect from GM? Seaton remembered Johnstone's dismay after about forty-five days of negotiations: "Lou, you know we came in here with our empty basket and we've been here almost two months now, and I looked in my basket the other day and there wasn't anything in it," Johnstone said. Seaton told him then, "That's right, Art, and there isn't going to be anything in it for a while until the time is right."

Seaton also told negotiators he could not promise they would have a company offer to announce to their delegates at their April UAW meeting. "I understand you will give away two automobiles, so you have a purpose for the meeting," Seaton joked. Johnstone replied that they did not hold the meeting to give away automobiles.[29]

At the UAW delegates meeting, two hundred union representatives from GM plants met to ask local unions to complete strike polls of their 225,000 members by May 23. Their strike deadline was May 28. The Congress of Industrial Organization officials warned of inevitable strikes in either auto or electric industries. They needed a substantial wage settlement in order to bargain well in other industries, or their 1948 wage drive would collapse.[30]

Seaton said there was not too much strike talk. The UAW earlier struck Chrysler, and "under Walter Reuther's genius, they believed in taking one at a time."[31] GM negotiator Earl Bramblett sensed then that the UAW still felt the impact of the 113 day, 1945-46 strike, and "would take a long look before they plunged in again."[32]

"C. E." Wilson awaited a golden opportunity to introduce the formulas he prepared. For days Wilson did not give Seaton anything to fill the UAW basket. Other than the eventual 1948 offer, the GM President prepared no alternate proposals.

Stephen DuBrul and Andy Court helped Wilson study how to implement the formula. On the cost of living allowance, they considered the possibility of local adjustment by cities, using indices by the Conference Board (NICB) for GM cities that were not covered by the U.S. Department of Labor. Court said they "considered periods of adjustment and whether or not to adjust on the basis of the average wage or the lowest wage or the individual worker's wage. Say it was 2 percent. Should a $3 man and a $5 man each get

2 percent of $4 or should they get it in proportion to their wage?"

They decided to use an average wage base, and shunned local adjustment by cities and selected adjustment according to the BLS Cost of Living Index. The GM men decided that deviation between cities did not make significant differences in formulating a consumer price index. They also thought a large scale survey would neutralize the effects if merchants overestimated consumer prices in order to cause wage increases. Further, the BLS Cost of Living Index was the most comprehensive at the time. Finally, the union would not accept a NICB index, as industry gave financial support to compile it.[33]

Court mentioned that negotiators might have rendered the productivity factor for an individual plant or for General Motors only for the auto industry or on the basis of all American manufacturing. They might have chosen historical averages or current achievement figures, he said.

Court urged Wilson to base productivity increases on individual plants for the current period, making it a group bonus of sorts. He later recanted, "I think 'C. E.' quite rightly felt that the UAW wouldn't accept that . . . that gets back to piece rates."

Court considered measuring productivity a difficult problem because often superior materials a supplier provided or better machinery someone else sold a company improved automobile output per man hour. He concluded that the man on the line who would get a raise would not necessarily be the man who increased productivity.[34]

DuBrul thought the annual improvement factor came as "an afterthought" to Wilson, something to assure longer term contracts, his main goal. Wilson envisioned a 2 percent annual improvement factor based on historical national productivity as the only additional wage adjustment to ever be made above the cost of living allowance. DuBrul cautioned Wilson that "when the 'union boys' signed up on the concepts, they would only stay with the formula as long as it seemed politically feasible." DuBrul believed the labor men would eventually ask for more.

Wilson then said, as DuBrul recalled, "Well, they mustn't do that . . . that's all there is to wack up. Anything beyond that would be inflationary." Wilson hoped everyone would recognize the limits and "hold the line" at 2 percent. He also hoped government policy would support that limit. He scolded DuBrul, "Your view of it is that this is just expediency. This isn't just expediency, it's a fundamentally sound document."[35]

Wilson believed that GM should pioneer wage escalation. If only smaller companies tried it, it would remain obscure.[36] Negotiators laid no groundwork for the concepts during 1948 negotiations but the company president reasoned that he "had enough cards in his hand. Labor was tired of industrial strife." Wilson readied GM negotiators to demonstrate to UAW officials how many headaches the formulas would save both parties.[37]

First, Wilson needed to convince his GM associates. He called for a finance committee meeting in New York City. Company rules required the meeting because Wilson's proposal meant the corporation would spend over $1 million. George Whitney, managing partner of J. P. Morgan and Company, Incorporated and a GM director, opposed the principles. The DuPonts on the Board of Directors showed little enthusiasm. They could have blocked the package, but they did not. The committee debated whether if GM put the concepts in the 1948 agreement, it should also promote their adoption in nationwide wage policies. Mixed feelings emerged. Some said "keep it a short run mechanism for GM. If it works for a while, we've had that much peace. If it blows up, we carry on from there." Others saw it as a sound, long run policy for GM only. Still others considered it good for the country, as well as GM. The committee decided that under the circumstances, GM should advocate it for themselves and continue it as long as possible, but go no further. If GM set an example for other industries, fine.[38]

Back in Room 5-202, the negotiators grew restless. The ultimatum came. On May 18, the UAW filed a ten day notice of intent to strike at GM with Michigan's labor mediation board.[39] UAW negotiator Jack Conway informed Seaton in their May 23rd session that "the steam valve must be screwed down or up tomorrow night." Seaton interpreted: "He was saying that if you're going to build for a strike, you've got to get the locals' support . . . and once you start that, it doesn't turn off like lights do, with a switch . . . so you've got to have either results or a period of time to cool it."[40] About ninety plants voted to strike on Friday, May 28. At least five key plants rejected a strike.[41]

On May 21, Seaton descended from a conference with Wilson, and presented the following aims to the men in Room 5-202: 1)To re-establish and protect the buying power of an hour of work by making cost of living adjustments periodically during the contract's life; 2)To improve the buying power of an hour of work to insure the worker an improved standard of living; and 3)To stabilize labor-management relations over a longer period of time. He then suggested that both GM and the UAW limit members to discuss the ideas and negotiate a settlement. The union agreed and the resultant small committee consisted of: Art Johnstone (UAW), Jack Livingston (UAW), Joe Zingaro (UAW), Jack Conway (UAW), Harry Anderson (GM), Lou Seaton (GM), Earl Bramblett (GM), and Heinrick Gierok (GM). Both sides agreed to maintain silence to the press except in a joint statement, or in case of complete failure or success of this last stage.[42]

Bramblett saw "intrigued and fascinated" faces across the table when Seaton presented the idea. He remembered the UAW men wanted to know immediately the number of cents per hour the formula would yield. They later told Bramblett they spent much of that evening speculating.[43]

Patterson and Livingston remembered that GM's response to their wage demands surprised them. Nothing hinted of GM's introduction of such ideas. Patterson and Livingston viewed the offer as a counter-proposal that Anderson and Seaton originated. They never conferred with Wilson, they said, so could not confirm accouncements in the press later that he originated the response. However, Seaton and others later affirmed Wilson's covert instrumentality.[44]

"It was something that made sense to us," Livingston explained, "if the cost of living wage went down, our improvement factor still worked, and people's cost of living decreased. Then if the cost of living went up, we were still in a better position than ever to argue for more on the improvement factor." He further reflected, "Had we been making just a straight wage settlement, we might have insisted very vigorously on even more at the time, but we were very much in agreement with the basic principles."[45]

The committee discussed numbers, especially what increment in the cost of living index would produce another penny per hour wage, and what base period to use. Seaton recalled, they did not decide upon the period that was best for the UAW or the one that was best for GM but they selected 1935-1939. They agreed that for every 1.14 CPI increase, the worker gained 1 cent hourly, and conversely, wages went down 1 cent for every 1.14 CPI decrease.

GM exhibited how labor productivity averaged 2-2.5 percent annually in the U.S. On their average $1.50 wage, a 2 percent productivity factor equalled 3 cents. The union agreed to this flat increase and Seaton justified their decisions, "The UAW leaders could peddle a flat 3 cent increase to workers better than calling it a 2 percent productivity increase."[46]

Johnstone shoved a slip of paper across the bargaining table on which he wrote: "Chrysler 6¢, me too!" Johnstone wanted the assurance of a solid 6 cents for workers, similar to the offer Chrysler had given UAW representatives earlier.[47] Seaton laughed mischeviously and said he almost got fired when he moved 3 cents of the cost of living raise to an immovable wage increase, then went upstairs to tell Wilson he had destroyed the pure concept of his theory, which the board of directors had accepted. "It defeated the principle in Mr. Wilson's eyes, but he wasn't dissatisfied with the final product. In fact, after some phoning, he even dressed up the wording of the contract," Seaton remembered.[48]

The company sought a three year contract, but settled for the union's limit, two years, with possible longer future agreements. Seaton clarified that the UAW worried about keeping members loyal and organized over three year periods between national bargaining over wages and other issues but they were willing to try a two year agreement.

A week before contract deadline, the public press spread the strike alarm. Governor Kim Sigler of Michigan called Harry Anderson and arranged to meet him at Detroit's Cadillac Square Building. Sigler there promised federal mediation. Anderson answered that they would not need it. If mediators stepped in at that late date, May 21, both sides needed to "put on their whole show from the start." They could "see the lighthouse" in small committee and told the governor of their progress "off the record."[49] Newspapers interpreted Anderson's visit to Sigler as a "basis for optimism regarding a quick settlement." Rumors spread about a wage offer of between 6 cents and 10 cents hourly, about which company spokesmen had no comment.[50]

On May 27 and 28, the UAW Board met to consider the contract. Reuther indicated to the board that the document's arithmetic was "phony." Johnstone agreed and accused GM of predetermining that they wished an 11 cent increase, then fitting the formula to it. They chose straight time earnings of almost $1.50, which included all fringe adjustments except shift premium, as the average wage. UAW negotiators called this an inflated figure, but felt they needed to accept the contract for its principles.[51]

During negotiations, Reuther kept up with developments via phone calls and visits from his men. "He was ill enough that people didn't bother him too much during that period," Livingston commented. He called Reuther at the hospital, a few hours before they signed the agreement, to get his approval.[52] Johnstone remembered that they contacted Reuther only after they had made the agreement, and he related, "Walter required no persuasion to give it his blessing, and did so without comment of any significance."[53]

Other UAW demands vanished. Seaton gestured as a juggler and portrayed the denouement, "All of a sudden, you've settled and there are a lot of balls floating up there yet . . . and you don't ask 'em, you just settle . . . the balls that are still up in the air just ultimately disappear."[54]

From the UAW viewpoint, "Dropping other demands required no great forebearance." Johnstone summarized that demands initiated by locals and approved by the National UAW-GM Department Conference were often so numerous, complex and far reaching that even UAW negotiators called them "sun, moon and stars" demands.[55]

Negotiators dropped the union shop demand and settled for union security similar to previous contract provisions: checkoff of union dues from employee paychecks. Social security and pensions awaited NLRB decisions. If courts ordered the corporation to bargain on such issues, a joint study committee would be set up. The 11 cent pay raise quieted demands for increased vacation pay.[56]

At 6:30 a.m., May 25, typists finished their contract. The negotiators, after twenty hours of bargaining, and nearly thirty-seven sessions, released copies of their agreement to reporters, who had been awakened at four a.m., and summoned to the GM Building.[57]

UAW members got an 11 cent per hour increase; an 8 cent cost of living allowance (COLA) and a 3 cent annual improvement factor (AIF). On September 1, and every subsequent quarter, the BLS Consumer Price Index determined wage increases or decreases, according to the 1.14 increment. There was no ceiling on increases, but a 5 cent floor on decreases. Workers expected another 3 cent standard of living raise on May 29, 1949.[58]

The UAW announced that a quarter-million GM workers gained $55,000,000 a year in wages from the contract and GM could absorb the wage increase without passing it on to consumers in higher prices.[59] Company executives expected to spend $75 million a year for wages, and gain two years of uninterupted production. Some automakers predicted auto price increases. Wilson said "no," not at least until GM introduced its 1949 models.[60]

Several days later GM offered forty thousand United Electrical Workers on their payroll the same wage agreement, and they accepted. A week later, GM gave one hundred thousand salaried workers 4 percent COLA increases and promised to adjust salaries accordingly quarterly.[61]

The UAW and GM still needed to recapitulate the agreement for the workers and the press. Johnstone reminded the executive board of the need to tell workers "not to watch the store windows looking for price increases and jumping for joy each time that price increases."[62] Victor Reuther stated that UAW members sent to locals throughout the U.S. and Canada found it difficult to explain the contract to workers because it was not a little more pay in the envelope but a formula, tied to living cost figures. When workers lived with the agreement and enjoyed its benefits, they understood it better, he indicated.[63]

Each local took a majority vote determination of its entire membership. The convention voting strength of each local decided the outcome. By June 7, a majority of delegates approved.[64]

The public relations staff of GM held a seminar for reporters after the settlement. Seaton related that "the only guy who really understood it was Stan Brams."[65] Brams was publisher of Labor Trends, and Detroit editorial manager for McGraw-Hill publications, which included Business Week. He thought GM sold its story well. He described the Wilson legend of dreaming up the concepts in the hospital: "Here was a logical, simple, dramatic story . . . this man is sick, and thinking about what he can do to solve problems, and he comes up with a brand new formula." People responded, "Here is a formula that will insure labor peace for generations." He concluded that Wilson must have originated the combined concepts, as the UAW never contradicted the way GM heralded them as Wilson's great developments.[66]

Detroit Times reporter Jack Crellin represented GM as more practical than liberal or generous in this settlement. He chuckled, "They always claim generosity whenever they give money away." Under deadline pressure and accustomed to straight wage increases, Crellin could not readily differentiate the COLA and AIF, so good naturedly encouraged his instructors: "Aw, don't bother me with that, let's go get a drink."[67]

Wilson, Reuther and others attended a luncheon meeting of Detroit's Mayor's Labor-Management-Citizen's Committee. Ed Cushman, executive secretary of the committee,[68] said C.E. Wilson thought the group would be interested in the reasoning behind the agreement. The GM President then repeated his hospital legend and reminded eminent persons present that he, a trained engineer, liked to use certain principles to minimize disagreement.

About Cost of Living Allowances, Wilson said, "I didn't believe that employees of General Motors, who hadn't created the inflation, ought to be adversely affected by it any more than could be avoided."

He acknowledged that the annual improvement factor was more original with GM than COLA's, and reasoned, "If General Motors can't meet the average improvement in productivity, in the nation, then we're incompetent as a management."

Acceptance took time, as Wilson narrated at the luncheon. Alfred Sloan's 1941 letter to Virgil Jordon, NICB director, explaining the concepts, received a ten page letter of rejection.[69] Wage and price controls during World War II delayed introduction of Wilson's principles. After the war, he told the group, the "GM people in New York" hedged on the concepts, and issues of the 1945-46 strike distracted them.[70] In 1948, the "GM people in New York" finally agreed to try it.

Walter Reuther sat back in his chair and let Wilson rejoice over what all present considered to be "Wilson's baby." Born from the thought of many years, the 1948 bundle brought mixed blessings. Wilson's baby always needed some explanation to disbelievers and disappointed relatives on either side. It suffered, and still suffers, growing pains.

## FOOTNOTES

## CHAPTER IV

[1]Interview with Louis Seaton, retired vice president in charge of personnel for General Motors Corporation, August 9, 1974.

[2]Thomas A. Johnstone, retired head of labor relations for the Canadian National Railway, to the author, September 5, 1974, pp. 1-4. Workers got straight time, not overtime premium pay for extra hours, according to interview with Louis G. Seaton, August 9, 1974.

[3]Interview with John W. Livingston, former UAW Vice President, September 5, 1974.

[4]Interview with Louis Seaton, August 9, 1974.

[5]General Motors Public Relations Biography, written about Mr. Louis Seaton, March, 1967, GMPRL.

[6]As quoted in "Curtice Slays Friend in Hunting Accident," New York Herald Tribune, November 19, 1959; General Motors Public Relations Biography, written about Mr. Harry Anderson, May 1, 1954, GMPRL.

[7]John W. Livingston, mentioned in interview that he and E.S. "Pat" Patterson, retired UAW negotiators, reviewed the list of signators in the 1948 session. They could identify none among them who they knew had close relationships to the Communist Party, although they knew that some UAW members were Communists, September 5, 1974.

[8]Brent Upson, General Motors' present Director of Economic Relations, clarified that strength in the market can often mean weakness at the bargaining table. He said, "If there is a good possibility you can sell all you can produce, a strike hurts you more. If you couldn't sell it anyway, and there is an alternative of a strike or layoffs, then you perhaps are stronger at the bargaining table." August 6, 1974.

[9]Interview with John W. Livingston and E.J. "Pat" Patterson, September 5, 1974. Thomas Arthur Johnstone noted that CIO President

Philip Murray originated the description, correspondence to the author, December 23, 1975. The GM man referred to was Harry B. Cohen.

[10] *Ibid.*, and Thomas A. Johnstone to the author, September 5, 1974, p. 13.

[11] Interview with Louis Seaton, August 9, 1974.

[12] Interview with Earl Bramblett, retired Vice President in charge of Personnel and 1948 negotiator, August 22, 1974.

[13] Interview with John Livingston, September 5, 1974.

[14] Interview with Louis Seaton, August 9, 1974.

[15] Interview with John Livingston, September 5, 1974.

[16] Interview with Louis Seaton, August 9, 1974.

[17] "Benefits are Ruled as Wages," *Detroit News*, April 13, 1948. UAW officials criticized the GM Insurance Plan as a "high premium, low benefit plan selected by GM without consultation with employees. The company also was chosen with employee voice. The worker would pay all, or nearly all of the cost without having anything to say about the policy's administration. The UAW officials believed GM got a dividend kickback from the insurance company administering the plan. They described the program as "not even benevolent paternalism" but "a vicious form of self-financed charity." From "G.M. Insurance Notes," January 28 - February 11, 1948, WRLA, UAWGMDC.

[18] Louis Seaton noted that Maurice Wyss developed a statement for the company on "Loyalty, An Either/Or Proposition," which he referred to in interview, August 9, 1974.

[19] Interview with Louis Seaton, August 9, 1974.

[20] UAW-CIO Public Relations Department, Press Release, Detroit, Michigan, May 9, 1948, GMPRL.

[21]Interview with Louis Seaton, August 9, 1974.

[22]General Motors Corporation Public Relations Department, Press Release, "GM Report for the First Quarter, 1948," Detroit, Michigan, May 7, 1948, p. 4, GMPRL; Louis Seaton recalled that UAW researchers related total profit on all operations to passenger car production only, which accounted for only about half of GM's production. The UAW statisticians thereby made profits per unit appear double their actual rate. They also misestimated increased labor costs by about one-half he said; they only accounted for wage increases among GM employees, when about half the total work done on GM products originated with supply industry personnel. Interview with Louis Seaton, August 9, 1974.

[23]Ibid. The UAW computed that a 45 cent wage increase and comparable salary increases would cut GM's bonus fund by about $22 million. They would have cut Wilson's bonus by about $350,000.

[24]Interview with Victor Reuther, retired UAW Education Department Director, August 8, 1974.

[25]Interview with Louis Seaton, August 9, 1974.

[26]Ibid.

[27]Arthur O'Shea, "Rejects 6¢ Hike and OK's Strike," Detroit Free Press, April 18, 1948; "GM to Layoff 200,000," Detroit Times, April 17, 1948; and "Let's Cut Wages," Detroit Free Press, May 17, 1948.

[28]J. A. Livingston, "GM-UAW Pact is Epoch-Making," Washington Post, May 30, 1948, and Asher Lauren, "Meat Error Puts UAW Behind CIO Eight-Ball," Detroit News, May 23, 1948.

[29]Interview with Louis Seaton, August 9, 1974.

[30]Asher Lauren, "UAW To Vote On GM Strike," Detroit News, April 28, 1948; Both parties served notice to modify the contract 60 days before its anniversay date, April 28, 1948. The contract continued to operate after April 28, 1948, while negotiations continued. Either GM or the UAW could terminate the 1947 agreement on 30 days written notice. The strike deadline, accordingly, was May

28; Interview with Louis Seaton, August 9, 1974; and Asher Lauren, "Big Auto Strike Expected as CIO Needs Pay Wedge," Detroit News, May 2, 1948.

[31] Interview with Louis Seaton, August 9, 1974.

[32] Interview with Earl Bramblett, August 22, 1974.

[33] Interview with Andrew Court, GM labor economist, September 5, 1974. About 280 government price experts monthly measured actual price changes of set quality, usually purchased by "moderate income families," in thirty-four large cities to determine the Consumer Price Index. The types of prices they tabulated were for some of the following: fuel, food, clothing, household furnishings, transportation, medical services, telephone costs and movie tickets. Some of the cities were rotated or dropped from month to month, but the following ten were always included: New York City, Chicago, Detroit, Philadelphia, Pittsburgh, Cincinnati, Houston, Boston, Birmingham, and Los Angeles. From Carl Thompson, "GM Union's Yardstick Measures Living Costs From Phones to Food," Wall Street Journal, May 26, 1948.

[34] Interview with Andrew Court, September 5, 1974. Productivity is generally measured by relating the total output of a company or industry to the total number of hours required in its production. The man hours are determined by multiplying the total number of workers by the average number of hours worked. Productivity is a measure of the total physical output related to the total contribution of all the factors of production. Economists may, for convenience, divide the total output by the total number of hours worked, and get output per man hour. Since 1939 . . . the distortions of production in World War II and transition to peace made measuring productivity difficult, but most estimates show that productivity increased at about the same annual increase as preceding years. From Jules Backman, "Wages and Productivity," Dun's Review, Vol. 61, No 2297 (January, 1953), pp. 24, 72.

[35] Interview with Stephen DuBrul, director of GM's Business Research staff, June 28, 1974.

[36] Ibid.

[37]Interview with Earl Bramblett, August 22, 1974.

[38]Interview with Stephen DuBrul, June 28, 1974, and Stephen DuBrul to Andrew Court, who advised the author of the disposition of GM board members in correspondence, December 13, 1975.

[39]Asher Lauren, "Notice Filed," Detroit News, May 18, 1948.

[40]Interview with Louis Seaton, August 9, 1974.

[41]"Settlement on GM Basis Is Expected," Detroit Times, May 26, 1948, and "Sigler Revives Chrysler Talks," Detroit News, May 24, 1948.

[42]Interview with Louis Seaton, August 9, 1974.

[43]Interview with Earl Bramblett, August 22, 1974.

[44]Interview with John W. Livingston and E. J. "Pat" Patterson, September 5, 1974.

[45]*Ibid.*

[46]Interview with Louis Seaton, August 9, 1974.

[47]Thomas Arthur Johnstone, to the author, September 5, 1974, p. 8.

[48]Interview with Louis Seaton, August 9, 1974.

[49]*Ibid.*

[50]"Sigler Revives Chrysler Talks," Detroit News, May 24, 1948.

[51]*Proceedings of a Special Session of the International Executive Board, UAW-CIO*, May 27-28, 1948, Detroit, Michigan, pp. 13-15, WRLA.

[52]Interview with John W. Livingston and E.J. "Pat" Patterson, September 5, 1974.

[53]Johnstone said he and Pat Patterson went to Reuther's home after he had left the hospital and after the agreement had been reached to tell him of it. The tenor of their conversation was such "that it was very clear that Reuther had no prior knowledge of what had transpired." Thomas A. Johnstone to the author, September 5, 1974 and December 23, 1975.

[54]Interview with Louis Seaton, August 9, 1974.

[55]Thomas A. Johnstone to the author, September 5, 1974.

[56]"Pay Raise Based on Living Costs," U.S. News and World Report, Vol. 24, No. 23 (June 4, 1948), pp. 44-48.

[57]"The Meaning of the GM Formula," Newsweek, Vol. 31, No. 23 (June 7, 1948), pp. 60-62.

[58]Ibid., and "How GM Got Raise Basis," Detroit News, May 26, 1948.

[59]UAW-CIO Public Relations Department, Press Release, Detroit, Michigan, May 25, 1948, WRLA-UAWGMDC.

[60]As quoted by William P. Black, "Higher Prices Seen a 'Matter of Time' as a Result of GM, Chrysler Wage Boosts," Wall Street Journal, June 1, 1948.

[61]Walter Ruch, "UE, GM Agree on 11¢ Rise for 40,000 Workers," New York Times, May 28, 1948. COLA and AIF settlements were included in ninety-five basic agreements GM made with seventeen unions, including Pattern Makers' League of North America, AFL; International Die Sinkers' Conference; United Rubber Workers, CIO; International Brotherhood of Electrical Wrokers, AFL; AFL Teamsters; International Association of Machinists, AFL; United Plant Guard Workers, and others.

[62]As quoted in Proceedings of a Special Session of the International Executive Board, UAW-CIO, May 27-28, 1948, Detroit, Michigan, p. 16, WRLA.

[63]Interview with Victor Reuther, August 8, 1974.

[64]"Workers OK GM Pact," PM, June 8, 1948.

[65]Interview with Louis Seaton, August 9, 1974.

[66]Interview with Stanley H. Brams, Detroit editorial manager for McGraw-Hill Publications and publisher of Labor Trends, July 25, 1974.

[67]Interview with Jack Crellin, labor reporter for the Detroit Times in 1948, now Detroit News labor reporter. Mr. Crellin has covered labor relations continually since 1939. August 15, 1974.

[68]In World War II, Ed Cushman served as Manpower Commission Director for Michigan. In 1946, he was appointed special assistant to Secretary of Labor Arthur Schwellenbach. From 1954 to 1959 he was American Motors Corporation Vice President of Industrial Relations. From 1959 to 1966, he was Vice President of American Motors Corporation. For intermittant terms, he directed the Institute of Labor Relations, first sponsored by Wayne University, then by both the University of Michigan and Wayne State University. Currently, he is on the executive board of that Institute while also serving as Vice President of Wayne State University. Interview with Ed Cushman, August 1, 1974.

[69]On April 15, 1941, NICB President Virgil Jordan sent Alfred P. Sloan in New York City a letter from New York City (GMPRL) which included the following interesting assertions:

1)Now that labor unions and government work co-operatively, they can determine working hours and wages, but not real income or standard of living. The U.S. labor movement does not now wish to merely increase wages and decrease working hours, but seeks political control of industry and economic organization. They wish to use such political control to improve worker status through legislation and government action, rather than collective bargaining and lobbying.

2)As long as they don't have such complete political control and still depend on bargaining and strikes, they will still seek higher wages and shorter hours, and probably not accept automatic wage adjustment.

3)Even if they gained complete political control, they would not likely accept COLA's, because their political power would depend on union members who would expect higher wages and shorter hours regardless of their effect on real living standards.

4)COLA's might only be acceptable "after considerable painful experience under a labor government which had acquired complete control of industry. It could be successfully applied only if applied throughout industry as a whole. It could be so applied only if industry were government controlled where wages, working hours, prices, and the flow of capital investment into technological improvements were determined for each specific industry and operation. This implies the end of free enterprise and probably also of technological progress and living standards.

5)When applying a rational automatic wage adjustment to any specific concern under free enterprise, the different economic positions of each renders the formula difficult to apply.

6)Universally applied COLA's give the benefits of increased productivity so long as wages are maintained and technological improvements reduce the cost of living index. However, experience shows that wages are usually increased more than the cost of living when it rises and not reduced as much when it falls.

7)The only other formula-based wage determination might be to adjust a company's wages according to its earnings. It would be difficult for a company to openly apportion increased earnings between increased wages and capital requirements for expansion. It would also be difficult to decrease wages when the company profits less. If the formula of this type were nationally applied, it would be difficult to share successful industry profits with less successful industries.

8)Jordan thought tacit rather than automatic wage adjustments according to a more well-developed CPI index might be desirable, but the 1948 type of proposal seemed to him to invite extended government control over prices and wages and create more problems than it solved.

[70] Interview with Ed Cushman, August 1, 1974. By "GM men in New York" he meant some members of the GM Board of Directors, Finance Committee Members and some other GM executives, who conferred in New York City.

# CHAPTER V

# RESPONSE

Some cheered the "generous settlement that broke employer resistance" and anticipated a "new era of good feeling in the auto industry."[1] Chief U.S. Mediator Cyrus Ching expected the contract to set a pattern for industrial peace.[2] *Life* editors pontificated, "It fulfilled the 'just wage' preoccupation of Christian moralists since the Catholic schoolmen of the Middle Ages."[3] A recuperating Walter Reuther and UAW Vice President Jack Livingston traveled to Pittsburgh to discuss the contract with CIO National President Philip Murray.[4]

Some old line trade union leaders disapproved. Victor Reuther remembered "angry growls from Washington, from John L. Lewis" and others who spurned the "unorthodox approach to wage matters." "They preferred a nice big husky cash settlement," he said. "This business of getting it in driblets through cost of living adjustments and annual improvement factors . . . they sort of looked upon it as the negotiating of a boy scout."[5]

One UAW member asked, "How can the leadership claim 11¢ as a victory after telling us the minimum we needed was 30¢ and then we get an escalator besides." Some workers distrusted government control of and company influence over the Bureau of Labor Statistics.[6]

Charles E. Wilson invited his friend, Frank Rising, to a private luncheon to discuss the contract. Rising, who stood out as one of few automotive people bold enough to challenge publicly the new GM agreement, was the former labor editor of Business Week. Now, as head of the Automotive Parts Association, he represented 400 GM suppliers.[7]

He argued with Wilson: "If you use this automatic cost of living wage increase widely, you will find that raising the price of labor raises the price of goods, which raises the cost of living, which raises the price of labor . . . like a dog chasing its own tail."

"And if disaster--weather, let's say--strikes a big segment of the economy and the cost of living goes down . . . then what?" Rising searched. Wilson admitted that his friend had reason for lack of enthusiasm, but countered with his strong conviction that the GM plan relieved both sides of much wrangling, and would regularize labor relations. He also trusted that reassured workers would stay with GM, and work harder for promotion because of the contract.[8]

Some automakers privately admitted "shocked chagrin" to reporters.[9] Contrary to Drew Pearson's rumors that "the big boys of industry" at their "Waldorf Conference" decided to contain wages between 9 cents and 11 cents, key automakers claimed the suddenness of GM's settlement caught them off guard. They considered cost of living escalation passé, impractical and costly. Hopes for labor peace and prospects of record output modified their discontent.[10]

Communists grew red faced at the settlement. The UAW betrayed the worker, they charged. Daily Worker columnist Nat Ganley said Reuther lost out on the key demand, the union shop. He accused the union of negotiating possible wage cuts for the first time in history.[11] Staggered long term contracts weakened the coordination of steel, electrical, and auto industry bargaining, another Communist complained.[12]

Similar cheers and jeers followed the GM package through the years. Wilson spent the hours supposedly released from the continual clamor of bargaining to defend and promote the contract.

By 1950, few industries adopted all three principles, but some insituted longer term contracts. Between 1948 and 1950, GM recorded the lowest amount of time lost to work stoppages in its history. Company officials perceived little UAW resentment when cost of living decreases cut wages in the first and second quarters of 1949 and the first quarter of 1950. As COLA's dropped, GM reduced car prices. In spite of wage cuts, worker purchasing power increased 9 cents hourly in two years, Wilson assessed.[13] GM could pay its wage bill and never complain about labor costs in the initial years of the formula's application. The corporation announced the best operations in history, and credited it to labor peace and the non-recurring influence of postwar consumer demands.[14]

The 1950 agreement secured and amplified the 1948 contract. Some UAW members disliked escalation. Other concessions GM offered in 1950 led them to continue it. COLA's could drop only 3 cents instead of 5 cents as in the original contract. Escalation secured five years of promised industrial peace. Only production standard grievances warranted strikes. GM wanted to continue 3 cent AIF's. The UAW bid for 5 cent, and settled for 4 cent AIF's. Some skilled workers got additional 5 cent increases. GM granted pensions and insurance benefits which surpassed other auto contract provisions.[15]

Although GM again shunned union attempts to gain greater control over jobs, they allowed a modified union shop. By this provision, new employees became dues paying members ninety days after they started work. After one year of membership, they could quit or re-enroll. Those already unionized remained in the duration of the contract. A Taft-Hartley designated election revealed that 89 percent of the voters favored a union shop. The modified union shop gave the UAW the security and prestige it considered vital to the five year period.[16]

The major criticism of the contract over many years was that it appeared to be "inflationary." Critics said the settlement prevented strikes and shortages that often inflated prices, but added that labor costs and consequent price increases offset those benefits.[17] Others feared that if prices fell and wages dropped, de-escalation might amplify recession.[18] Others wondered how a company could continue to pay productivity wages in a recession, when their prices fell. Companies under such stress might lay off workers and also worsen recession.[19]

Wilson often repeated that he considered the compact neither inflationary or deflationary. He insisted that conditions over which GM and its employees had little control, caused inflation: money supply, government fiscal policy, bank credit policy, wars, strikes, exports and crop failures.[20] Wilson reasoned that improvement factors operated on the principle that productivity increases paralled wage increases and were not inflationary.

The performance of the package since its inception indicates that it is about as inflationary as a normal wage settlement would be, and in the long run productivity makes up for such wage increases. In the short run, and under special conditions the package accepted and seemed to worsen inflation. However, the fact that inflation's burden shifted to non-escalated workers is a more important concern.

The Korean War tested "inflationary tendencies." The 1950 contract negotiators considered including an out clause if war came, but decided escalation suited both war and peace economies.[21] Communists in 1948 said GM adopted COLA's because they predicted depression. In 1950, U.S. Communist leader William Z. Foster announced that contract signators hoped for early outbreak of U.S.-U.S.S.R. war because their compact "guaranteed the fabulous profits of GM for five years and foresaw impending high speed, high profit, no strike war production."[22]

When war broke out, President Truman's Council of Economic Advisers expressed concern that prices remain as stable as possible, and wages not increase far beyond the ability of consumer goods to absorb them. They knew that war required increased overtime production, which generated more spendable income. The Council suggested that wages be frozen or that deferred payments or higher taxes mollify wage increases.[23]

Industries adopted escalation to keep their workers during wartime labor shortages. Workers preferred escalation to government wage-price control; they anticipated increasing food costs because farmers had not yet reached parity ceilings on their food prices.[24] The number of escalated workers rose from about eight hundred thousand in January, 1950 to three million in January, 1951.[25] Living costs rose about 10 percent in this period, and Secretary of Labor Maurice Tobin claimed that 45 percent of all wage earners, mainly non-unionized and white collar workers, failed to keep pace with inflation.[26] Walter Reuther feared that government stabilization might impede contracted COLA's. In 1951, he asked Wage Stabilization Board members not to harm "the greatest degree of industrial stability . . . ever achieved in any mass-production industry."[27]

On March 1, 1951, the WSB ruled that escalation according to contracts completed on or before January 25, 1951 could continue until June 30, 1951. General wage or escalator increases contracted after January 25 could not exceed 10 percent.[28] The Board stretched the June 30th deadline to July 31. On August 3, the WSB unanimously agreed to allow most U.S. workers wages that kept up with cost of living increases.[29]

To some National Industrial Conference Board researchers, wage stabilization resembled a "game of leapfrog." They explained: "A general regulation is laid down which sets a permissive wage increase ceiling. A special case comes up and the increase permitted jumps the ceiling."[30]

Others described the government program as "more like controlled inflation than cost of living stability."[31] Economic Stabilization Administrator Eric Johnston defended the wage policy. He reminded critics that it did not raise wages but said government allowed industry-labor decisions to raise them.[32]

Wilson vindicated his formula with his contention that wars and war preparation, rather than the contract itself, caused inflation. There was "a shift in equities between producers (those with the strength and health to fight and work) and those who depend on the producers to protect their accumulated wealth." He believed that inflation increased wages rather than wages prompting inflation.[33] GM statisticians discovered that wages sometimes rose less under COLA formulation than under straight wage bargains.[34]

Further, the company president stated that GM dividends created more inflation than did COLA's. GM stockholders received $176 million compared with workers, who earned $40 million. One stockholder later wrote the company, "If that is what he really believes, the stockholders of General Motors should get themselves another boy."[35]

The WSB adopted it as a national formula, so it must be good, Wilson indicated. It avoided strikes and maintained vital war production. "Maybe you haven't frozen wages, but you've formularized the rise," he said.[36]

A well documented study of wage trends between 1940-1956 by Benson Soffer concluded that conventional agreements between 1941 and 1948 did not sustain real wages as well as GM type contracts between 1948 and 1957. Parallel conclusions resulted from studying trolled inflation than cost of living stability."[31] Economic Stabilization Administrator Eric Johnston defended the wage policy. He reminded critics that it did not raise wages but said government allowed industry-labor decisions to raise them.[32]

Wilson vindicated his formula with his contention that wars and war preparation, rather than the contract itself, caused inflation. There was "a shift in equities between producers (those with the strength and health to fight and work) and those who depend on the producers to protect their accumulated wealth." He believed that inflation increased wages rather than wages prompting inflation.[33] GM statisticians discovered that wages sometimes rose less under COLA formulation than under straight wage bargains.[34]

Further, the company president stated that GM dividends created more inflation than did COLA's. GM stockholders received $176 million compared with workers, who earned $40 million. One stockholder later wrote the company, "If that is what he really believes, the stockholders of General Motors should get themselves another boy."[35]

The WSB adopted it as a national formula, so it must be good, Wilson indicated. It avoided strikes and maintained vital war production. "Maybe you haven't frozen wages, but you've formularized the rise," he said.[36]

A well documented study of wage trends between 1940-1956 by Benson Soffer concluded that conventional agreements between 1941 and 1948 did not sustain real wages as well as GM type contracts between 1948 and 1957. Parallel conclusions resulted from studying select industries before and after escalation. Real wages held up better under escalation than without it during inflation.

Soffer focused on wages during the inflationary period 1941-42, 1946-48 and 1950-51. The first two periods evidenced wage lag as prices rose. In the last period, when escalation took greater foothold, wage settlements responded more quickly to price movements and wages spread more uniformly and rapidly throughout the nation. Conventional contracts re-opened often, to keep apace the COLA's. The study showed that the wage levels rested on an implicit escalator basis when only a small minority were explicitly covered.

Although negotiated increases re-opened often and caught up with COLA's during the Korean War, the opposite proved true in 1955 and 1956. Automatic increases did not keep up with negotiated increases during stable price periods. Ironically, 1955 saw trebled coverage as well as use of both escalation and annual automatic increases as worker and industrialist foresaw continued stabilized prices. If pioneers of the package adopted it to defend against rapidly rising prices, followers adopted it for other reasons, perhaps the desire to experiment.[37]

The second major trial challenged to 1950 contract's durability. When they signed the pact, Wilson told National Press Club members that both parties would definitely sustain it. Although NLRB decisions said that any matter collective bargaining did not settle remained negotiable any time, GM and the UAW held to a waiver clause that nullified the decision's impact on them.[38]

In July, 1952, CIO Steelworkers won a 21 cent flat raise.

Autoworkers envied the secure steelworker wages compared with their possible loss of Korean War escalated gains to postwar CPI setbacks. GM workers might lose as much as 25 cents an hour if the 1949 recession level recurred. They could not re-open their contract until May, 1955.[39]

In September, 1952, Reuther announced the 1950 contract was "a living document," one subject to change when parties faced drastically new circumstances, as they now did. He urged re-opening on that basis in spite of Communist's warnings that GM could later cut wages at will under such a "living document" philosophy.[40] Reuther asked GM to secure 21 cents of the COLA in a permanent base rate, to increase AIF's from 4 cents to 5 cents hourly, and to increase pensions from $125 to $140 monthly.[41]

Another issue disrupted contract continuity. BLS officials prepared a revised index, possibly replacing the 1935-39 based one on which the 1950 contract rested. The BLS showed labor and management how to switch over to the new index in December, 1952. Reuther advised locals to ignore BLS instructions and not commit themselves to any new formulas until they could see settlements in basic industries. He vowed to annul the old contract unless he won desired modifications.

Auto executives implored government officials to continue publishing the old BLS index. They did not want a breach of contract. Reuther refused both easy transition to a new index and use of the old one, as he sought gains from re-opening. President Eisenhower directed BLS officials to continue the old index through the spring, and negotiations continued on an intermittent basis.[42]

Reuther's impasse backfired. In the third quarter of 1952, COLA's continued on the old base. Food costs decreased, and because the old index weighted food more heavily, the CPI dipped from 239.1 to 234.1. It caused a 1 cent hourly net wage cut. Meanwhile, the new index rose slightly, from 190.8 to 190.9, and would have maintained the wages. Reuther said seasonal food factors that caused the downturn already turned upward, but were not reflected in the CPI.[43]

Internal politics prodded the UAW-CIO President further. Carl Stellato, Reuther's enemy from the UAW's biggest local, Ford Local 600, resolved loudly that all future contracts should last only one year. Convention delegates would re-consider long term contracts, the UAW Chief countered. Many delegates opposed five year contracts but remained indifferent to Stellato's one year only stand.[44]

On May 22, 1953, a UAW-GM supplemental agreement gave workers COLA's based on the new BLS index, and froze 19 cents of the previous 24 cent gains into the basic wage structure. The AIF increased to 5 cents. Never again did the UAW wager a five year contract. They negotiated every three years thereafter.[45]

Long term contracts survived. In fact, by 1959, they became normal in most industries.[46] Some industries kept or extended the GM record. General Electric workers negotiated a five year contract in 1955. The Teamsters made a six year pact the same year.[47] In 1974, unionized printers working for the New York Times and The Daily News, signed a ten year compact which provided COLA's according to local prices, a 3 percent AIF and other benefits. The agreement helped newspaper managers solve longstanding resistance to automation.[48]

As the "living document" trauma indicated, BLS index operation was the third major test of the GM package. Both labor and management challenged the BLS' objectivity. Stephen DuBrul remembered that Wilson initially ordered GM researchers to check the validity of the CPI. DuBrul concluded that BLS Commissioner Isadore Lubin weathered many pressures since 1929. Lubin resisted attempts to legislate laws compelling individual companies to release some of their records. The Commissioner declared: "The integrity of this bureau must rest upon the intelligent cooperation of the people. . . . If we start making companies report, we can no longer trust what they send us." He wanted to assure confidentiality, in order to maintain cooperation. He often won his battle to operate the bureau this way, in spite of union and Congressional critics.[49]

The first problem of BLS figures arose in 1949. GM acknowledged UAW claims that the BLS did not account for higher priced, newly constructed dwellings. In August of that year, GM added .8 points to the index they used, without re-opening the contract.[50]

The BLS in 1949 also announced its plans for a 1952 index revision. When the Korean War sent prices soaring, the bureau issued an "interim index." This recognized that the more prosperous 1950 consumer spent less income on subsistence items. They weighted food expenses 10 percent less than formerly but increased medical, automobile and miscellaneous expenses by the same percentage points.[51]

The UAW broke the 1950 agreement in 1953 and negotiated on the 1952 revised index. Surveyors found that housewives bought more of newly improved items in the 1949-52 period. They used more margarine, mechanical refrigerators and synthetic detergents than they had of butter, soap and iceboxes in previous times. The index measured spending habits of thousands of urban families with a $4,000-$6,000 yearly income in forty-six small, medium and large cities. The former index studied families of $3,000-$5,000 yearly income in thirty-four large cities only.[52] For the 1952 index, the BLS priced three hundred items compared with two hundred twenty-five in the old index. The new version included home ownership and maintenance costs compared with rental costs previously stressed. Nylons replaced silk stockings. Restaurant meals, used cars, television sets, beer and babysitters were added. For the old index, one hundred represented price averages between 1935 and 1939. Now, one hundred represented price averages from 1947 to 1949.[53]

The BLS computed that the same percentage change in living costs that made the old index move 1.14 points would move the new index only .68 points. Living costs needed to double to warrant penny increases. The same slower movement also applied to decreases.[54] GM and the UAW used the following standard to make the changeover: roughly 1 percent hourly pay change for each 1 percent CPI change. For every .6 increase in the new index, GM gave another 1 cent hourly. For every .68 point decrease, GM regained 1 cent hourly. No wage cuts occurred if the index fell below 100.9.[55]

About ten years later, BLS index revision appeared on time for a scheduled GM-UAW contract reconsideration, in 1964. A study begun in 1959, led to a new index release in 1964. BLS experts priced four hundred items, and tallied more new than used cars, more private than public transportation, and more highly processed and frozen foods. Workers spent less on cereals and bakery goods, but more on meat, fish and poultry since the 1952 index. The index reflected credit as well as cash purchases. The BLS usually studied urban workers and lower salaried clerical workers in families of two or more. The BLS in 1964 computed a second index that represented the families plus single workers. The families only index ended in November, 1964, when BLS officials saw that both indexes moved in similar patterns. The survey, limited in funding, studied fifty-six large and medium sized cities. Because of new shopping patterns, pricing extended to suburban areas.[56] In October, 1964, GM and the UAW contracted COLA increases according to the new index, and promised 1 cent hourly for each .4 point index increase above 106.1. Again, labor got a floor on wages.[57] A revised 1971 Consumers Price Index changed the reference base from 1957-59 to 1967.[58]

The annual improvement factor was the fourth major aspect of the GM-UAW package to come under question. UAW leaders considered the initial 2 percent of the average $1.49 hourly wage, or 3 cents, an inadequate recompense for their productivity. Above average wage earners sought percentage increases based on <u>their</u> wages, rather than the average. Some economists disagreed, and said that workers did not create as much progress as they got paid for, and beseeched companies to spread productivity benefits to the public via lower prices. The productivity of some workers could never be accurately measured and rewarded, they commented.[59]

Victor Reuther remembered otherwise: "We didn't claim that the result of the rise in productivity was solely traceable to increased effort and efficiency by labor . . . but then we were not asking that the full benefit of the rise in productivity be paid out in wage increases." He went on, "We said we were entitled to a percentage increase, guaranteed, which . . . would reflect what an historical trend had been, and which we had every reason to believe would continue."[60]

National Press Club members praised Wilson's "benevolent liberalism," when he insisted that workmen and other citizens deserved a share in the nation's advancing prosperity. "Any company that expects to show good profits should attempt to earn them through efficiency and progress, and not just by collecting a toll," he professed. The improvement factor pledged employees to recognize how technological progress, better tools and methods, and cooperation increased their own wages.[61]

The 2 percent factor Wilson considered the "final say" on productivity turned out to be but the first fireworks from workers. Labor leaders demanded a greater percentage. "It stopped being a measure of productivity and started to be merely a floor that labor was entitled to," labor reporter Stanley Brams recalled.[62]

In the 1950 contract, UAW members won AIF's of 4 cents hourly, a .5 percent or 1 cent increase over the original provision. GM still publicly defended the AIF. They said it fostered industrial harmony which reaped adequate defense production. Company officials reasoned that better paid workers could buy more and prevent market gluts that decreased prices.

United States Steel Company executives argued that during the Korean War, labor became scarce. To compete for employees, companies needed AIF's or their equivalent, whether or not their own productivity increased. This often spelled more inflation without promoting output.[63] Others argued that productivity actually decreased during war mobilization as new and inexperienced workers joined the work force and plants re-tooled.[64] Even the National Association of Manufacturers, of which GM was one the biggest duespayers, called productivity wage increases inflationary.[65]

The Wage Stabilization Board accepted GM and other employer's productivity based increases, as long as companies proved increased output per man hour and as long as they did not raise prices. President Truman and his Council of Economic Advisers (CEA) approved the yearly 3 percent raises, if based on national productivity averages. They advised against any company policy that appeared to increase wages merely to keep workers. The CEA did not agree with CIO claims that U.S. annual productivity now averaged 4 percent; nor did it accept AFL advocacy of a catch up productivity rise of 11 percent since 1951.[66]

A New York City Research Company, Fisher, Rudge and Neblett, Incorporated, questioned 156 company leaders who employed 1.5 million, in 1952. The issue of productivity came up in 60 percent of the companies' policy discussions. These anticipated or knew of labor demands about productivity wages. Slightly over half surmised productivity increases in their industry, but few could guess how much. Half the management representatives opposed determination of wages according to productivity. Only 7 percent favored it.[67]

Many industries that adopted long term contracts or escalator clauses provided deferred wage increases in second, third or later years, but did not call them "annual improvement factors," although many revolved around productivity considerations. Some bargainers provided for long term contracts with deferred increases but not escalation. More rarely over the years have parties adopted long term contracts with escalation but not deferred increases.[68]

Big industries mainly tried AIF's or deferred increases based on productivity increases. Smaller companies bought little new machinery and used few new methods, and did not increase their productivity significantly to warrant wage increases.[69]

The battle of the AIF's continued for GM alongside questions of indexation. In 1953, the re-opened "living document" increased AIF's 1 cent to 5 cents hourly. In 1955, the contract increased it to an average of 6.1 cents hourly. A sliding scale adjusted AIF's at about 2½ percent of worker wages in various ranges. They determined AIF's by the following schedule:[70]

| Wage Range | AIF (hourly) |
|---|---|
| Less than $2.60 | 6¢ |
| $2.60 - $2.99 | 7¢ |
| $3.00 - $3.39 | 8¢ |
| $3.40 - $3.79 | 9¢ |
| $3.80 - $4.20 | 10¢ |

In addition to these gradual increases in the number of cents per hour, the UAW in 1958 claimed that the rate of productivity advance was really 3.9 percent a year and that the annual improvement factor should match this figure. GM's Brent Upson contested the union measurements and also pointed out that any productivity standard should cover all compensation increases, not just regular annual increases in wages alone.[71]

The union did not win its 3.9 percent productivity claim. It won a sustained schedule of 2½ percent of base wage rates or 6 cents, whichever was greatest. The increase averaged 6.2 cents. In 1961, they used the same sliding scale productivity formulation, but subtracted two cents from the AIF and one cent from the COLA toward improved benefits. The AIF averaged 4.4 cents during this contract. In the two years that followed, the 2½ percent sliding scale gleaned average AIF's of 6.8 cents in 1962 and 7 cents in 1963. In 1964's three year agreement, AIF money was transferred to benefits in the first year, then a 2½ percent sliding scale provided adjustments averaging 7.4 cents in 1965 and 10.5 cents in 1966.[72]

The settlement of 1967 brought a 20 cent flat pay increase that included a tacit AIF. In 1968 and 1969, workers received AIF's according to their wage range, as usual. The increase amounted to a 3 percent average, but was not stated as a percentage in the contract. The minimum AIF was 9 cents. Although the first year's increases under the 1970 and 1973 contracts included certain special increases, the underlying 3 percent rendering of a schedule of wage ranges continued through 1975.[73] In 1970, UAW members at GM gained between 49 and 61 cents hourly in the first year. This included AIF and averaged 51 cents. In 1971-72, the employees averaged 3 percent AIF's with a minimum raise of 11 cents hourly.[74] The 1973 contract included a tacit AIF the first year, and 3 percent sliding scale AIF's, with a minimum 12 cent increase the second and third years.[75]

The "GM Formula," as some economists called it, originally angered some industrialists, because it broke a wage increase deadlock and gave increases higher than most others in 1948. It gained popularity as others adopted it in whole or in part to suit their needs. Even those with other wage provisions felt its impact.

Wilson hoped others would "turn away from shotgun bargaining" and apply the principles, not necessarily the money terms, of the GM Formula. He thought small as well as large businesses could use it. Good businessmen do not pay substandard wages, no matter how small their operation, he reminded. Wilson said he discovered that smaller auto parts companies raised wages more than the big auto companies between 1940 and 1950. He considered industries capable of paying wage increases if both labor and management used improved methods to enhance output per worker.[76]

Some observers interpreted 1950 contract terms as a ceiling rather than a standard for automotive and related industry settlements. Walter Reuther suggested that the UAW would trim the GM pattern to meet each particular bargaining situation, as he recognized that many companies could not meet the costs involved.[77]

University of Chicago Researcher Frederick Harbison indicated that the GM Formula reached more than automobile, auto parts and farm equipment industries covered in UAW negotiations. It also touched electrical manufacturing in the GM-IUE (International Union of Electrical Workers) pact. Steel and allied processing and fabricating industries adopted it, Harbison added. Although steelworkers unions shunned UAW bargaining philosophies, they used the GM-UAW pact as a point of departure, for straight wage increases. Harbison believed the settlement would stabilize collective bargaining in mass production industries because it "established a progression of economic benchmarks pegged for a significant period . . . to the extent that these benchmarks act effectively as ceilings, they may stabilize wage movements at or below the GM standard."[78]

Escalation never covered more than 50 percent of workers in contracts that involved one thousand or more. Except in meatpacking companies, escalation rarely appeared in contracts for food industries, textiles, lumber, furniture, paper, printing, public utilities, and railroads. After 1966, construction, finance, insurance, real estate and services sometimes used escalation clauses.

A chart on page 127 shows the ebb and flow of escalation since 1947. As the chart indicates, coverage followed sharp price changes. Parties usually waited for contracts to expire before dropping escalation, so a lag fell between price decreases and discontinued escalator coverage.[79]

If inflation spurred escalation in the Korean War, price stability dismantled many escalator compacts by 1955. Railroad unions with more than one million workers rescinded them.[80]

Sometimes more attractive benefits geared to economic conditions lured workers away from escalation. The 1960 recession found one million electrical equipment and railroad workers eager to drop escalation for supplementary unemployment or reduced hours benefits.

| YEAR | All workers under major contracts (millions) | Number covered by escalation on January 1 (millions) | Percent covered by escalation | Percent increase in CPI's |
|---|---|---|---|---|
| 1947 | NA | NA | NA | 8.9 |
| 1948 | NA | 0.25 | NA | 2.7 |
| 1949 | NA | NA | NA | -1.8 |
| 1950 | NA | .8[c] | NA | 5.8 |
| 1951 | NA | 3.0[c] | NA | 5.9 |
| 1952 | NA | 3.5[c] | NA | .9 |
| 1953 | NA | NA | NA | .6 |
| 1954 | 7.5[d] | NA | NA | - .5 |
| 1955 | 7.5[d] | 1.7 | 23 | .4 |
| 1956 | 7.75[d] | NA | NA | 2.9 |
| 1957 | 7.8[d] | 3.5 | 45 | 3.0 |
| 1958 | 8.0 | 4.0 | 50 | 1.8 |
| 1959 | 8.0 | 4.0 | 50 | 1.5 |
| 1960 | 8.1 | 4.0 | 49 | 1.5 |
| 1961 | 8.1 | 2.5-2.8 | 31-35 | .7 |
| 1962 | 8.0 | 2.5 | 31 | 1.2 |
| 1963 | 7.8 | 1.85 | 24 | 1.6 |
| 1964 | 7.8 | 2.0 | 26 | 1.2 |
| 1965 | 7.9 | 2.0 | 25 | 1.9 |
| 1966 | 10.0 | 2.0 | 20 | 3.4 |
| 1967 | 10.6 | 2.2 | 21 | 3.0 |
| 1968 | 10.6 | 2.46 | 23 | 4.7 |
| 1969 | 10.8 | 2.66 | 25 | 6.1 |
| 1970 | 10.8 | 2.8 | 26 | 5.5 |
| 1971 | 10.6 | 3.0 | 28 | 3.4 |
| 1972 | 10.4 | 4.3 | 41 | 3.4 |
| 1973 | 10.5[e] | 4.1[e] | 39[e] | 8.8 |
| 1974 | 10.5[e] | 4.0(4.5)[e] | 38(45)[e] | - |

a)Contracts covering 1,000 workers or more. Prior to 1966, the construction, service, finance, insurance, and real estate industries were excluded. Government employees (including U.S. Postal Service) are excluded for all years. The 600,000 postal workers have been covered by an escalator clause since 1972.

b)December to December increase in Consumer Price Index.

c)September figures.

d)Estimated.

e)Preliminary. Amended by updated figures in "Cost of Living Clauses Gain Favor in Contracts," New York *Times*, July 28, 1974.

In 1961, GM, Ford and Chrysler Corporations hinted they might end escalation, but none actually did. A Detroit survey showed that fifty-two city companies wanted to stop escalation because they considered it inflationary.[81] The auto companies evidently wanted to grant only increases that would not necessitate car price boosts. Reuther fought to retain AIF's and COLA's but did not expect to win all fringe benefit demands.[82] General Motors wanted a ceiling on COLA's and hoped to negotiate annual rather than quarterly adjustment of COLA's, but won neither in 1961.[83]

The 1960's produced the first major ceilings on COLA's. A 1960 basic steel industry settlement promised COLA increases of no more than 3 cents hourly. Such "caps" were not prevalent until 1970, when 70 percent of all escalator clauses used them. The number declined to 25 percent in January, 1974. Often companies with escalation ceilings used floors. In practice, floors seldom set wage limits as ceilings did, because prices more often rose than declined, however. Between 1967-1970 GM and the UAW agreed to caps and floors, as well as annual, rather than quarterly COLA adjustment. The 1967 pact set a 3 cent minimum and an 8 cent maximum COLA. In 1969, this changed to a 6 cent minimum and 8 cent maximum. Workers in 1969 received the maximum but a 26 cent spillover that evaded them because of the contract terms later came to them in the 1970 agreement.

Industries with escalation ceilings and floors also tried less frequent reviews of and adjustment for cost of living changes. They moved from quarterly to semi-annual to annual reviews. During 1969 to 1970, annual reviews applied to 75 percent of all escalated workers, compared with 25 percent in 1966. A return to the 25 percent coverage by annual review appeared in 1974, possibly because automobile industry settlements begun in 1970 used quarterly assessments for COLA's.[84]

Some people on fixed incomes even won escalation, to protect their living standard. Australian lawyers introduced legislation by which alimony was adjusted to meet rising living costs. The Swedes issued the first "cost-of-living bonds." A semi-public co-operative offered twenty year, 3 percent bonds worth about $19 million to be paid according to the cost of living at maturity. Bondholders received as much as $150 for every $100 invested, plus interest, but a floor prevented any loss of invested money.[85]

Escalation protected some retirement benefits. Under 1965 legislation, federal white collar employees and military personnel had annuities automatically adjusted whenever the index increased 3 percent. A July, 1972 amendment to the Social Security Act began similar adjustment of benefits than came in June, 1975.[86] The same protection covered more than thirteen million federal food stamp program participants in 1974. Some form of escalation reached over five million workers under contract and forty-five million other Americans by 1975.[87]

Everyone struggled to outpace inflation as prices rose 10 percent between 1973 and 1974. Productivity plunged 5 percent in the first quarter of 1974, the steepest decline since 1947. The U.S. government lifted price and wage restraints, and strikes followed bargaining stalemates.[88]

General Motors and the UAW maintained the formula, after a quarter century of use and modification. UAW Vice President Douglas Fraser called it a "protection the UAW would never surrender, because there are too many inflationary forces at work over which the UAW has no control." Otherwise the union preferred controled prices without COLA's.[89] Knowingly or not, Fraser repeated Walter Reuther's 1948 viewpoint.

Wilson's philosophy lost some favor from among GM executives when they recognized climbing "fringe" benefit costs, which did not exist in 1948 when Wilson considered wages alone. In 1967, the contracts limited COLA but the 1970 GM-UAW contract restored an unlimited form. In spite of benefit cost increases, GM continued the cost of living and annual improvement factor increases of the 1948 package as a means of promoting labor peace.[90]

FOOTNOTES

CHAPTER V

[1]As quoted in Edwin Lahey, "GM Settlement May Drive Phobias Out of Auto Plants," Detroit Free Press, May 28, 1948.

[2]"Ching Believes G.M. Plan May Set A Pattern,' New York Herald Tribune, May 26, 1948.

[3]As quoted in "The GM Contract Links Wages To Living Costs and Adds Something for Progress," Life, Vol. 24 (June 28, 1948), p. 38.

[4]Interview with John W. Livingston and E.J. "Pat" Patterson, September 5, 1974.

[5]Interview with Victor Reuther, August 8, 1974.

[6]As quoted in William Allen, "GM Formula Draws Fire in UAW Ranks," Daily Worker, May 27, 1948.

[7]Siler Freeman, "Autographs: Rising Critical of Wage Formula," Detroit Times, May 28, 1948.

[8]Frank Rising and Charles Erwin Wilson became friends eight years earlier, when Wilson urged Rising to give up the labor editorial position he held with Business Week and take on the managerial position for Automotive Parts Manufacturers, Incorporated in Detroit. Frank Rising to the author, Troy, Michigan, August 11, 1974, p. 1.

[9]Leo Donovan, "GM Wage Formula Baffles Competitors," Detroit Free Press, May 26, 1948.

[10]Ibid., and Drew Pearson, "Washington Merry-Go-Round," Detroit Free Press, May 28, 1948.

[11]Nat Ganley, "Reuther Blinks at GM's Major Sins, Cries for Taft-Hartley Aid," Daily Worker, April 25, 1948, and Nat Ganley, "Chrysler Settlement Knocks GM Pattern for Proverbial Loop," Ibid., June 6, 1948.

[12]George Morris, "A Wage Policy to Keep the Workers Divided," Ibid., May 30, 1948.

[13]Louis G. Seaton, "The Thinking Behind the 1950 General Motors Agreement," Wage Policy and Problems in a Preparedness Economy, Personnel Series 136, American Management Association, New York City, New York, October 2, 1950, p. 4. A House of Representatives Subcommittee discovered that in 1951, about 3 million American workers benefitted from escalation, patterned after the GM-UAW Contract, in which a 1 point CPI increase meant a 1 cent an hour wage increase. The report stated: "One cent an hour for 3,000,000 workers for a 40-hour week for 50 weeks in the year is $60,000,000." From U. S. Congress, House of Representatives, "Report of a Special Sub-Committee of the Committee on Education and Labor, Pursuant to House Resolution 73," 82nd Congress, 1st Session, October 28, 1951, Washington, D.C., p. 14.

[14]Alfred P. Sloan, "Address by the Chairman of the Board, General Motors Corporation, Annual Stockholders Meeting, Wilmington, Delaware, May 20, 1949, GMPRL.

[15]Pensions of $100 monthly, including federal social security, at 65, for workers with 25 year's service. If social security benefits increased most workers received more than $100 a month because GM contributed $1.50 monthly each year up to 30 years. The settlement increased life, sickness and health insurance at additional employee cost, and GM promised to pay half of all employee and family surgical and hospitalization insurance. From "GM-UAW Pact Should Not Boost Car Prices, Wilson Says; Wage Rise Seen Matched By Productivity Gain," Wall Street Journal, June 9, 1950.

[16]Frederick Harbison, "The General Motors and United Auto Workers Agreement of 1950," Reprint from The Journal of Political Economy, Vol. 58 (October, 1950), pp. 398-99.

[17]"Inflation Not Licked," New York Herald Tribune, May 26, 1948.

[18]"The Meaning of the GM Formula," Newsweek, Vol. 31 (June 7, 1948), p. 60.

[19]Lawrence Fertig, "Dissenting Opinion," World Telegram and Sun, June 5, 1950.

[20]J. A. Livingston, "Wilson Denies GM-UAW Pact Means Built-In Inflation," Washington Post, November 22, 1950.

[21]J. A. Livingston, "'I Cooperate With the Inevitable,' Says Wilson of Wage Contracts," Washington Post, October 3, 1950.

[22]George Morris, "The Thinking That's Behind the GM Formula," Daily Worker, May 28, 1948. Also see William Z. Foster, "GM War Agreement," Ibid., May 29, 1950.

[23]Council of Economic Advisers, "The Economics of National Defense," Fifth Annual Report to the President, December, 1950, pp. 18-23, GMPRL.

[24]Albert Friendly, "Stabilizers Up Against Automatic Wage Boosts," Washington Post, September 17, 1950.

[25]George Ruben, "Major Collective Bargaining Developments--A Quarter-Century Review," Current Wage Developments, U.S. Department of Labor, Bureau of Labor Statistics (Washington, D.C.: USGPO, February, 1974), pp. 42-54.

[26]"Living Costs Outpace 45% of Wage Earners," Washington Post, December 21, 1951.

[27]As quoted in "The Battle of the Index," Fortune, Vol. 47 (March, 1953), p. 80.

[28]"Text of the Order on Escalator Wages," New York Times, March 2, 1951.

[29]Raymond Blair, "W.S.B. Votes to Allow Wages to Keep up with Living Costs," New York Herald Tribune, August 4, 1951.

[30]As quoted in National Industrial Conference Board, "Wage Stabilization: From Special Case to General Policy," Management Record, Vol. 13, No. 11 (November, 1951), p. 382.

[31]As quoted in Albert Friendly, "Stabilizers Up Against Automatic Wage Boosts," Washington Post, September 17, 1950.

[32]Eric Johnston, "Wage Stabilization," CBS Radio Station WTOP, Washington, D.C., September 7, 1951, WRLA.

[33]Charles E. Wilson, "Sound Principles for Determining Fair Wages," A talk by the President of General Motors Corporation before the Men's Association of Grosse Pointe Memorial Church, Grosse Pointe Farms, Michigan, Wednesday, October 3, 1951, pp. 3, 10, GMPRL.

[34]"Where'll Escalator Take Pay?," Business Week, September 22, 1951, p. 25. Also see the GM chart on page 150 in Chapter Six.

[35]As quoted by C. E. Wilson, "Sound Principles," p. 3.

[36]Albert Friendly, "Stabilizers Up Against," Washington Post, September 17, 1950.

[37]Benson Soffer, "The Effects of Recent Long-Term Wage Adjustments on General Wage Levels Movements: 1950-1957," The Quarterly Journal of Economics, Vol. 73, No. 1 (February, 1959), pp. 43-49, and Joseph W. Garbarino, Wage Policy and Long-Term Contracts (Washington, D.C.: The Brookings Institution, 1962), pp. 78, 82.

[38]William Pyper, "GM President Scores Hit with Press Club," Flint Journal, June 9, 1950. The clause read: ". . . the Corporation and the Union, for the life of this agreement, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated to bargain collectively with respect to any subject or matter referred to, or covered in this Agreement, or with respect to any subject or matter not specifically referred to or covered in this Agreement, even though such subject or matter may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or signed this agreement." From Louis G. Seaton, "The Thinking Behind the 1950 General Motors Agreement," Wage and Policy Problems in a Preparedness Economy, American Management Association Personnel Series 136, October 2, 1950, New York City, New York, pp. 8-9.

[39]"The Battle of the Index," Fortune, Vol. 47, No. 3 (March, 1953), p. 80.

[40]George Morris, "GM's 'Living Document' and the Living Standard," Daily Worker, March 4, 1953.

[41]John Williams, "Auto Wages: The Five-Year Contract Faces General Assault at UAW Convention," Wall Street Journal, March 21, 1953.

[42]"The Battle of the Index," Fortune, Vol. 47, No. 3 (March, 1953), pp. 82, 84.

[43]"Why UAW Wants a Floor Under Pay," Business Week, November 29, 1952.

[44]John D. Williams, "Auto Wages: The Five-Year Contract," Wall Street Journal, March 21, 1953.

[45]United States Department of Labor, Bureau of Labor Statistics, "Wage Chronology: General Motors Corporation, 1939-1966," Bulletin Number 1532 (Washington, D.C.: USGPO, October 1966).

[46]United States Department of Labor, Bureau of Labor Statistics, "Major Collective Bargaining Developments--A Quarter-Century Review," by George Ruben, reprinted from Current Wage Developments (Washington, D.C.: USGPO, February, 1974), p. 44.

[47]"How Escalators Boost Living Costs," Nation's Business, Vol. 47 (September, 1959) p. 37.

[48]Paul Montgomery, "Printers Approve New Contract," New York Times, July 29, 1974.

[49]Interview with Mr. Stephen DuBrul, June 28, 1974.

[50]GM Business Research Staff, Memoranda on the Consumer Price Index, March, 1951, p. 9, GMPRL and General Motors Public Relations

Department, Press Release, August 26, 1949, GMPRL.

[51]GM Business Research Staff, Memoranda on the CPI, pp. 1-4, GMPRL.

[52]"New Index Shakes Escalator," Business Week, December 27, 1952, p. 74.

[53]Joseph Loftus, "Consumer Price Index: Nation's Key Statistic," New York Times, March 1, 1953.

[54]"New Index Shakes Escalator," Business Week, p. 74.

[55]United States Department of Labor, Bureau of Labor Statistics, Wage Chronology: General Motors Corporation, 1939-1966 (Washington, D.C.: USGPO, 1966), p. 3.

[56]United States Department of Labor, Bureau of Labor Statistics, The Consumer Price Index: History and Techniques, Bulletin 1517, USGPO, date unknown, pp. 14-15.

[57]United States Department of Labor, Bureau of Labor Statistics, Wage Chronology, General Motors Corporation, 1933-1966, Bulletin 1532, USGPO, p. 11.

[58]United States Department of Labor, Bureau of Labor Statistics, "Conversion of the Consumer Price Index to 1967 Standard Reference Base Period," Informational release, Washington, D.C., February, 1971, p. 1.

[59]Lawrence Fertig, "Automatic Wage Rise for Productivity Unsound, Can Lead to Trouble, Says Fertig," New York World Telegram, August 20, 1951.

[60]Interview with Victor Reuther, August 8, 1974.

[61]As quoted in "GM-UAW Pact Should Not Boost Car Prices, Wilson Says; Wage Rise Seen Matched By Productivity Gain," Wall Street Journal, June 9, 1950.

[62]Interview with Stanley H. Brams, July 25, 1974.

[63]A. H. Raskin, "Productivity Is Key to Wage Issue," New York Times, November 25, 1951.

[64]"Avoidable Loophole," Providence (Rhode Island) Journal, June 10, 1951.

[65]"GM vs. NAM," America, Vol. 85, No. 10 (June 9, 1951), p. 263.

[66]John Love, "Wage Board Plans to Spread GM's Improvement Factor," Washington Daily News, February 5, 1953, and George Ericson, "Is Annual Productivity 2 P.C. Wage Rise Valid?" Christian Science Monitor, February 16, 1953.

[67]Fisher, Rudge and Neblett Company, "Special Advance Report to Cooperating Companies on 'Productivity' Survey," New York City, New York, May 19, 1952.

[68]United States Department of Labor, Bureau of Labor Statistics, "Major Collective Bargaining Developments--A Quarter-Century Review," by George Ruben, reprinted from Current Wage Developments, USGPO, February, 1974, p. 46.

[69]Ben McClancy (Manager), Informed Executive, November 16, 1953, p. 8.

[70]United States Department of Labor, Bureau of Labor Statistics, Wage Chronology: General Motors Corporation, 1939-1966, Bulletin 1532, USGPO, October, 1966.

[71]"GM Says Reuther's Figures Don't Add," Detroit Free Press, March 13, 1958, and conversation with Mr. Brent Upson, present Director of Economic Relations, General Motors Corporation, August 22, 1975.

[72]United States Department of Labor, Bureau of Labor Statistics, Wage Chronology: General Motors Corporation, 1939-1966, Bulletin 1532, USGPO, October, 1966, pp. 10-12.

[73]Conversation with Mr. Brent Upson, August 22, 1975.

[74]United States Department of Labor, Bureau of Labor Statistics, "Collective Bargaining in the Motor Vehicle and Motor Vehicle Equipment Industry," USGPO, no date, p. 1, GMPRL.

[75]"Detail Supporting Annual Changes in Wage Rates and Cost-of-Living Allowances, GM-UAW Agreements," March, 1974, comprehensive chart provided by General Motors' Assistant Director of Labor Relations John Mollica, August 6, 1974.

[76]As quoted in "GM-UAW Pact Should Not Boost Car Prices," Wall Street Journal, June 9, 1950.

[77]Frederick Harbison, "The General Motors and United Auto Workers Agreement of 1950," Research Reprint Series, Industrial Relations Center, University of Chicago, 1950-51, reprinted from The Journal of Political Economy, Vol. 58 (October, 1950), p. 408.

[78]Ibid., p. 410.

[79]United States Department of Labor, Bureau of Labor Statistics, "Major Collective Bargaining Development--A Quarter-Century Review," by George Ruben, reprinted from Current Wage Developments, USGPO, February, 1974, pp. 46-47.

[80]"Labor Finds 'Escalator' Too Stable, Shies Away from Tying Wages to Living Costs," Wall Street Journal, April 18, 1955.

[81]Asher Lauren, "Industries Rebel on Wage Escalator," Detroit News, July 16, 1961.

[82]"End of Road for Wage Rises?" U.S. News and World Report, Vol. 51, No. 5 (July 31, 1961), pp. 63-65.

[83]John Slevin, "Cost-of-Living Raises Get New Life at GM," New York Herald Tribune, September 14, 1960.

[84]United States Department of Labor, Bureau of Labor Statistics, "Major Collective Bargaining Development--A Quarter-Century Review," by George Ruben, reprinted from Current Wage Developments, USGPO, February, 1974, pp. 45-46.

[85]"Escalator Clause for Alimony Urged," Detroit News, November 7, 1951, and Sylvia Porter, "Cost of Living Bonds," New York Post, January 21, 1952.

[86]United States Department of Labor, Bureau of Labor Statistics, "Major Collective Bargaining Development--A Quarter-Century Review," by George Ruben, reprinted from Current Wage Developments, USGPO, February, 1974, p. 47.

[87]"How Workers Are Faring in Wage-Price Race," U.S. News and World Report, Vol. 76 (June 17, 1974), pp. 47-48.

[88]James C. Hyatt, "Hitting the Bricks," Wall Street Journal, June 12, 1974.

[89]Ralph Orr, "UAW's COLA Helps, But Does it Help That Much?" Detroit Free Press, August 4, 1974.

[90]Interview with John Mollica and Brent Upson, August 6, 1974.

# CHAPTER VI

# MEANING

What did all of the following have in common? Leon Trotsky in his transitional program from capitalism to socialism? The Federal Government in the "Little Steel Formula?" Five Flint, Michigan UAW Local Union Presidents who challenged Walter Reuther? Walter Reuther in later years? Early GM President Alfred P. Sloan? And "What's Good for General Motors" 1940's President Charles E. Wilson?[1]

All received or took credit for originating some form of wage escalation. Charles E. Wilson, more than the others, rested his reputation on it, and defended it during adversity. Wilson probably knew many precedents. Cost of living (COL) data affected the 1902 Anthracite Coal Strike Settlement. Frederick W. Taylor, the "scientific management genius" thought COL wage adjustment would prevent union organization. The development of the Bureau of Labor Statistics during World War I spurred a 1920's interest in using COL data until prices dropped from their peaks in that decade. The data especially influenced government arbitrated settlements.

By the late 1920's workers stressed broader wage considerations, because they feared that COL settlements might freeze real wages. World War II defense programs accelerated living costs, and numerous contracts included re-opening clauses to allow wage adjustment according to increased living costs. In October, 1942, the National War Labor Board decreed such clauses illegal if escalated wages exceeded 15 percent of average straight time hourly rates prevalent on January 1, 1941. Later, the War Labor Board vetoed an American Federation of Labor attempt to extend the escalation ceiling to 22 percent. Most wage re-opening clauses based on COL considerations dwindled.[2]

A few small scale or impermanent escalation experiments occurred at a Sinclair Oil Company facility and among Massachusetts shoe manufacturers in 1946, and in 1947, in International Shoe Company Contracts and at a shatterproof glass company. None of these automatic COL wage adjustment contracts included annual improvement factors and none survived as the GM-UAW model did.[3]

Some countries experimented with escalation. Chile, in 1928, increased wages at the start of each year by a percentage equal to the previous year's COL increase. The country's wages increased 8,254 percent in twenty years, so Chile initiated tax reform, reduced government spending and cut escalation's pace in half. Australian federal wage awards ended in 1953 when government officials thought they exceeded anticipated productivity gains. Most foreign escalation programs required a much larger surge of living costs before activation.[4]

Wilson, in 1941, must have known that as early as 1935, GM's Alfred P. Sloan considered tying wages to living cost changes. In the early years GM officials thought they might use the BLS index for individual cities, rather than the nation. General Motors had plants in twelve of the thirty-two cities for which the BLS published figures. Some plants were in cities without existing COL indexes. This difficulty, plus the relative stability of consumer prices between 1935-1940, discouraged the project.[5]

By 1941, the defense program stimulated sharp price increases. This reality probably urged newly elected GM President Wilson to reconsider wage escalation. "It was a kettle on the back of the stove. Now, he put it on the front burner," Andrew Court remembered.[6] Government wartime policies and some GM official's hesitation delayed presentation of the principles.

After World War II, the UAW turned the heat on GM. It sought real wage increases, not constantly undermined by price increases. Most UAW officials distrusted escalation because it might freeze wages. GM surprised the union men in 1948 with their general proposal and specific formula, but most UAW negotiators believed their prodding helped prompt the GM offer. Few, if any, thought GM tried to "steal UAW thunder" when they offered a package of such obvious benefit to the worker.

UAW negotiators Livingston and Patterson viewed GM's proposal as a counterproposal to UAW wage demands.[7] Union documents, presented in this negotiation, pointed out that workers suffered when their wages lagged behind living costs; that they were entitled to a share in the nation's progress; and that they deserved a bigger share of the U. S. income pie.[8] Victor Reuther thought Walter subtly challenged Wilson to come forth with solutions, and he won. "Walter would raise the demand but would never couch it in all of its specific details lest Wilson would have no freedom of movement," Victor claimed. "Wilson had a very significant role in coming forward with a specific formula, but Walter conceived and dramatized the need and indicated that this was something that had to be dealt with through the collective bargaining mechanism."[9]

Larger historical forces than one man's ingenuity shaped the escalation, productivity, long term wage determination package, until it emerged in its most influential form between the largest manufacturing company and largest industrial union in the U.S., and became a national guideline during the Korean War.

"We think we have started something new," announced GM bargainer Harry Anderson, "It was a settlement reached by good, old-fashioned collective bargaining."[10] It was something old, something new and something borrowed about which Barron's reporters raved: "It had about it the magnificance and largeness unknown to employer-employee relations since the great Sit-Down strikes of 1936."[11] Like the 1936 strikes, the 1948 contract proved an historical watershed.

General Motors pioneered a major labor relations proposal. "Normally, one had always sort of looked to Ford, and maybe Chrysler for these kind of innovations. General Motors did not like to do pioneering," Victor Reuther judged. "It was much easier for the UAW to pioneer with a single family firm like Ford than to deal with a lot of Wall Street bankers and financiers. But I think this experience with General Motors was a very useful one."[12] The UAW characteristically approached GM first when they wanted higher wages, and others first to win principles, claimed Detroit Free Press automotive writer Tom Kleene.[13] In 1948, the UAW went for wages but won mainly principles from GM. In 1948, General Motors also stole some limelight from U.S. Steel, the previous heavy industry wage pattern setter.[14]

For the first time, escalation and productivity figures were combined to offset union fears that escalation alone might freeze real wage levels. A subtle balance of the two principles probably relieved management apprehensions, too. Under escalation alone, workers might slow down their production to reduce quantities, raise prices and raise their wages. As self defeating and unlikely as that seemed, the idea of giving annual increases based on productivity, or output per man hour, tended to counteract escalation's possible psychological drag.

To some GM negotiators, the UAW's open acceptance of technological progress marked a striking new direction from their former conviction that "machines take the bread out of workers' mouths." The agreement on productivity went as follows:

> The annual improvement factor provided herein recognizes that a continuing improvement in the standard of living of employees depends upon technological progress, better tools, methods, processes and equipment and a cooperative attitude on the part of all parties in such progress. It further recognizes that to produce more with the same amount of human effort is a sound economic and social objective.

Before promising advance yearly wage increases, GM wanted workers to understand how vital economic growth was to their well-being. Such progress might be dissipated through strikes, work restrictions, featherbedding, absenteeism, and artificially short work weeks.[15] Although UAW members later complained about technological obsolesence, they proved willing in 1948, not to impede but to accept changes along that line. The productivity factor caught on most in industries with high technological progress.[16] Slow productivity industries tried to tie wages to general economic rates, while above average productivity workers tried to base wage increases on industry or company output per man hour figures.[17] When the UAW sought greater than average productivity gains, the late President John F. Kennedy responded: "No financial sleight of hand can raise real wages and profits faster than productivity without defeating their own purpose through inflation."[18]

The 1948 package first inspired change from annual to multi-year contracts. Only this feature spread until the Korean War, when inflation soared and escalation alone (without productivity factors) gained popularity. After 1955, important industries began to adopt all three principles and introduce what Brookings Institution economist Joseph Garbarino called "The Age of Escalation."[19]

The 1948 agreement stressed an entirely new method of wage determination. It sidetracked considerably Reuther's "ability to pay" arguments, strongly publicized since 1945-1946. Negotiators talked less of prices and profits in subsequent negotiations, and this gave management more of a sense of fixed authority. This compensated for the union security UAW members gained in 1950.[20]

The COLA-AIF formula overshadowed supply and demand bases for wage determination which John L. Lewis reviled in 1936, when he accused GM and Ford of dealing with labor "ruthlessly, as a commodity or an article of commerce. . . . Wages have been set according to the law of supply and demand without regard to human standards of living."[21] Previous COL wage determination differed from the 1948 version. In the early 19th century adjusting wages to a cost of living implied bare subsistence according to the "iron law of wages."[22]

GM bargainers expected strikes, strike threats and government intervention to subside as wage determination pressures. When the government did step in during the Korean War, it not only allowed GM and the UAW to continue their pattern, but endorsed it as national policy.

For the first time, UAW members signed an agreement that could reduce wages as well as increase them. Workers now looked away from local conditions to the whole economy and government indexes for their wages. Such a wage agreement was possible because both parties knew more about and trusted government statistics. Rather than prompting fears of possible wage cuts, the agreement solidified worker expectations of annual wage increases. Non-escalated as well as escalated workers learned to expect such yearly raises.[23]

Most significant, the 1948 contract and its 1950 follow up signalled U.S. labor-management maturity and mutual acceptance. The Reuther led UAW appeared more unified, less unruly, and more trustworthy to GM. General Motors and much of management in general began to concede union permanence. The auto company held onto coveted managerial responsibilities--the right to hire, fire, and keep company books private, but in 1950 the UAW gained more secure membership practices. Both parties confirmed more deep rooted faith in collective bargaining solutions to their conflicts.

Communist George Morris said that GM in 1948 divided labor unions and prevented their united struggle,[24] while some industrialists accused GM of ending "no third round pay increase" unity among businessmen.

As with Ford's $5 a day wage offer in 1914, the GM offer was seen as both a means for the company to win worker loyalty and give him enough money to buy company products. In the Ford example, the wage brought workers into a more disciplined family company, with the patriarch Henry Ford watching over the private lives of workers and rewarding them for good conduct. In 1948, GM and the UAW co-operated more fruitfully around better understood rules of collective bargaining.[25]

Some observers thought GM and the UAW got too close for economic comfort during these years. Fortune magazine wrote of Wilson's widely published letter explaining his economic thinking on the contract: "Except for one or two sentences, the missive could easily have been composed in the U.A.W. research department at bargaining time."[26]

Dynamic leaders Wilson and Reuther moved GM and the UAW closer together. Reuther respected Wilson's practical humaneness as Wilson admired Reuther's discipline and contractual honesty. Both colorful personalities, good speakers and idea men, they developed what their contemporaries described as "industrial statesmanship,"[27] a new diplomacy and realism replacing former bitter battles.

Veteran labor reporter Jack Crellin believed Wilson developed strong feelings about the workers, his "GM Folks," as he called them. Crellin judged that Reuther "indoctrinated" Wilson with social conscience ideas at the bargaining table and public hearings.[28] If Reuther greatly influenced Wilson, the GM President also knew how to convince more conservative associates of inevitable progress. When one businessman reportedly commented "Why let the bureaucrats and labor bosses twist our arm--let's get back to Free Enterprise," Wilson replied steadfastly, "Yes, I guess you're right, but after all, here we are now."[29] Wilson willingly worked within the realities his era presented.

Reuther and Wilson wanted to moderate political extremes in their time. Reuther said he feared extreme reaction on the left and right working together against the Democratic Middle in world politics.[30] Wilson hoped the 1948 agreement would save the nation from economic extremism.[31]

The settlement apparently gratified the pecuniary interests of both parties. General Motors officials saw secure profits and more predictable labor costs resulting from uninterrupted production during tremendous consumer demand. Previous UAW wage demands surpassed their eventual 11 cent gain in 1948, but the 11 cents probably appealed to UAW negotiators because other industries refused wage increases and even in GM there was "hold the line" wage talk. Too, no "going annual increase pattern" held sway in 1948.[32]

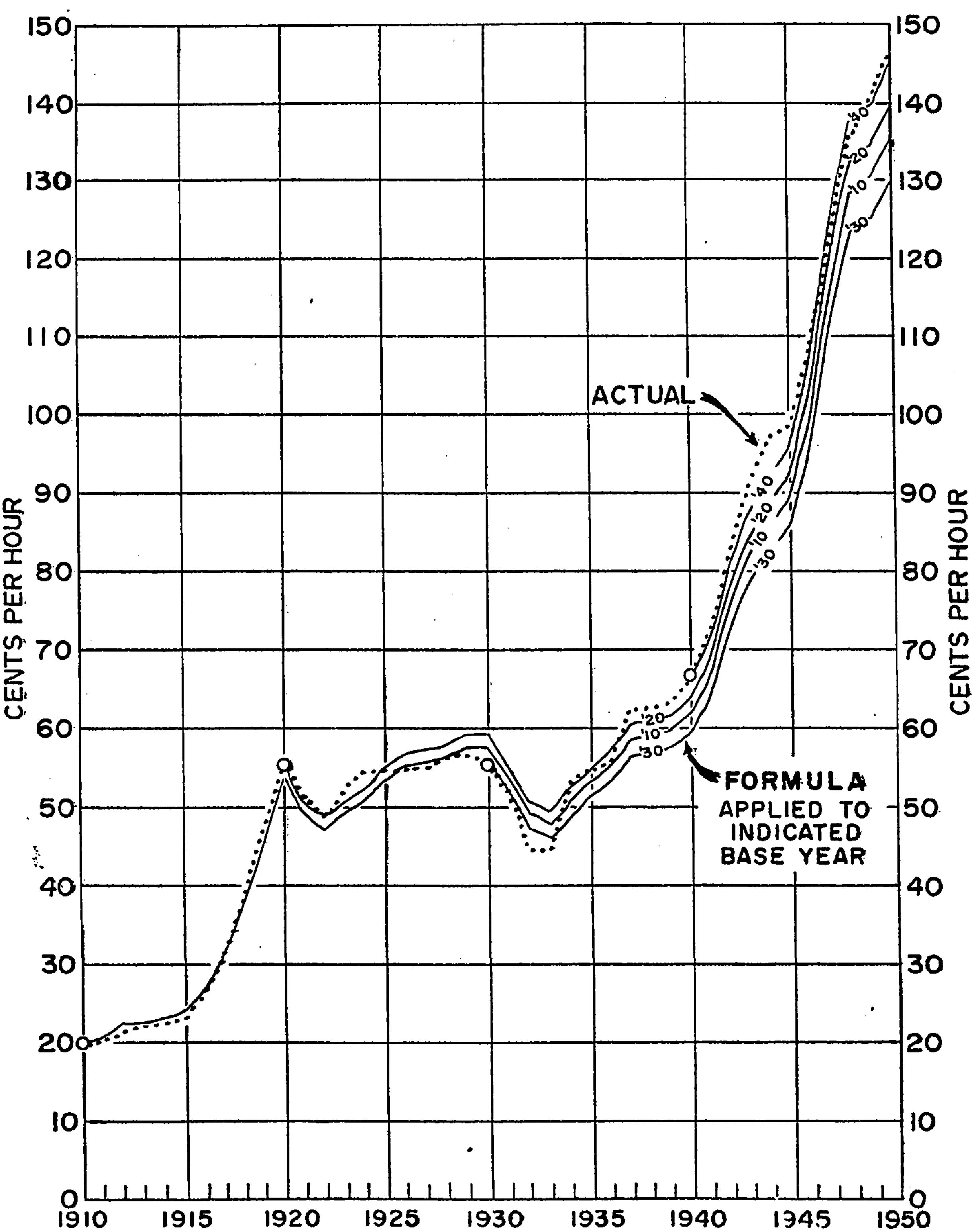
Wilson concluded that COLA and AIF "co-operated with the inevitable."[33] Cost of living increases tended to prompt wage demands. If adopted in 1910, the formula would have rendered average hourly wages within a few cents of existing wage rates and avoided much friction and strikes, he concluded, and used the chart on the following page to back his idea.[34]

Workers also historically gained average increases, adjusted to living cost differences, equal to average national productivity, between 2-2½ percent. Previous to the 1948 contract, however, no short term relationship between changes in productivity and wage increases or decreases existed. Annual wages increased irregularly.[35]

The UAW and GM grew closer in 1948 because of mutual interests and to sidestep government influences so predominant in their recent past. Depression years recalled Blue Eagles and the Wagner Act; war years, the War Labor Board and the War Labor Disputes Act; and in postwar years, fact finding committees and the Taft-Hartley Act. In postwar America, President Truman used executive prerogatives to cause the U.S. government to become the nation's (if not the world's) largest banker, insurance company, utility company, warehouse operator, shipowner, truck fleet operator, landlord and tenant. Truman used remaining depression and war legislation to make the federal government the nation's largest owner and operator of dry cleaning establishments, bakeries, livestock farms, nurseries, shoe repair shops, and ice cream plants. If the government could become a large scale producer of rum, false teeth and fertilizers, why not motor vehicles?[36]

Neither GM nor the UAW thought government determination of prices or wages appropriate for peacetime, yet inflation continued to trouble the country, and some government action was possible. Labor reporter Jack Crellin, then with the Detroit Times, said both the

GENERAL MOTORS CHART, INDICATING ALL FACTORY WORKERS IN U.S. ACTUAL AVERAGE EARNINGS COMPARED WITH FORMULA ADJUSTMENT -COST OF LIVING CHANGES PLUS 2½% ANNUAL PRODUCTIVITY INCENTIVE-




Cost of Living Adjustment has no floor.
Productivity Incentive is compounded.
Actual earnings exclude overtime due to war.

UAW and GM were weak because "they had gone through a long period with the War Labor Board . . . matter of fact, in 1945-46, they were still constantly running to Washington."[37] During negotiations, UAW bargainer Johnstone bade GM representatives to soothe labor relations so that government would not feel compelled to interfere.[38] Both parties spurned government fact finding committee opinions and offers of mediation in 1948.

Ironically, the philosophy and terms of the agreement revealed the federal government's importance to both parties. GM industrial engineers studied whether or not indirect government control might subvert the escalation aspect, because government buying profoundly influenced cost of living changes.[39] The 1948 contract also extended to workers what parity gave to farmers, income security according to statistical tools which the government administered. The two might become incompatible, if COLA's forced higher vehicle prices. For example, if food costs accelerate and are paid for in COLA's which up farm equipment prices, farm parity would increase. Government tools might work together to spur unintentional inflation.

The UAW and GM sent representatives to Washington, D.C. to consult with BLS officials. The 1948 agreement conceded the need for three way co-operation and made permanent their previous involvement with federal agencies.

The BLS index became the most important single government statistic. It affected more paychecks than any other.[40] Both sides could not have their privacy and BLS operations, too. BLS Commissioner Ewan Clague said of his agency researchers: "We are right down in the streets, in your plants, in your stores, and in your homes. We are statisticians in work clothes, both blue collar and white collar. . . ." He congratualted business and labor representatives in Research Advisory Councils for co-operating with the government bureau to produce statistics.[41] Sometimes labor or business representatives appealed to the Secretary of Labor or the Budget Bureau to overrule the BLS on a point, but Clague said neither tried to supress or restrict their work,[42] and both parties vouched for BLS objectivity and forebearance under pressure. In fact, both private sectors grew more dependent than ever on the "objective referee."

The settlement also partially passed the inflation buck to government, as Wilson thought federal financial policies could contribute to inflation.[43] GM and the UAW probably sidestepped government intervention in strikes as they secured greater industrial peace. The federal government went along with GM-UAW policy in its Korean War program.

The auto industry retained the contract longer than any other, in spite of changes that made it unlike the original. In 1950, GM added pensions, benefits, and allowed union security which the corporation earlier had considered unwise. In 1967, the parties enacted a wage ceiling which they terminated in 1970. They eventually applied both AIF and COLA according to a wage range chart. The productivity percentage increased and the increment for COLA raises decreased, both to labor's advantage. Wilson defended the contract even when its provisions exceeded his original wage limits.

General Motors' present Labor Relations Vice President, George B. Morris, Jr., concluded that the AIF helped industry and labor adjust to tremendous technological changes and averted major labor unrest. Without the AIF, they could have "had trouble from those affected by the introduction of new techniques, or problems after we had put new techniques to use" from people fearful that their jobs wo ıd be affected by future changes, Morris said.[44]

Few wage complaints spawned strikes after 1948. A strike threat perhaps moved GM to re-open the 1950 contract in 1953. Thereafter contracts never extended more than three years with the UAW. The COLA-AIF package was a critical issue in auto industry strikes in 1967 and 1970, but production standards and other non-economic local plant disputes occasioned most automobile strikes after 1948.[45] GM's Louis Seaton gave the formula credit for the industrial peace. GM lost about 130 million man hours in the 1945-46 strikes. In the next ten years they lost only about forty million man hours to work stoppages. Not until 1970 did national strikes rob the industry of as many man hours as the 1945-46 strike had.[46] Prosperity as well as the 1948 principles probably fostered industrial peace.

To UAW members, the formula provided income protection but did not increase labor's share of the gross national income, as they hoped. After the initial settlement, UAW officials sought GM productivity measurements, which they assumed would exceed the 2.5 percent for which the company compensated them. Before they even presented the 1948 principles, GM officials concluded that no one could accurately measure industry or company productivity. Suppliers offered more workable materials and better manufacturing methods to help create better cars in fewer man hours. Because inputs and product changed so frequently, single industry productivity measurement was difficult or impossible. Compensation through suggestion plans or patent rights went to workers who contributed intellectually to higher productivity. Piecework or group bonus systems recognized workers whose skills or efforts increased productivity.[47] The UAW also wanted real wages to advance more rapidly than productivity, to correct existing imbalances between UAW power to produce and to consume.[48] The 1958 request met rejection.

Labor's "springboard for progress" brought unanticipated gains. The settlement helped the UAW solidify its membership, and in 1949 and 1950, win pensions and improved insurance and vacation plans. The union strengthened its financial position and aimed for a security providing strike fund. The UAW also challenged the Teamsters power base in Michigan and United States politics. Victor Reuther believed that the 1948 negotiations paved the way for General Motors' willingness to do some pioneering on SUB (Supplemental Unemployment Benefits) and the guaranteed annual wage.[49] Wilson openly recognized and joked that the UAW now assumed it had to come up with a "new model" every year, just as industry did.[50]

The contract weathered the criticism "inflationary" more than any other. Wilson originally stated that the contract would neither be inflationary nor deflationary but a stabilizer in which wage increases merely followed price increases. This accompanied his conviction that prices pulled up wages rather than wages push up prices.

In 1948, alternatives seemed much more inflationary than the settlement. The prior long standing inflation held unpredictable possibilities of future fluctuations. A fixed wage scale looked vulnerable to dissatisfaction within months. Possible work stoppages threatened to curtail production and, in a high demand market, raise prices. On the other hand, contract acceptance hinted that GM and the UAW viewed inflation as inevitable, to be compensated for rather than eliminated. Perhaps this disposition debilitated built in market means of purging inflation or more covert solutions from any sector.

The 1948 package would create inflation under two possible conditions, economist Joseph Garbarino evaluated: 1)If the AIF spurred price index rises, or 2)If the AIF went within inflationary bounds but price index responded to wage stimulus outside the escalated sector.[51] COLA's thwarted inflation in other situations. When non-escalated industries faced frequent wage re-openings and projected excessive price increases into their wage settlements, wage increases tended to be more self-realizing than if they went up according to CPI increments under escalation. The AIF-COLA duo caused no more inflation than negotiated settlements did throughout time. Researcher Benson Soffer concluded that the GM-UAW formula prevented real wage level decreases during inflation and did not hold down wages at other times.[52]

Some government statistics uncovered that the formula operated according to Wilson's description--neither inflationary nor deflationary, but stabilizing. From 1946-1969, the average real labor compensation, adjusted for CPI changes, was 2.7 percent hourly.[53] Another study showed that between 1966-1975, wage escalation did not create and did little to sustain inflation. The same research warned that more frequent adjustments and smaller CPI increments might make escalation inflationary.[54] The public blamed both parties for inflation. In 1959, 33 percent blamed employees, 37 percent blamed employers, and 30 percent blamed both or were undecided.[55]

A business researcher with Albert Sindlinger, Associates found that wage escalated workers expressed more regular optimism, and spent more than they saved, especially when compared with stockholders.[56] One of Wilson's original COLA "scouts," Andrew Court, contended that COLA's secured American overeating habits as they prevented belt tightening in both sense of the word during inflation. Such overeating weighs heavily on world nourishment problems, Court judged.[57] One irony: out of twenty-seven major consumer items, the number of factory hours required to purchase them by 1961 decreased in almost all cases but for the automobile, as indicated in the following chart:[58]

| Item | 1948 | 1961 |
|---|---|---|
| New car | 892½ hr. | 975 hr. |
| Five-room house | 6,486 hr. | 6,296 hr. |
| Plane (N.Y.-Chicago) | 32 2/3 hr. | 23½ hr. |
| Loaf of bread | 5 3/4 min. | 5½ min. |
| Quart of milk | 8½ min. | 7 min. |
| Ten lbs. potatoes | 23 min. | 17 min. |
| One lb. bacon | 34 min. | 18½ min. |
| One lb. chuck roast | 28½ min. | 16 min. |
| Man's haircut | 55½ min. | 45 min. |
| Two packs cigarettes | 17 3/4 min. | 14 min. |
| Blue Cross,one person | 49 min. | 2½ hr. |
| Electric refrigerator | 178½ hr. | 71 hr. |
| Washing machine | 80 hr. | 34½ hr. |
| Man's wool suit | 26 hr. | 17 hr. |
| Man's work shoes | 4¼ hr. | 3½ hr. |

| Item | 1948 | 1961 |
|---|---|---|
| Lady's cotton dress | 2¼ hr. | 1 3/4 hr. |
| 100 kw-h electricity | 2½ hr. | 1 3/4 hr. |
| Vacuum cleaner | 37 hr. | 26 hr. |
| Lady's shirt, rayon | 2½ hr. | 1¼ hr. |
| Auto tire | 9 3/4 hr. | 6½ hr. |
| Sewing machine | 92½ hr. | 51 hr. |
| Man's dungarees | 1½ hr. | 1 hr. |

American capitalism had already evolved into its modern form by 1948, with obvious industrial concentration, government regulation and corporate managerial guidance. World War II exacerbated these tendencies, and peacetime policies continued the trends. The contract assured and strengthened Big Labor and Big Business, thereby promoting collective and turning away from individual effort in U.S. life. Now, a government agency had the blessings of the private sector as it carried out its permanent role in wage determination.

Ideals of supply and demand for labor, which presumably held sway in nineteenth century America, gave way to consideration of the total economy's effect upon worker purchasing power. The new figures were remote from the immediate successes and failures of the employer as well as the coercive power of the union leadership.

The settlement helped diminish the labor-management adversity which to some kept the economy dynamic and well balanced. On the other hand, the class struggle so necessary to a Communist Revolution also waned. Frederick Lewis Allen claimed that by sharing productivity gains throughout the economic pyramid, the U.S. avoided hard class stratification, escaped plutocracy and Communism.[59]

The AIF-COLA package modified capitalism with its more deliberate planning. Because it emanated from within the private sectors, and not from government, and because the parties can voluntarily end it, it cannot be considered a step toward socialism. Rather it belongs with the much studied anti-trust legislation as yet another compromise of practical and humane motives from traditional opponents, who hoped to make the U.S. industrial economy function more smoothly. The prosperity Americans like to associate with capitalism increased steadily after 1948, and the BLS index recorded every dollar of it.

FOOTNOTES

CHAPTER VI

[1]Credits for wage escalation came from the following sources: Oral History Interview with John W. Anderson, by Jack W. Skeels, ILIR, February 17 - May 21, 1961, Detroit, Michigan; Letter from Virgil Jordan, President of National Industrial Conference Board to Alfred P. Sloan, New York City, April 15, 1941, p. 5; Larry Jones, "Jack Palmer Retires from Parts," The Searchlight, April 1, 1968; Walter Reuther and Ed Hardy, News Director of WXYZ radio, "A Conversation With Walter Reuther," broadcast in two parts, May 12, May 19, 1963; Alfred P. Sloan, My Years with General Motors (Garden City, N.Y.: Doubleday & Company, 1964), pp. 395-97; and "GM's Secret Is Out--Big Idea Was Wilson's," Detroit News, May 28, 1948.

[2]United States Department of Labor, Bureau of Labor Statistics, "Major Collective Bargaining Developments--A Quarter-Century Review," Current Wage Developments, by George Ruben, USGPO, February, 1974, pp. 43-44. Also Henry Lowenstern, "Adjusting Wages to Living Costs: A Historical Note," Monthly Labor Review, Vol. 92, No. 7 (July, 1974), pp. 21-23.

[3]United States Department of Labor, Bureau of Labor Statistics, Wage Chronologies; International Shoe Company, 1945-74, BLS Bulletin 1718, 1972; Atlantic Richfield Company (former facilities of Sinclair Oil Company), BLS Bulletin 1771, 1973; and Massachusetts Shoe Manufacturing, 1945-66, BLS Bulletin 1471, January, 1966, p. 5. Also see Robert Sturgiss, "'New' GM Wage Pact Old Success at Glass Co.," Detroit Free Press, May 27, 1948.

[4]"How Wage Escalators Boost Living Costs," Nation's Business, Vol. 47, No. 9 (September, 1959), pp. 76-77.

[5]Alfred P. Sloan, My Years with General Motors, p. 396.

[6]Conversation with Andrew Court, September 28, 1975.

[7]Interview with John Livingston and E.J. "Pat" Patterson, September 5, 1974.

[8]See Walter P. Reuther, "Administered Prices in the Automobile Industry," Statement Prepared for Presentation to the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, United States Senate (Washington, D.C.), January 28, 1958, p. 36, WRLA-WRC.

[9]Interview with Victor Reuther, August 8, 1974.

[10]As quoted in "GM, UAW Settle," Detroit Times, May 25, 1948.

[11]As quoted in "Famous Victory," Barron's, Vol. 30 (May 29, 1950), p. 1.

[12]Interview with Victor Reuther, August 8, 1974.

[13]Interview with Thomas Kleene, March 22, 1975.

[14]N.I. Stone, "No Need For Wage-Price Spiral," Commercial and Financial Chronicle, Vol. 177, No. 5198 (February 26, 1953), p. 10.

[15]Charles E. Wilson, "Sound Principles For Determining Fair Wages," Talk before the Men's Association, Grosse Pointe Memorial Church, Grosse Pointe Farms, Michigan, October 3, 1951, pp. 7, 8, CEWA.

[16]A judgment made by but admittedly not formalized with data by Joseph P. Garbarino, Wage Policy and Long-Term Contracts (Washington, D.C.: The Brookings Institution, 1962), p. 106.

[17]"We Seek No Powers of Compulsion," U.S. News and World Report, Vol. 52, No. 21 (May 21, 1962), pp. 70-73.

[18]As quoted by Allan F. Hussey, "Productivity--New Wage Factor," Financial World, Vol. 97 (June 25, 1952), p. 26.

[19]Garbarino, Wage Policy and Long-Term Contracts, p. 74.

[20]Frederick H. Harbison, "The General Motors and United Auto Workers Agreement of 1950," Journal of Political Economy, Vol. LVIII, No. 5 (October, 1950), p. 403.

[21]John L. Lewis, Speech on Unionization in the Auto Industry, for the Cleveland Auto Council, AFL Locals, Organization Drive Meeting, Cleveland, Ohio, January 20, 1936, WRLA-HBC.

[22]Lewis Haney, "Discuss Effects of GM Formula," Detroit Times, June 4, 1948.

[23]Garbarino, Wage Policy and Long-Term Contracts, p. 31.

[24]George Morris, "A Wage Policy to Keep the Workers Divided," Detroit News, May 30, 1948.

[25]John B. Rae, American Automobile Manufacturers: The First Forty Years (Philadelphia: Chilton Company, 1959), pp. 108-109.

[26]"Notes on the Permanent Revolution," Fortune, Vol. 49, No. 4 (October, 1951), p. 82.

[27]The term "Industrial Statesmanship" was used in many articles to describe the new aura the agreement generated. One such article was "As We See It: . . .," Detroit Free Press, May 23, 1953.

[28]Interview with Jack Crellin, August 14, 1974.

[29]Interview with Andrew Court, September 28, 1975.

[30]Proceedings of the Regular Quarterly Session of the UAW-CIO International Executive Board, Sheraton Hotel, Chicago, Illinois, March 1-5, 1948, p. 38, WRLA.

[31]Blair Moody, "GM Contract Product of Mutual Trust," Detroit News, June 9, 1950.

[32]Garbarino, Wage Policy and Long-Term Contracts, p. 104.

[33]As quoted by J.A. Livingston, "'I Cooperate With the Inevitable,' Says Wilson of Wage Contracts," Washington Post, October 3, 1951.

[34]"The Economics of Taft-Hartley Changes," Economic Intelligence, Vol. 6, No. 65 (December, 1953), p. 2. For sources of data for the GM chart, indicating all factory workers in U.S. actual average earnings compared with formula adjustment-cost of living changes plus 2.5 percent annual productivity incentive, see: Hourly Earnings in Manufacturing and Consumers' Price Index, Department of Labor, Bureau of Labor Statistics, with the former series interpolated for 1915-1918;(Physical Production) 1914-1924, includes agriculture, mining, and manufacturing--"American's Capacity to Produce," Nourse and Associates, Brookings Institution, 1940-1950, includes agriculture, mining, manufacturing, construction, and electric and gas utilities, Council of Economic Advisors; and for Currency & Deposits of Individual and Business--Average currency and deposits excluding bank float and inter-bank governmental and foreign holdings as computed by Dr. Clark Warburton of the Federal Deposit Insurance Corporation. The years 1914-1918 were estimated on the basis of slightly less complete information.

[35]Jules Backman, "Wages and Productivity," Dun's Review, Vol. 61, No. 2297 (January, 1953), p. 73.

[36]Forrest McDonald, The Torch is Passed: The United States in the 20th Century (Reading, Massachusetts: Addison-Wesley, 1968), pp. 352-354.

[37]Interview with Jack Crellin, August 14, 1974.

[38]Interview with Louis Seaton, August 9, 1974.

[39]Hartley W. Barclay, "GM Contract Held Boon to Industry," New York Times, May 30, 1948.

[40]Joseph Loftus, "Inquiry Hails Value of Price Index as 'Most Important U.S. Figure,'" Ibid., October 29, 1951.

[41]Ewan Clague, "Escalation, Productivity, Wages and Costs--Do the Figures Tell the Story?" Speech before the American Management Association, Chicago, Illinois, February 15, 1962, p. 2, GMPRL.

[42]Ibid., p. 4.

[43]"GM-UAW Pact Should Not Boost Car Prices, Wilson Says; Wage Rise Seen Matched By Productivity Gain," Wall Street Journal, June 9, 1950.

[44]Phone conversation with George Morris, August 28, 1975.

[45]Mr. John Mollica attested to the importance of the 1948 principles in auto industry strikes of 1967 and 1970, in an interview, August 6, 1974. Material concerning causes of work stoppages throughout the period is from U.S. Department of Labor, Bureau of Labor Statistics, "Work Stoppages, Motor Vehicles and Motor Vehicle Equipment Industry, 1927-1958," BLS Report No. 148, October 1959, and United States Department of Labor, Bureau of Labor Statistics, "Fact Sheet on Work Stoppages in the Motor Vehicle Industry, 1946-1969," June 2, 1970.

[46]"Annual Work Stoppage Totals--Direct, Indirect, External, General, for General Motors and its U.S. Operators," 1937-1973, chart given to author by Louis Seaton.

[47]Phone conversation with Andrew Court, October 18, 1975.

[48]Walter P. Reuther, "Administered Prices in the Automobile Industry," Statement for presentation to the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, United States Senate, 85th Congress, 2nd Session, January 28, 1958, p. 32, WRLA-WRC.

[49]Interview with Victor Reuther, August 8, 1974.

[50]As quoted by William Pyper, "GM President Scores Hit With Press Club," Flint Journal, June 9, 1950.

[51]Garbarino, Wage Policy and Long-Term Contracts, pp. 66-67.

[52]Benson Soffer, "The Effects of Recent Long-Term Wage Agreements on General Wage Level Movements, 1950-1957," The Quarterly Journal of Economics, Vol. LXXIII, No. 1 (February, 1959), pp. 36-55.

[53]United States Department of Labor, Bureau of Labor Statistics, Postwar Trends in Labor Compensation (Washington, D.C.: USGPO, 1970).

[54]"Wage-Price Council Study Shows Escalator Clauses Are Not Responsible For Inflation," Daily Labor Report, August 20, 1975, Bureau of National Affairs, Washington, D.C., No. 162, p. A-1, GMPRL.

[55]"More Blaming Labor for Price Increases," New York Herald Tribune, June 29, 1962.

[56]From tape recorded conversation between Mr. Andrew Court and Mrs. Albert Sindlinger, August 5, 1974; and "We Cannot Continue to do What We Are Now Doing," The Sindlinger Report, Issue #5, September 12, 1975, pp. 57-61, in author's possession.

[57]Andrew T. Court, "God Save America From Good Cooking," unpublished manuscript, Detroit, Michigan, April 29, 1974, in the author's possession.

[58]"The Economy: What Good Old Days?" Time, Vol. 77, No. 20 (May 12, 1961), p. 14.

[59]As acknowledged in "Formal Recognition," Christian Science Monitor, March 5, 1953.

## KEY TO ABBREVIATIONS USED IN FOOTNOTES AND BIBLIOGRAPHY

| | | |
|---|---|---|
| CEWA | | Charles Erwin Wilson Archives, Anderson College, Anderson, Indiana |
| GMPRL | | General Motors Public Relations Library, General Motors Building, Detroit, Michigan |
| ILIR | | University of Michigan-Wayne State University Institute of Labor and Industrial Relations, Detroit and Ann Arbor, Michigan |
| USGPO | | United States Government Printing Office, Washington, D.C. |
| WRLA | | Walter Reuther Labor Archives, Detroit, Michigan |
| | HBC | Heber Blankenhorn Collection |
| | JLC | John Livingston Collection |
| | KEC | Katherine Ellickson Collection |
| | NGC | Nat Ganley Collection |
| | RJTC | R.J. Thomas Collection |
| | UAWED, VRC | United Auto Workers Education Department, Victor Reuther Collection |
| | UAWGMDC | United Auto Workers GM Department Collection |
| | WRC | Walter Reuther Collection |

BIBLIOGRAPHY

## Books


Allen, Frederick Lewis. The Big Change: America Transforms Itself, 1900-1950. New York: Harper Brothers, 1952.

Allen, Robert S. and Shannon, William V. The Truman Merry-Go-Round. New York: The Vanguard Press, Inc., 1950.

Backman, Jules and Gainsbrugh, Martin R. Inflation and the Price Indexes. National Industrial Conference Board Studies in Business Economics, Number 94. Washington, D.C.: USGPO, 1966.

Bain, Joe S. Barriers to Competition. Cambridge, Massachusetts: Harvard University Press, 1956.

Berle, Adolf A. The American Economic Republic. New York: Harcourt, Brace and World, 1963.

Berle, Adolf A. and Means, Gardiner. The Modern Corporation and Private Property. New York: The Macmillan Co., 1954.

Berle, Adolf A. The Twentieth Century Capitalist Revolution. New York: Harcourt, Brace and World, 1954.

Bernstein, Barton J. and Matusow, Allen J. The Truman Administration: A Documentary History. New York: Harper and Row, 1966.

Burnham, James. The Managerial Revolution. New York: John Day, 1941.

Cochran, Thomas. The American Business System: A Historical Perspective, 1900-1950. Cambridge, Massachusetts: Harvard University Press, 1960.

Cooke, Morris. Organized Labor and Production. New York: Harper and Brothers, 1940.

Cormier, Frank and Eaton, William J. Reuther. Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1970.

Dayton, Eldorous L. Walter Reuther: The Autocrat of the Bargaining Table. New York: The Devin-Adair Company, 1958.

Dickinson, William B., Jr. "Price-Wage Restraints in National Emergencies," Editorial Research Reports, Vol. II, No. 16, October 25, 1961.

Dunn, Robert. Labor and Automobiles. New York: International Publishers, 1929.

Gaddis, Paul O. Corporate Accountability. New York: Harper and Row, 1964.

Galbraith, John Kenneth. American Capitalism. Boston: Houghton-Mifflin, 1952.

Garbarino, Joseph William. Wage Policy and Long-Term Contracts. Washington, D.C.: The Brookings Institution, 1962.

Golden, L. L. Only By Public Consent. New York: Hawthorn Books, 1968.

Goldman, Eric. The Crucial Decade. New York: Alfred A Knopf, 1956.

Gould, Jean and Hickok, Lorena. Walter Reuther: Labor's Rugged Individualist. New York: Dodd, Mead and Company, 1972.

Hamby, Alonzo. Beyond the New Deal: Harry S. Truman and American Liberalism. New York: Columbia University Press, 1973.

Harbison, Frederick H. and Dubin, Robert. Patterns of Union-Management Relations. Chicago: Science Research Associates, 1947.

Hartmann, Susan M. Truman and the 80th Congress. Columbia: University of Missouri Press, 1971.

Healy, James J. (ed.). Creative Collective Bargaining: Meeting Today's Challenges to Labor-Management Relations. Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1965.

Howe, Irving and Widick, B. J. The UAW and Walter Reuther. New York: Random House, 1949.

Huthmacher, J. Joseph (ed.). The Truman Years: The Reconstruction of Postwar America. Hinsdale, Illinois: The Dryden Press, 1972.

Keynes, John Maynard. A General Theory of Employment. New York: The Macmillan Company, 1936.

Levinson, Harold M. Collective Bargaining in the Steel Industry: Pattern Setter of Pattern Follower? Ann Arbor, Michigan: Institute of Labor and Industrial Relations, 1962.

Lilienthal, David. The Journals of David E. Lilienthal: The Atomic Energy Years, 1945-1950. New York: Harper and Row, 1964.

Lubell, Samuel. The Future of American Politics. New York: Harper and Brothers, 1952.

McClure, Arthur F. The Truman Administration and the Problems of Postwar Labor, 1945-1948. Cranbury, N.J.: Farleigh Dickinson University Press, 1969.

McPherson, William. Labor Relations in the Automobile Industry. Washington, D.C.: The Brookings Institution, 1940.

Miller, Merle. Plain Speaking: An Oral Biography of Harry S. Truman. New York: Berkeley Publishing Corporation, 1974.

Mooney, Booth. The Politicians: 1945-1960. Philadelphia: J. B. Lippincott Company, 1970.

Nathan Associates. A National Wage Policy for 1947. Analysis Prepared for the Congress of Industrial Organizations. Washington, D.C., December, 1946.

Perlman, Selig. A Theory of the Labor Movement. New York: The Macmillan Company, 1928.

Quinn, T. K. Giant Business: Threat to Democracy. New York: Exposition Press, 1953.

Seligman, Ben B. The Potentates: Business and Businessmen in American History. New York: Dial Press, 1971.

Sellers, Charles, May, Henry and McMillan, Neil R. A Synopsis of American History, Vol. 2. Chicago: Rand-McNally, 1974.

Serrin, William. The Company and the Union. The 'Civilized Relationship' of the General Motors Corporation and the United Auto Workers. New York: Alfred A. Knopf, 1973.

Severeid, Eric. In One Ear. New York: Alfred A. Knopf, 1952.

Sloan, Alfred P., Jr. My Years With General Motors. Edited by John McDonald and Catharine Stevens. Garden City, N.Y.: Doubleday and Company, 1964.

Velie, Lester. Labor, U.S.A. New York: Harper and Brothers, 1958.

White, Lawrence. The Automobile Industry Since 1945. Cambridge, Massachusetts: Harvard University Press, 1971.

## Unpublished Dissertations

Chalmers, William Ellison. "Labor in the Automobile Industry: A Study of Personnel Policies, Workers Attitudes and Attempts at Unionism." Ph.D. dissertation, University of Wisconsin, 1932.

Whitty, Michael Devereaux. "Emil Mazey: Radical as Liberal, The Evolution of Labor Radicalism in the UAW." Ph.D. dissertation, Syracuse University, 1969.

## Magazine Articles

Abel, Elie. "Portrait of Decontrol Charlie Wilson." New York Times Magazine, December 14, 1952, pp. 15+.

"Ann Blyth Fitted With $18,000 Tail to Play Movie Mermaid." Life, Vol. 24, No. 6 (February 9, 1948), p. 91.

"Autos: Will Escalation Break Down?" The Iron Age, Vol. 171 (January 29, 1953), pp. 53-54.

Backman, Jules. "Wages and Productivity." Dun's Review, Vol. 61, No. 2297 (January, 1953).

"Battle of the Index." Fortune, Vol. 47 (March, 1953), pp. 80, 82, 84.

"Built-In Pay Raises: What They Mean for '64." U.S. News and World Report, Vol. 56, No. 1 (January 6, 1964), pp. 65-66.

Campbell, Tom. "Auto Terms, President's Action Spell Trouble in Steel Labor." The Iron Age, Vol. 187 (September 21, 1961), pp. 63-64.

"Current Comment." America, Vol. 83, No. 24 (September 16, 1950), p. 613.

Conger, Stuart. "Social Inventions." The Futurist, August, 1973, pp. 149-155.

Court, Andrew. "God Save America From Good Cooking," unpublished Ms., April 19, 1974.

__________. "The Dynamics of Automobile Demand." Based Upon Papers Presented at a Joint Meeting of the American Statistical Association and the Econometric Society, Detroit, Michigan, December 27, 1938.

DuBrul, Stephen M. "The Impact of the Defense Program on American Business." Michigan Business Review, Vol. 3, No. 3 (June, 1951), pp. 13-20.

"End of the Road for Big Wage Raises?" U.S. News and World Report, Vol. 51, No. 5 (July 31, 1961), pp. 63-65.

"Escalator Formula Called Blow to Competition." Automotive News, Vol. 28 (September 29, 1952), pp. 2, 40.

"Escalator Too Slow, Labor Economists Say." Modern Industry, Vol. 23 (May 15, 1952), p. 93.

"Famous Victory." Barrons, Vol. 30 (May 29, 1950), pp. 1, 3-4.

Fisher, Rudge and Neblett Company. Special Advance Report to Co-operating Companies on 'Productivity' Survey. New York City, New York, May 19, 1952.

Harbison, Frederick H. "The General Motors-United Auto Workers Agreement of 1950." From The Journal of Political Economy, Vol. 58, No. 5 (October, 1950).

Horowitz, Morris A. "The Cost-of-Living Criterion." Labor Law Journal, Vol. 5 (July, 1954).

"How LBJ's 'Early-Warning System' Works for Pay, Prices." U.S. News and World Report, Vol. 56, No. 6 (February 10, 1964), pp. 86-88.

"How Wage Escalators Boost Living Costs." Nation's Business, Vol. 47, No. 9 (September, 1959), pp. 36-39, 76-78.

"How Workers Are Faring in Wage-Price Race." U.S. News and World Report, Vol. 76 (June 17, 1974), p. 47.

Hussey, Allen F. "Productivity-New Wage Factor," Financial World, Vol. 97 (June 25, 1952), pp. 3, 26, 27.

"If Steel Pay Raises 15 Cents." U.S. News and World Report, Vol. 32, No. 6 (February 8, 1952), pp. 52, 54, 55.

"Inflation: Who's Being Hurt, Who's Being Helped." U.S. News and World Report, Vol. 42, No. 26 (June 26, 1957), pp. 40-42.

Lester, Richard. "Wage Troubles." The Yale Review, Vol. 41, No. 1 (Autumn, 1951), pp. 52-65.

Levine, Issac Don. "The Story Behind: The Plot to Kill the Reuther Brothers." Plain Talk, Vol. IV, No. 4 (January, 1950), pp. 1-6.

"Light On A Business Puzzle--The Wage-Price Guidelines." U.S. News and World Report, Vol. 52, No. 21 (May 21, 1962), pp. 70-73.

Masse, Benjamin L. "Two Charlie Wilsons Confront Big Business." America, Vol. 85, No. 26 (September 26, 1951), pp. 621-623.

National Planning Association, Labor Committee on National Policy. "Management-Labor Cooperation in Cutting Costs." A Statement made on August 8, 1947, WRLA.

"New Index Shakes Escalator." Business Week, November 8, 1947, pp. 74-75.

"New Wage Demands Loom." Business Week, November 8, 1947, pp. 92-95.

"Notes on the Permanent Revolution." Fortune, Vol. 49, No. 4 (October, 1951), pp. 82-83.

"One Year of Controls." Fortune, Vol. 45, No. 1 (January, 1952), pp. 39-40.

"Pay Based on Living Costs." U.S. News and World Report, Vol. 24, No. 23 (June 4, 1948), pp. 44-48.

Poole, Kenyon E. "Escalator Clauses Can Be Self-Defeating." Challenge, Vol. 12, No. 2 (November, 1963), pp. 27-29.

"Productivity Roundup." Business Record, July, 1952, pp. 252-258.

"Prosperity and Lower Prices Are Omens of Industrial Peace." Newsweek, Vol. 41 (March 9, 1953), pp. 17-18.

"Reaction to GM Wage Formula." NICB Management Record, Vol. X, No. 7 (July, 1948), pp. 337-344.

Ross, Arthur M. "Comments on the GM-U.A.W. Wage Contract of 1948." The Review of Economics and Statistics, Vol. XXI, No. 1 (February, 1949), pp. 1-4.

Seaton, Louis G. "The Thinking Behind the 1950 General Motors Agreement." Wage Policy and Problems in a Preparedness Economy, Personnel Series Number 136. New York: American Management Association, 1950.

"Should Wages Rise and Fall With the Cost of Living?" Scholastic Magazine, Vol. 56, No. 12 (April 26, 1950), pp. 10-11.

Smith, Beverly. "Secretary Wilson's Year of Trial." Saturday Evening Post, Vol. 226, No. 44 (May 1, 1954), pp. 17-19, 113-120.

Soffer, Benson. "Cost of Living Wage Policy." Industrial and Labor Relations Review, Vol. 7, No. 2 (January, 1954), pp. 192-199.

__________. "The Effects of Recent Long-Term Wage Agreements on General Wage Level Movements: 1950-1957." The Quarterly Journal of Economics, Vol. LXXIII, No. 1 (February, 1959).

"State of Business." Time, Vol. 78, No. 11 (September 15, 1961), p. 95.

Stessin, Lawrence. "Labor Relations: Living Documents." Forbes, Vol. 71 (May 1, 1953), p. 29.

Stone, N.I. "No Need for the Wage-Price Spiral." Commercial and Financial Chronicle, Vol. 177, No. 5198 (February 26, 1953), p. 10.

"Sumner Slichter Bets Americans." Business Week, October 25, 1952, pp. 100-106.

"The Deceptive Lure of Indexation." Business Week, May 25, 1974, pp. 147-152.

"The Economics of Taft-Hartley Changes." Economic Intelligence, Vol. 6, No. 65 (December, 1953), p. 2.

"The Economy." Time, Vol. 77, No. 20 (May 12, 1961), p. 14.

"The Escalator Idea." The Freeman, November 19, 1951, pp. 103-104.

"The Evil That Good Men Do." Business Week, September 16, 1950, p. 140.

"The Forty-Niners." Time, Vol. 53, No. 4 (January 24, 1949), pp. 73-79.

"The GM Contract." Life, Vol. 24, No. 26 (June 28, 1948), p. 28.

"The Meaning of the GM Formula." Newsweek, Vol. 31, No. 23 (June 7, 1948), pp. 60-62.

"The New Inflation." Time, Vol. 70, No. 3 (July 15, 1957), p. 84.

"Third Wage Round Is On." Business Week, November 22, 1947, p. 19.

"Twenty-Five Amazing Years." U.S. News and World Report, Vol. 71, No. 20 (November 15, 1971), pp. 40-44.

"Top U.S. Labor Unions." Life, Vol. 24 (May 31, 1948), pp. 80-81.

"U.S. Wage Pattern From Here on Out." Business Week, August 11, 1951, pp. 21-22.

"Wage Stabilization: From Special Case to General Policy." NICB Management Record, Vol. 13, No. 11 (November, 1951), pp. 382-384.

Walinsky, Louis. "Wages and Inflation." New Republic, Vol. 123, No. 17 (October 23, 1950), pp. 15-16.

"What Labor Wants." (An interview with Walter Reuther). U.S. News and World Report, Vol. 30, No. 14 (April 6, 1951), pp. 24-30.

"What's in UAW-CIO Contracts?" NICB Management Record, Vol. 14, No. 1 (January, 1952), pp. 13-19.

"Where'll Escalator Take Pay?" Business Week, September 22, 1951, pp. 25-26.

Whitehill, Arthur M., Jr. "Proposed Sliding Scales Promise to Make Inflation Official." Saturday Evening Post, Vol. 223, No. 48 (May 26, 1951), p. 12.

_________. "Will Labor Peace Come From Sliding Scales?" Saturday Evening Post, Vol. 221, No. 2 (July 10, 1948), p. 124.

"Why UAW Wants a Floor Under Pay." Business Week, November 29, 1952, p. 118.

"Why UAW Wants a Higher Floor." Business Week, September 27, 1952, p. 142.

Wilson, Charles Erwin. "Blueprint for Conversion." New York Times Magazine, March 5, 1944, p. 94.

_________. "Progress-Sharing Can Mean Industrial Peace." Reader's Digest, Vol. 61, No. 365 (September, 1952), pp. 1-8.

Worsley, Thomas B. "Economic Stabilization." The Annals of the American Academy of Political and Social Science, Vol. 278 (November, 1951), pp. 98-109.

## Government Documents and Studies

U.S. Congress. House. Consumer's Price Index. Report of a Special Subcommittee of the Committee on Education and Labor Pursuant to House Resolution 73, 82nd Congress, 1st Session, October 28, 1951. Washington, D.C.: USGPO.

_________. House. Statement of Stephen DuBrul of General Motors Corporation to the Subcommittee of the House Labor Committee Investigating the Consumers' Price Index of the Bureau of Labor Statistics, 82nd Congress, 1st Session, May 24, 1951. Washington, D.C.: USGPO.

__________. Senate. Hearing Before the Committee on Armed Services, 83rd Congress, 1st Session on the Nomination of Charles E. Wilson to be Secretary of Defense, Parts I and II, January 15, 16 and 23, 1953. Washington, D.C.: USGPO.

__________. Senate. Statement of Julius Shiskin, Commissioner of Labor Statistics, Before the Subcommittee on Production and Stabilization, Committee on Banking, Housing and Urban Affairs, 93rd Congress, 2nd Session, June 10, 1974. Washington, D.C.

U.S. Council of Economic Advisers. "Private Decisions and Price-Wage Guideposts," a section of the January 20, 1964 Economic Report of the President's Council of Economic Advisers, Washington, D.C.

__________. "The Economics of National Defense," 5th Annual Report to the President by the Council of Economic Advisers, December, 1950.

U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, Vol. 53, No. 1, January, 1973.

__________. Bureau of the Census. "Labor Union Membership and Membership as a Percent of Nonagricultural Employment," a Chart in Historical Statistics of the United States, Colonial Times to 1957. Washington, D.C.: USGPO, 1960, p. 98.

U.S. Department of Labor, Bureau of Labor Statistics. A Brief History of the American Labor Movement. Washington, D.C., 1970.

__________, BLS. "Adjusting Wages to Living Costs: A Historical Note," by Henry Lowenstern, Monthly Labor Review, Vol. 92, No. 7. Washington, D.C., July, 1974, pp. 21-26.

__________, BLS. "Collective Bargaining Agreements: Expiration, Reopening and Wage Adjustment Provisions of Major Agreements." Washington, D.C., June, 1953.

__________, BLS. "Collective Bargaining in the Motor Vehicle and Motor Vehicle Equipment Industry." Washington, D.C., 1972.

__________, BLS. "Conversion of the Consumer Price Index to 1967 Standard Reference Base Period." Washington, D.C., 1971.

__________, BLS. "Cost-of-Living Wage Clauses and the UAW-GM Pact," by Nelson M. Bortz, Monthly Labor Review, Vol. 67, No. 1. Washington, D.C., July, 1948, pp. 1-7.

__________, BLS. "Deferred Increases and Wage Escalation," by George

Ruben, Monthly Labor Review, Vol. 88, No. 12. Washington, D.C., December, 1965, pp. 1438-1441.

__________, BLS. "Escalator Clauses From Selected Collective Bargaining Agreements." Washington, D.C., May, 1961, pp. 1-16.

__________, BLS. "Hours and Earnings," a press release. Washington, D.C. 1947.

__________, BLS. "Living Costs, Wages and Wage Policy," by H.M. Douty, Monthly Labor Review, Vol. 90, No. 6. Washington, D.C., June, 1967, pp. 1-7.

__________, BLS. "Major Collective Bargaining Developments - A Quarter-Century Review," by George Ruben, Current Wage Developments. Washington, D.C., February, 1974, pp. 42-54.

__________, BLS. "Major Collective Bargaining Agreements, First 3 Months, 1974," a press release. Washington, D.C., April 26, 1974.

__________, BLS. "Major Contracts Expiring in 1974," by Lena Bolton, Monthly Labor Review, Vol. 96, No. 12. Washington, D.C., December, 1973, pp. 43-51.

__________, BLS. Postwar Trends in Labor Compensation. Washington, D.C.: USGPO, 1970.

__________, BLS. The Consumer Price Index, A Layman's Guide, Bulletin No. 1140. Washington, D.C.: USGPO, undated, WRLA-KEC.

__________, BLS. "The Consumer Price Index and Retail Food Prices," a press release. Washington, D.C., August 15, 1948.

__________, BLS. The Consumer Price Index: History and Techniques. Bulletin No. 1517. Washington, D.C.: USGPO, 1966.

__________, BLS. "The Growth, Status and Implications of Wage Escalation," by H.M. Douty, Monthly Labor Review, Vol. 76, No. 2. Washington, D.C., February, 1953, pp. 126-129.

__________, BLS. "The 1955 Ford and General Motors Union Contracts," Monthly Labor Review, Vol. 78, No. 8. Washington, D.C., August, 1955, pp. 875-881.

__________, BLS. Wage Calendar. Bulletin 1810. Washington, D.C., 1974.

__________, BLS. Wage Chronology: General Motors Corporation, 1939-1966. Bulletin No. 1532. Washington, D.C.: USGPO, October, 1966.

U.S. Division of the Bureau of National Affairs. "Survey by Bureau of Labor Statistics of Expiration, Reopening and Wage Adjustment Provisions of 177 Major Agreements." Special Supplement Number 16, Daily Labor Report, No. 170. Washington, D. C., August 31, 1953.

U.S. Wage and Stabilization Board, Press Release. Federal Security Building South. Washington, D.C., August 24, 1951.

## General Motors Departmental Releases

General Motors Corporation. Business Research Department. Chart: "All Factory Workers in U.S., Actual Average Earnings Compared with Formula Adjustment-Cost of Living Changes Plus 2½% Annual Productivity Incentive" and "Sources of Data." Detroit, Michigan, 1950.

__________. Business Research Department. Memoranda on The Consumers' Price Index. Detroit, Michigan, March, 1951.

__________. Business Research Department. "Summary of General Motors Cost-of-Living Allowance." Detroit, Michigan (undated, but carries through the November 11, 1960 agreement).

__________. Public Relations Department. "Kennedy Urges Auto Workers To Hold Their Wage Demands Within Productivity Gains," from News Bulletin for GM Management. Detroit, Michigan, May 8, 1962.

__________. Public Relations Department. "Statement by Louis G. Seaton on UAW Cost of Living and Improvement Factor Demands," from News Bulletin for GM Management. Detroit, Michigan, July 13, 1961.

__________. Public Relations Department. Press Release. Detroit, Michigan, May 26, 1948.

__________. Public Relations Department. Press Release. Detroit, Michigan, August 29, 1949.

__________. Public Relations Department. Press Release. Detroit, Michigan, November 28, 1949.

__________. Public Relations Department. Press Release. Detroit, Michigan, February 24, 1950.

__________. Public Relations Department. Press Release. Detroit, Michigan, March 10, 1950.

__________. Public Relations Department. Press Release. Detroit, Michigan, May 23, 1950.

__________. Public Relations Department. Press Release. Detroit, Michigan, August 23, 1950.

__________. Public Relations Department. Press Release. Detroit, Michigan, November 29, 1950.

__________. Public Relations Department. Press Release. Detroit, Michigan, February 28, 1951.

__________. Public Relations Department. Press Release. Detroit, Michigan, March 3, 1951.

__________. Public Relations Department. Press Release. Detroit, Michigan, May 23, 1951.

__________. Public Relations Department. Press Release. Detroit, Michigan, December 10, 1973.

## General Motors Pamphlets - GMPRL

"GM: A Quarter Century of Progress." Detroit, Michigan, 1973.

Shontz, Patricia. "Can Your Real Wages Keep Rising?" Detroit, Michigan, 1975.

"Sixteen Years of Progress Through Free Collective Bargaining." Detroit, Michigan, 1964.

Wilson, C. E. "Some Aspects of Economic Stability." (From a speech given before the Business Advisory Council, Washington, D.C., January 9, 1952.) Detroit, Michigan, 1952.

## United Auto Workers Correspondence and Releases - WRLA

Addes, George. Press Release. Detroit, Michigan, October 6, 1946.

__________. Press Release. Detroit, Michigan, December 31, 1946.

Cadillac Local No. 22. "An Open Letter to Walter Reuther." Detroit, Michigan, September 27, 1947.

Greenberg, Sara. Resolution Presented to International Executive Board, Western Union Telegram to John W. Livingston. St. Louis, Missouri, September 23, 1947.

Johnstone, Thomas A. To all General Motors Local Unions. Detroit, Michigan, November 28, 1949.

Mazey, Emil. To all Local Unions. Detroit, Michigan, April 6, 1949.

________. To Local Unions Having Pending NLRB Matters. Detroit, Michigan, November 19, 1947.

________. To Local Unions Affiliated With the International Union, UAW-CIO. Detroit, Michigan, March 30, 1948.

Reuther, Walter. To All Local Union Officers and Members of UAW-CIO. Detroit, Michigan, June 30, 1947.

________. To All Local Unions, UAW-CIO. Detroit, Michigan, July 16, 1947.

________. To All Members, UAW-CIO. Detroit, Michigan, October 6, 1947.

________. To All Presidents, Recording Secretaries and Education Chairmen of UAW-CIO Locals. Detroit, Michigan, April 16, 1947.

________. To Delegates to National Wage Conference. Detroit, Michigan, January 18, 1947.

________. To President Harry S. Truman. Detroit, Michigan, August 20, 1947.

Reuther, Victor. To All UAW-CIO Local Union Presidents and Chairmen of Education Committees. Detroit, Michigan, April 9, 1947.

"UAW-CIO Dues." Sheet distributed to Workers Indicating How Much Their Dues Win Them in Wage Increases. Progress Reports from Locals 10-95. WRLA-UAWGMDC, 1950.

UAW-CIO GM Department. Press Release. Detroit, Michigan, October 18, 1945.

__________. Press Release. Detroit, Michigan, November 9, 1945.

__________. Press Release. Detroit, Michigan, November 18, 1945.

__________. Press Release. Detroit, Michigan, October 23, 1945.

UAW-CIO Public Relations Department. Press Release ("Wage Policy Statement Issued by the UAW-CIO International Executive Board").

Cleveland, Ohio, October 20, 1946.

__________. Press Release. Detroit, Michigan, August 27, 1947.

__________. Press Release. Detroit, Michigan, April 14, 1948.

__________. Press Release. Detroit, Michigan, April 21, 1948.

__________. Press Release. Detroit, Michigan, May 9, 1948.

__________. Press Release. Detroit, Michigan, May 25, 1948.

__________. Press Release. Detroit, Michigan, June 6, 1949.

__________. Press Release. Detroit, Michigan, December 22, 1949.

__________. Reuther, Victor. Biographical Sketch of the Director, Washington Office, UAW. Detroit, Michigan, January 22, 1960.

## Union Publications - WRLA

AFL-CIO Collective Bargaining Report. February, 1957.

Ammunition (UAW-CIO). December, 1947, January-June, 1948.

CIO News. February 23, 1948.

Economic Outlook (CIO Department of Education and Research). March, 1948.

Research Report (International Research Department, UAW-CIO). January, 1947, June, 1947 and August, 1947.

UAW-CIO Leader (Reuther for President Committee). March 24, 1946.

UAW Solidarity. March, 1964.

United Auto Worker. November 2, 1947, December, 1947, January-April, 1948, June, 1948, and October, 1948.

## Union Records - WRLA

"Authorization of Dues Checkoff and Union Security Agreement," UAW-CIO cards, signed by members according to federal law. Detroit, Michigan, 1947-1948. UAWGMDC.

"G.M. Insurance Notes." UAW Speaker's notes on Insurance Plan GM offered compared with UAW plans. Detroit, Michigan: UAWGMDC, 1948.

International Executive Board, UAW-CIO. "Economic Objectives for 1948." Adopted January 16, 1948. Printed in Administrative Letter, January 31, 1948.

"Organizational and Educational Program to be Advanced in General Motors Plants Covered by National Agreement." Instructions Concerning February 9-March 21, 1948 Membership Drive. Detroit, Michigan: UAWGMDC.

Policy Statement of International Executive Board, UAW-CIO. Chicago, Illinois, April 19, 1948.

Policy Statement of International Executive Board, UAW-CIO. Detroit, Michigan, March 30, 1948.

Political Action Resolution submitted to the International Executive Board. Chicago, Illinois, March 3, 1948.

Proceedings of the Fourth Quarterly Meeting of the International Executive Board, UAW-CIO. Louisville, Kentucky, March 17-26, 1947.

Proceedings of a Special Meeting of the International Executive Board. New York, New York, April 15, 1947.

Proceedings of a Special Session of the International Executive Board, UAW-CIO. Detroit, Michigan, July 9, 1947.

Proceedings of the UAW-CIO International Executive Board Meeting. Atlantic City, New Jersey, November 15, 1947.

Proceedings of the Regular Quarterly Session of the International Executive Board, UAW-CIO. Chicago, Illinois, March 1-5, 1948.

Proceedings of a Special Session of the International Executive Board, UAW-CIO. Detroit, Michigan, May 27-28, 1948.

Statement of UAW-CIO Local Union Membership in General Motors Plants, 1948-1950. Detroit, Michigan, UAWGMDC.

"Summary of Financial Report for Six-Month Period Ending November 30, 1948" (Emil Mazey, UAW Secretary-Treasurer and CPA Clarence Johnson of Detroit, Michigan). Detroit, Michigan: WRC.

Reuther, Walter. "President's Quarterly Report." United Automobile Worker. April, 1948, pp. 5-8.

__________. "President's Report." To the Delegates, Eleventh Convention, UAW-CIO. Atlantic City, New Jersey, November 9, 1947.

__________. "Report to the Membership." United Automobile Worker. September, 1947.

## Correspondence

Blankenhorn, Heber. To Senator Estes Kefauver. August 8, 1950, WRLA-HBC.

__________. To the National Labor Relations Board. September 30, 1947, WRLA-HBC.

Cadigan, Reverend Charles H. To Charles Erwin Wilson. June 18, 1948, CEWA.

Clague, Ewan (Commissioner of Labor Statistics). To Walter Reuther. December 24, 1948, WRLA-UAWED, VRC.

Connole, Anthony W. To Mr. James W. Click. February 10, 1948, WRLA-JLC.

Courtney, Philip. To Mr. Earl Bunting of the National Association of Manufacturers. June 1, 1950, GMPRL.

Glancy, A.R. To Charles Erwin Wilson. September 27, 1938, CEWA.

Johnson, E.F. To Alfred P. Sloan, Jr. December 28, 1954, CEWA.

Jordan, Virgil. To Alfred P. Sloan, Jr. April 15, 1941. Given to the author by Andrew T. Court.

Livingston, John W. To Mr. William Hardy. June 7, 1948, WRLA-UAWGMDC.

Oak, Liston. To Victor Reuther. January 7, 1948, WRLA-UAWED, VRC.

Pearson, Joseph S. To John W. Livingston. January 27, 1948, WRLA-UAWGMDC.

Ranft, Paul. To Charles Erwin Wilson. December 9, 1939, CEWA.

Reuther, Walter. To R.W. Howard. December 13, 1948, WRLA-WRC.

__________. To Secretary of Labor Lewis Schwellenbach. March 11, 1948, WRLA-WRC.

Reuther, Victor. To Robert L. Warren. May 9, 1947, WRLA-UAWED, VRC.

Wilson, Charles Erwin. To Alfred P. Sloan, Jr. December 14, 1954, CEWA.

Wilson, Mrs. Robert T. To Charles E. Wilson. January 6, 1941, CEWA.

## Speeches and Addresses

Anderson, Harry W. (General Motors Vice President in charge of Personnel). "Today's Job in Labor Relations." Before the Pacific Northwest Personnel Management Association. Vancouver, British Columbia, Canada, November 4, 1949, GMPRL.

Clague, Ewan (Commissioner of Labor Statistics, BLS). "Escalation, Productivity, Wages and Costs--Do the Figures Tell the Story?" Before the American Management Association. Chicago, Illinois, February 15, 1962, GMPRL.

DuBrul, Stephen. "Impact of the Defense Program on American Business." For the 21st Annual Alumni Conference of the School of Business Administration, University of Michigan. Ann Arbor, Michigan, May 12, 1951, GMPRL.

General Motors Corporation Sunday Radio Hour. "What is the American System?" Little Talks on the American Way of Doing Things. Carnegie Hall, New York City, New York, September 13, 1936-March 21, 1937, GMPRL.

Hufstader, William F. "The Improvement Factor." Before the National Industrial Advertisers Association. New York, New York, June 26, 1951, GMPRL.

Jacobs, Samuel. "The Family Pocket Book: Reconversion Buying." A release for Broadcast from the UAW-CIO Education Department. January 30, 1947, WRLA.

Johnston, Eric (Economic Stabilization Administrator). "Wage Stabilization." CBS Radio Station WTOP. Washington, D.C., September 7, 1951, WRLA.

Lewis, John L. "Unionization in the Auto Industry." For Cleveland Auto Council (AFL Locals) Organization Drive Meeting. Cleveland, Ohio, January 20, 1936, WRLA.

Livingston, John W. Labor Day Address. Flint, Michigan, September 6, 1948, WRLA.

Murray, Philip (President of the CIO). Address before the Senate Committee on Labor and Public Welfare. Washington, D.C., February 19, 1947, WRLA.

Nowak, Stanley. Polish Radio Speech, Polish Trade Union Program. Detroit Station WJBK, September 21, 1947, WRLA.

Reuther, Walter (President of UAW). "A Conversation with Walter Reuther," moderated by Ed Hardy, News Director, WXYZ Radio. Detroit, Michigan, May 12 and May 19, 1963, WRLA.

__________. "Labor Management Relations: Responsibilities, Problems and Opportunities Ahead." Before the Economic Club of Detroit, Michigan, February 4, 1963, WRLA.

Schmidt, Emerson (Director of Economic Research of the United States Chamber of Commerce). "Wage Escalation--Some Pitfalls." Address before the National Industrial Conference Board. New York City, New York, May 15, 1958.

Slichter, Sumner. "Wage Policies Since World War II." Address before the Economic Conference of the Chicago Association of Commerce and Industry. Chicago, Illinois, November 24, 1952.

Sloan, Alfred P. "Address by the Chairman of the Board, General Motors Corporation." Annual Stockholders' Meeting, Buick-Oldsmobile, Pontiac Assembly Division Plant. Wilmington, Delaware, May 20, 1949, GMPRL.

Weinberg, Nat. "More Adequate Current Reports on Industrial Activity." Before the American Statistical Association. New York City, New York, December 29, 1947, WRLA.

Wilson, Charles Erwin. Address at the Commencement Program, General Motors Institute. Flint, Michigan, August 10, 1951, CEWA.

__________. Discussion of His 45-Hour Week Proposal at Press Conference, Opening of Wilmington Buick-Oldsmobile-Pontiac Division Plant. Wilmington, Delaware, February 3, 1948, CEWA.

__________. "Economic Factors of Collective Bargaining." Before Chicago Executives Club. Chicago, Illinois, January 6, 1950, CEWA.

__________. "Essentials for Labor Peace." Before the Empire Club of Canada. Toronto, Ontario, Canada, January 4, 1951, CEWA.

__________. "Five Years of Industrial Peace." Before the National Press Club. Washington, D.C., June 8, 1950, CEWA.

_________. "Mature Collective Bargaining, Prospects and Problems." Before the Institute of Industrial Relations in Cooperation with the Committee on Drama, Music and Lectures. University of California, Berkeley, California, May 15, 1951, CEWA.

_________. "Sound Principles for Determining Fair Wages." Before the Men's Association, Grosse Pointe Memorial Church. Grosse Pointe Farms, Michigan, October 3, 1951, CEWA.

_________. "The Automobile Industry in Peace and War." Before the American Society for Metals. Chicago, Illinois, October 26, 1950, CEWA.

## Oral History Transcripts - ILIR

Addes, George. UAW International Secretary-Treasurer from 1936-1947. June 25, 1960.

Anderson, John. UAW International Executive Board Member, 1936-1937; Local 15 President, 1946-1949; Communist UAW Member. February 17, 1960 - May 21, 1960.

Brams, Stanley. McGraw-Hill Publications Representative in Detroit; Editor and Publisher of Detroit Labor Trends. November 23, 1959.

Bully, Norman. UAW organizer, 1936; Local union leader. October 12, 1961.

Cleveland, James. Chevrolet Forge Spring and Bumper worker laid off in 1943-45, later became active in UAW local and international activities. October 3, 1961.

Fagan, Frank. Unionist when working with Murray Body Company. February 19, 1963.

Ganley, Nat. Member of Local 155; active in Michigan Communist activities; columnist for Daily Worker and editor of Michigan Worker. April 16, 1960.

Germer, Adolph. Socialist who spoke ill of Communists; active in Michigan SP and once SP secretary. November 22, 1960.

Greathouse, Pat. 1947 Local 248 administrator; held many UAW Executive positions, including 1956 UAW Vice President. May 14, 1963.

Haessler, Carl. Managing Editor of Federated Press, 1922-1956; editor of United Auto Worker. October 24, 1960.

Hattley, Joseph. Chrysler unionist active in UAW offices. August 4, 18, 1961.

Hughes, Arthur. Assistant Director of UAW Chrysler Department since 1948; Past President of Amalgamated Local 140 of Warren, Michigan. March 13, 1963.

Manfred, Frank. UAW organizer at Kelsey-Hayes Company; helped organize 1936-1937 Sitdown strike. June 26, 1960.

Marquart, Frank. Education Director for Dodge Local 3, 1937-1941; UAW Ford Local 600, 1941-1944; UAW Briggs Local 212, 1944-1948; also served on University of Michigan Worker Education Service. February 10, 24, 1960 and September 5, 1961.

Merrelli, George. Assistant Regional Director of Region I for the UAW in 1948; Representative on the UAW-GM Department Staff. February 21, 1963.

Palmer, Jack. President of Flint Local 659 which challenged Reuther's power, along with four other Flint Local Presidents in 1947-1948 and promoted use of the Escalator Clause. July 23, 1960.

Prato, Gene. Fordworker in Dearborn plant. February 20, 1963.

Reuther, Victor. Director, UAW Education Department since 1946. March 7, 1963.

Sage, Sam. Wayne County CIO member; delegate to many Michigan Democratic Conventions. July 18, 1960.

Shaffer, Leo. Member of Local 174, Walter Reuther original local; later President of Local 163. November 25, 1960.

Thomas, R. J. President of the UAW before Walter Reuther; became Vice President in 1946, when Reuther elected President. March 26, 1963.

Woodcock, Leonard. President, UAW-CIO; joined International UAW in 1946; a regional director in 1947. April 30, 1963.

## Interviews and Supporting Material Given by Interviewees to Author

Addes, George. UAW Secretary-Treasurer, 1936-1947. Detroit, Michigan, August 13, 1974.

Bramblett, Earl. 1948 member of GM negotiating team, later Vice President of Personnel for GM. Bloomfield Hills, Michigan, August 22, 1974.

Brams, Stanley H. Representative for McGraw-Hill Publications in Detroit; Edited, published, Detroit Labor Trends. Grosse Pointe, Michigan, July 25, 1974.

Court, Andrew T. Member of GM Business Research Staff, 1928- . Helped Charles E. Wilson formulate GM's version of 1948 contract concepts. Detroit, Michigan, June 28, 1974 and September 5, 1974.

Crellin, Jack. Covered labor stories since the 1930's as a reporter for Detroit Times and now Detroit News labor editor. Detroit, Michigan, August 15, 1974.

Cushman, Ed. President, Wayne State University; Board Member of University of Michigan-Wayne State University Institute of Labor and Industrial Relations; Vice President, American Motors Corporation, 1959-1966; Vice President of Industrial Relations, American Motors Corporation, 1954-1959; Special Assistant to Secretary of Labor Lewis Schwellenbach in 1946. Detroit, Michigan, August 1, 1974.

DuBrul, Stephen. Director, Business Research Staff, General Motors Corporation; former director of Social and Economic Relations within Personnel Staff, 1946; helped Charles E. Wilson with research behind the 1948 Contract's concepts. Lake Orion, Michigan, June 28, 1974.

Ganley, Mrs. Nat (Anna). Wife of UAW Communist Nat Ganley, editor of the Michigan Daily Worker; columnist for Daily Worker. Detroit, Michigan, August 14, 1974.

Johnstone, Thomas "Art". Retired Head of Labor Relations for Canadian National Railway; Director of GM Department of UAW in 1948 and chief negotiator with Jack Livingston in 1948. Phone conversation and letter from Detroit, at West Vancouver, British Columbia, Canada, September 5, 1974.

Kleene, Thomas. Detroit Free Press General Business Writer; worked on Detroit News, Detroit Times and Detroit Fress Press since 1936 at various times. Grosse Pointe, Michigan, March 22, 1975.

Livingstone, John W. "Jack". UAW Vice President in 1948; negotiator with Thomas "Art" Johnstone in 1948 negotiations. By phone from Detroit to Ft. Meyers, Florida, September 5, 1974.

Mollica, John. GM Assistant Director of Labor Relations (Hourly

Wages). Detroit, Michigan, August 6, 1974.
Supplied "Detail Supporting Annual Changes in Wage Rates and Cost of Living Allowance, GM-UAW Agreements, November 9, 1936 - September 22, 1975," GM Business Research Department, March, 1974.

Palmer, Francis "Jack". President of Flint Local 659; Chairman of "The Five Presidents" of GM locals in Flint, Michigan who challenged Walter Reuther and promoted a UAW demand for wage escalation in 1947-1948. Phone call to Flint, Michigan from Detroit, September 5, 1974.
Supplied the following documents to back up his interview:

Five Flint Presidents, (Joe Berry, Robert Carter, Larry Finnan, Bill Connolly and Jack Palmer), Press Release, Statement of Policy, December, 1949.

Jones, Larry, "Jack Palmer Retires from Parts," The Searchlight (Flint), March 28, 1968.

Palmer, Jack. "A Wage Program to Answer Inflation," Radio Address, Station WFDS, Flint, Michigan, January 20, 1948.

Phelps, E.E. Director of Research and Education, Oil Workers International Union, Fort Worth, Texas to Nat Weinberg, UAW Research Director, Detroit, Michigan, January 23, 1948.

Walker, Coburn S., to UAW Members, Information downgrading to "Five Flint Presidents' Committee" and their campaign, (Reasons for Opposing Escalator Clause and Notes on Escalator Clause, and Palmer's Proposal for Industry-Wide Negotiations), February 1, 1948.

Patterson, E. J. "Pat". Former UAW negotiator in 1948. From a Detroit phone call to Fort Meyers, Florida, September 5, 1974.

Reuther, Victor. UAW Education Department Director since 1947; brother of Walter Reuther, active in 1936-1937 Sitdown Strike. Detroit, Michigan, August 8, 1974.

Rising, Frank. General Manager of Automotive Parts Manufacturers, Inc. for 18 years; disagreed openly with Charles E. Wilson on his 1948 Contract optimism. Letter from Troy, Michigan and phone call from Detroit, Michigan to Troy on August 15, 1974. He supplied the following articles:

Donovan, Leo. "Rising Sees a Flaw in GM Formula." Detroit Free Press, May 28, 1948.

Freeman, Siler. "Autographs: Rising Critical of Wage Formula." Detroit Times, May 28, 1948.

Seaton, Louis Goermer. Labor relations staff member in 1948, and later Vice President in charge of Personnel for General Motors. Orchard Lake, Michigan, August 9, 1974.

Upson, Brent. Director of Economic Relations for General Motors. Detroit, Michigan, August 6, 1974.

Weinberg, Nat. UAW Research Director in 1948. Phone call from Detroit, Michigan to Black Lake, Michigan, August 14, 1974.

## Newspapers

The Argonaut (Detroit)

The Boston Globe

Chicago Daily News

Chicago Herald-American

Chicago Sun

Christian Science Monitor (Boston)

The Cincinnati Times-Star

Daily Compass

The Daily Worker (Michigan)

The Detroit Free Press

Detroit Labor Trends

Detroit News

Detroit Times

Dow Jones Report (New York)

Flint Journal (Michigan)

Hartford Courant (Connecticut)

Informed Executive (Detroit)

Journal of Commerce (New York)

Los Angeles Times

Louisville Times (Kentucky)

Madison Journal (Wisconsin)

Michigan Herald (Detroit)

New York Herald Tribune

New York Post

New York Times

New York World Telegram and Sun

PM (New York)

Providence Journal (Rhode Island)

Richmond News Leader (Virginia)

St. Louis Post-Dispatch (Missouri)

Wall Street Journal (New York)

Washington Daily News

Washington Evening Star

Washington Post


## Miscellaneous


Agreement between General Motors Corporation and the UAW-CIO. Detroit, Michigan, May 29, 1948, GMPRL.

Blankenhorn, Heber. Confidential Memorandum for UAW International Officers Concerning Senate Committee Investigation of Reuther Shootings. September 15, 1950, WRLA-HBC.

__________. "Summary of Facts on Reuther Shootings Presented to the Senate Committee on Crime, Senator Estes Kefauver, Chairman." Detroit, Michigan, June, 1950, WRLA-HBC.

Carliner, Lewis. Inter-Office Memorandum to Victor Reuther Concerning Liston Oak. Detroit, Michigan, February 17, 1949, WRLA-UAWED, VRC.

Congress of Industrial Organization, Department of Research and Education. "Gains of the Seven Largest CIO Unions, 1920's-1946." From The Truth About the CIO, p. 2, WRLA-KEC.

_________, Full Employment Committee. Minutes from Meeting with the Council of Economic Advisers, State Department. Washington, D.C., March 1, 1948, WRLA-WRC.

Communist Party, U.S.A. Michigan State Committee, Educational Department release. "Emphasis: On 3rd Wage Round Demands." Detroit, Michigan, March 11, 1948, WRLA-NGC.

"Communists to Build Party as Answer to Un-Americans." From a Bulletin issued by William Z. Foster entitled Build and Strengthen Our Party and Press, p. 3, WRLA-NGC.

"Economic Perspectives for the Auto Industry." Undated notes of Ganley, WRLA-NGC.

"Memorandum on Wage Problems." Notes of Nat Ganley from about 1945, WRLA-NGC.

"Notes on GM Pact." Notes of Nat Ganley, May, 1948, WRLA-NGC.

"Peace and labor." Notes of Nat Ganley, Spring, 1950, WRLA-NGC.

"Present Wage-Price Situation." Notes of Nat Ganley, September, 1946, WRLA-NGC.

"Reuther and Speed-Up." Notes of Nat Ganley, 1946, WRLA-NGC.

"Reuther's Productivity Slogan." Notes of Nat Ganley, 1947, WRLA-NGC.

Michigan Legislature, The Callahan Act. East Lansing, Michigan, June 6, 1947, WRLA-NGC.

National Association of Manufacturers. "Industry's View of That Taft-Hartley Law!" A Bulletin. New York City, New York, March, 1954, WRLA-NGC.

National Planning Association. Labor Committee on National Policy. "Management-Labor Cooperation in Cutting Costs." A Statement Made on August 8, 1947, WRLA-NGC.

Productivity Conference Minutes, CIO. June 10, 1948, WRLA-KEC.

Thomas, R.J. Notes and index cards excerpting various magazines, 1948, WRLA-RJTC.

Wilson, Charles Erwin. Statement of Assets and Liabilities. Detroit, Michigan, July 1, 1946, CEWA.

Winter, Carl. "The Face of a Social Democrat: Walter Reuther." Michigan State Communist Party, biographical sketch, 1946, WRLA-NGC.