

The Economic Club of New York

121st Meeting

George E. Sokolsky
Sydney Hillman

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PRESIDENT CRAVATH: The program tonight, ladies and gentlemen, illustrates better than any program I can think of, the purpose and methods of the Economic Club. Certainly the subject tonight is the most important subject before the American people today, and we have sought to have speakers who would represent both sides – I might say the extreme views – on the subject before us.

The first speaker I will tell you something about. Mr. Sokolsky was born in New York, and upon being graduated from the Department of Journalism of Columbia University he went to Russia, where he became the editor of a paper published in England. After he had been in Russia a little more than a year, the revolution broke out, and the Soviets put him on the first train handy. That train happened to go to China, so against his will he turned up in China, about twenty years ago. He somehow got from the end of the Trans-Siberian Railroad to Shanghai – I think he stole a ride on a freight train. No, he says it wasn't as bad as that – but he had not been there long before he became the editor of a daily newspaper, and the editor of the principal learned magazine of Russia, and the most intimate advisor of Sun Yat Sen of China, who organized the Chinese Revolution.

He stayed in China fourteen years, leading a very active life in Chinese public affairs, and then came to New York. For a year or so after arrival in New York, he was a lecturer and writer on far eastern question. He knew more about far eastern question – particularly those relating to China and Japan – than anybody I know of, but he finally decided he would rather become a specialist

on some group of subjects more nearly affecting the daily life of Americans, than the problems of the Far East.

He therefore began, deliberately, a study of labor problems and for the past three or four years he has been actively engaged as a lecturer and writer on labor problems. Those of you who read the Atlantic Monthly are familiar with his views. I think I might add, without betraying a secret that he began as a Liberal, possibly a Radical, and by a process of self-training, he has ended up as a Conservative. (Laughter) Or, perhaps I should say a Conservative-Liberal or a Liberal-Conservative.

I have the pleasure of introducing George Sokolsky.

George E. Sokolsky

Mr. Cravath, Mr. Hillman, Ladies and Gentlemen: When Mr. Cravath told you he would tell you something about me, I became very nervous, because he knows the worst, but he forgot to tell it to you, so it is all right.

I was very much interested in his conduct of the election. He said, "The ticket is elected." That kind of spoils a part of my speech, because I was going to object to the Labor Unions doing it that way. (Laughter) However, since Mr. Cravath is only a lawyer and not an industrialist, it is

all right –we’ll simply put it on the bill and forget about it.

The topic for this evening’s discussion is: “Outstanding Problems of Labor and Industry.” It is very indefinite, but I think it is satisfactorily indefinite because it makes it possible for me to discuss what I want to talk about, and makes it possible, too, for Mr. Hillman to talk about what he wants to talk about, and we may neither of us, have anything to say to each other. That must be like some of the conferences between industrialists and labor unions during the past two months, when they signed on the dotted line. Of course I wasn’t there. (Laughter)

What I want to talk to you about, however, concerns not only the worker and the industrialist, and not only the labor leader and management in industry, but the public as well. I don’t work in a factor, and I don’t manage a factory, but I have as vital an interest in what rising prices and inefficiency does to my ability to live as any worker or any member of management.

The problem of employee-employer relationships cannot be limited to employees and employers. It is a public problem; and we of the public have a right to know what is going to happen to it. The public has a right to know whether its peace is going to be distributed unendingly in a quarrel between two groups of leaders over jurisdiction in the control of workers. The public has a right to know whether any group of citizens in this country can declare itself above the law and outside of the law and beyond the law; whether any group of citizens can undertake to demand and obtain a position of being without accountability and without liability for its actions.

This is not simply a question of employer-employee relations—it is a question of relations of all citizens, of all people in this country, to a problem that has been forced upon them suddenly as a means for political exploitation.

I am not going to go into the question of whether wages are as high as they should be. How high should wages be? What is the ceiling to wages? I am not going into the questions of whether hours are low enough. How low should wages be? I just want to talk about one question, and one question only, and that is the question of responsibility in a system in which we expect equal responsibility and equal respect for the law, and the equality of the law, on the part of all people in this country, without any exceptions whatsoever. (Applause)

We face the situation today that management is required by law to limit itself in specific manners. There are compensation acts, there are health laws, there are fair-trade-practice laws, there are law controlling provisions for financing companies, there are commissions appointed by the Federal Government and by the state governments, which regulate the conduct of management, which control the conduct of management, and which guarantee on pain of punishment that management will not go beyond certain specific margins which are stated by the law, and for which men can be brought into the courts.

There is only one law—one Federal law—governing the relations between the employer and the employee. Oh, there are other laws, but I am referring to the one where they both come together,

and that is the Wagner Bill, a bill which is lopsided, which recognizes the obligations of one group and places no obligations on the opposite group; which recognizes the responsibility of management, but places no obligations, no responsibilities, upon labor or the labor unions; which directs management to bargain collectively with men who may have a majority in an election to be held, if an election is called for by workers or by a labor union, but which does not make it possible for the employer to ask that such an election be held. This law contains within it a provision which completely neutralizes the law, a provision that nothing in this act shall be taken to limit the right to strike. Well, in the event that an election has been held and a company has agreed, management has agreed, to abide by that election, and there has been collective bargaining, and an agreement has been worked out, and whether the agreement is signed or simply declared that there is an agreement, in the event that the employer should take any step to break that agreement because of conditions in his industry, he can be hauled before the National Labor Relations Board on charges of discrimination, of coercion, of intimidation, and all sorts of charges. And in the event that a labor union, the labor union which gained the majority, or some other labor union which was a minority, strikes, and the agreement is broken, the employer has no rights in the matter, and the labor union has neither responsibility nor obligations.

That single clause in the law, the right to strike, irrespective of everything else, reminds me of a procedure in China. When the foreigners in China began to demand better courts and better laws, the Chinese sent commissions all over the world to get some laws, and they finally codified laws, laws for everything, modern laws, and at the end of each code they had a phrase, “When the

foregoing interferes with local customs, local customs shall prevail.” (Laughter)

The Wagner Bill is exactly that type of a law. IT is a law which contains within itself the germs for its own neutralization, as far as management is concerned, because providing for collective bargaining, providing for the machinery for collective bargaining, and establishing the form of an election which determines which is to be the bargaining group, it nevertheless legalizes the strike as a weapon when management has agreed to collective bargaining under the law, and has abided by the law.

But what does management know? How can it know? By what means has this majority group come into existence? Take, for instance, in the General Motors strike. When was a strike vote held? Who elected Mr. Homer Martin, the President of his Union, and when was that election held? In what place was it held? What was the vote? How many of General Motors employees voted at the election at which Mr. Homer Martin was elected? At what place and when did General Motors employees vote to authorize their organization to join the C.I.O? Who elected the officers of the C.I.O? At what public meeting were they elected? When did that public meeting take place? How many delegates, from what organizations, were there?

We are a democratic country, and we believe in the democratic process of selecting our officials. Even in the organizations of the exploiters, of the Economic Royalists, meetings are held in public, in accordance with the law. Officers are elected in accordance with the law. The reports

of the companies appear in the newspapers in accordance with the law. Those reports are filed and copies are available at all times, in accordance with the law. Accounts are made up so they can be read, and those accounts are available, and if officials swindle in the accounts, the S.E.C will get them—and all that is in accordance with the law.

Where do you see a similar situation today in the organizations of labor, or that we are facing, and that we are asked to deal with on a equal basis in collective bargaining? When were these people constituted leaders? Their answer might be that the evidence of their leadership is the ability to take over a plant and hold it by a sit-down. I have too much respect for Mr. Hillman to express myself on that subject tonight. But that is not a democratic procedure and it is not a responsible procedure. In the event that an employer of labor is guilty of an offense under the law, he can be sued, he can be made to pay damages, his property can be attached, he can be held accountable as an individual, his organization can be held accountable as a corporation.

What happens in the event that because of some quarrel, some quarrel in a labor union, a business is wrecked? Who is responsible, and what can that responsibility be? Suppose in the jurisdictional quarrels which are now developing in all trades, not only the unorganized, but those trades which have been fully organized by the A.F. of L., an employer signs with the C.I.O? The A.F. of L. men call a strike. Or, say, he signs with the A.F. of L. and the C.I.O. people call a strike—or, he signs with neither, and they both call strikes. Who is accountable? What can he do to protect himself? What can he do to protect his stockholders?

Suppose, under the Wagner Bill, the National Labor Relations Board conducts an election, and let us say, in that election an A.F. of L. union has the majority, and the C.I.O. group calls a sit-down; let us say an unauthorized and illegal sit-down, from the standpoint of the C.I.O., —and there have been unauthorized and illegal strikes in this country, even from the standpoint of any union. What is management to do in those circumstances?

Management will go to the National Labor Relations Board and say, “you have held the election. You have determined who is the majority. We have signed with that majority. Still we have a sit-down. Go and get our plant for us.”

And the National Labor Relations Board—all they can say is, “Those fellows have no business there, but we can’t put them out.” They say, “You’ll have to go to the Sheriff to put them out.” And the Sheriff won’t put them out because he has to run for office.

What is the responsibility there? Who is going to be held accountable? Who is going to pay for the damages? Who is going to pay for the loss of time of the worker? Who is going to pay for the loss of money to the stockholder? Who is going to pay the municipality for the damages done by an unauthorized and illegal strike?

We face an entirely new situation today. We have got a law. We have got to bargain collectively. But many bargained collectively before there was a law. We even had peace between employer

and employee before there was a law. But we have got to deal with this law, and what does that law do in terms of responsibility? It places all responsibility upon management; it places no responsibility whatsoever upon the labor organization. The labor organization is free to pursue any course whatsoever, and there is no place that you can take it to, and hold it responsible.

We have no definition in this country of the word strike. What is a strike? Of course, Hugh Johnson can answer all questions, and he points out tonight in the World Telegram that the President's tremendously philosophical question as to how do you define unemployment is a lot of hooey. He calls attention to the fact that an unemployed person is one who wants a job and hasn't got it, and needs it. And that is a very good definition.

A strike is very much the same thing. It can be defined very simply. A strike is an effort on the part of some workers or all the workers in the plant to enforce their will upon management by force, by duress, and by intimidation. But that definition is over-simplified. There are all kinds of strikes—there are strikes such as we have seen in Flint and Detroit, and in the Hershey Plant—in San Diego, in San Francisco—all over the country where a handful of men stop into the neck of the bottle of the process of production, and stop the flow of goods. The workers don't want to strike. In some cases they do want to strike. There is no formal evidence as to whether they want to strike or not. There is only the assertion of the group that has taken possession that you can't work without our consent—and that threat is made equally to the employer and to the employee. There is, of course, the other kind of strike, where there is a formal notification, where terms are

presented, and an attempt is made to bargain, and negotiations are held, and the negotiations are exhausted. And then there is a strike, with regret on either side.

And you have the situation of the employers and employees, of management and labor, practically taking possession of a city; fighting with each other to detriment of the entire population, with the police power helpless because it is small in a city where men are expected to be honest and law-abiding. The economic life of the town is vitiated; government is devitalized, and the public hasn't anything to say in the matter because there is no legal definition of strike, of the right to strike, of the character of a strike. There is even inadequate definition as to picketing, as to the extent to which picketing can interfere with the life of a community. We need a legal definition of the word strike. We need legal limitations placed upon the word strike, and what is more important, we need the enforcement of those limitations of the legal definition, not by elected, administrative officials nor even by appointed administrative officials, but by courts of law where we can openly try and openly arrive at decisions.

We have a right to know where the sinews of war come from. We have a right to know what part of the price we pay for commodities, for the things that go into a war chest to produce industrial disorder in this country. We have a right to know what part of the wages that are paid to employees are deducted from their salary, from the employee's wage, for the purpose of controlling political groups in this country. We have a right to demand that every law which controls and governs political expenditure by corporations shall be applied to political

expenditures by labor unions. (Applause) Not because we want to limit those expenditures—we have no right to limit them—but because we have a right to know who gets them. And we don't know that. We know that when a contribution is made to a Presidential campaign, or in some states to a gubernatorial campaign, that they have to be published, but we do not know how much is spent in the election of Congressmen and Senators and local officials, even assemblymen and aldermen, or any type of official, and we don't know how much is being expended in indirect ways.

I wrote an article in the magazine Commentator, in which I asked a question I couldn't answer, because I do not know the facts—the facts are not available—and which only those men could answer who are accepting retainers as counsel for labor unions while serving in Congress—and I asked if there are any such. And I thought there would be a denial that there are any such. I thought somebody would rise up and say, “Not a dollar is expended by this indirect method to control legislation.” And that article has been before the public now for more than a month, and has had a circulation of over three hundred thousand, yet not a single whisper has appeared to deny the possibility that my question may contain within itself the germ of an accusation.

We ought to know the truth about that. We ought to know not only that there is responsibility, not only that there is a democratic control of the labor unions—which we know from Thomas Dewey's investigation is not always true—but we have a right to know that the gains of labor are all gains because of the justice of their cause, and that there is not a single gain for any other

reason whatsoever. (Applause)

I should imagine that labor leaders would favor this type of responsibility. I should imagine that they would be willing to say that we have now reached a point in labor relations in this country where collective bargaining is assured, and that we are prepared as in England and in other countries, to assume our full responsibilities under the law, and to depend upon the courts to see that the law is enforced, with regard to ourselves as well as with regard to the employers.

I have not seen a resolution passed by a single labor union in all this discussion of responsibility, in which the labor union says, “We are prepared to accept responsibility under the law—we will become a chartered corporation—we will place ourselves in the position of being sued for our errors and of suing when we are erred against.”

Not a resolution. Not one resolution to indicate an assumption of responsibility. I feel that what we all ought to insist upon, not only employers, who must insist upon it, or they will sooner or later find that efficiency and management is destroyed because of the control which an irresponsible body has over management, but the general public must insist upon this:

First: That every labor organization—every organization that presents itself as an instrument of collective bargaining—shall be chartered under a special law, clearly defined, defining its rights, its obligations, and its responsibilities. (Applause)

Second: That every such organization shall be required by law to file annually with a public office, a complete statement of accounts of expenditures and receipts, and that this statement shall be broken down so it can be read, not only by accountants, but even by their own members.

Third: That no labor union shall be permitted to spend funds for political purposes without the written consent of each particular member of the union, and that all such expenditures for whatever political purpose shall be made public and shall be filed with a public office, and shall be available for public scrutiny at all times.

Fourth: I feel that management and the public, and I am sure that many labor leaders will feel, that they can face that problem with honor and dignity. I feel that management and the public should oppose the check-off as a form of intimidation, as a form of coercion, as a use of another man's money without his consent, unless each individual worker signs a release, permitting management to deduct from his wages the amount to be given to the union. (Applause)

I also would recommend that worker elections should be held annually; that they shall be democratic, and that the law shall regulate, as it does with corporations, the form of such elections, the character of such an election, and what right, even within the union, individual workers of minority groups have. A minority stockholder can rise and question even one whom we all respect and love, Charles Schwab, and nothing can be done—this minority stockholder had a right to voice his sentiments.

Yet we all know what happens to minorities in labor unions—perhaps not in all unions; Mr. Hillman, your union is an exception. And that is one of the greatest misfortunes that management faces. You are the “pet Jew” in every situation.

We ought to have a law which defines elections for political, for labor union offices, and we ought to know that that election is democratic, and that therefore there will be peace within the labor organization, and not the peril of constant war.

Finally, we should have a definition of the word strike. And then, the greatest problem that faces the employer today is the problem of contractual relations with the union. You sign a contract, and what good is it? You can’t take it into a court—you can’t sue the union. Suppose you sign a contract for a year and they call a strike on you. What can you do? If you sue them you have got to sue all the members of the union. And even if you got the decision, what could you collect?

General Motors signed a six-month’s peace, and had 31 strikes following. What good is that sort of a contract? We have got to have a law that makes a union financially responsible, responsible for the enforcement of its contacts, and which places that enforcement not in an appointive administrative office, but in the courts.

Gentlemen, we can have industrial peace in this country, and we can have it without coercion by

government. I don't favor compulsory arbitration—I don't like any kind of government compulsion, of anybody for anything. We can have industrial peace; we can find a way if we have responsible employers and responsible labor unions. It would even be beneficial to the employer to recognize the union, even to the extent of the closed shop if there were full responsibility within the law and a juridical enforcement of that responsibility.

But there can be no industrial peace, there can be no end to strikes, there can be no end to the cessation of work, there can be no end to the constant political strife that arises out of labor troubles, there can be no end to the bewilderment and chagrin which we all feel at this moment, when there could be ample for everybody, particularly in manufacturing industries, there can be no end to the turmoil of dissension and hatred and strife which has come over our country without this responsibility. But there can be an end to all that if labor will assume the same type of responsibility that management has assumed.

We are a law abiding country. The court has spoken that this funny law is the law of the land. Very well, management abides by the law of the land. But we want to know that everybody is equally liable to the law, and we want a law that makes everybody equally responsible, equally liable, equally subject to the jurisdiction of the law, and of the courts, in the maintenance of peace; in the maintenance of order in this country.

I thank you. (Extended applause)

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PRESIDENT CRAVATH: The next speaker is a leading labor leader. He is General President of the Amalgamated Clothing Workers of America since its inception in 1914, and he is Treasurer of Labor's Non-Partisan League. He has not only been a leader in building up the union in the Men's Clothing Industry, but has throughout his career evinced a deep interest in the broader problems affecting the labor movement.

In 1933, Mr. Hillman was appointed a member of the Labor Advisory Board by Secretary of Labor Frances Perkins, and was re-appointed to this post in 1935. Until the National Industrial Recovery Act was ruled unconstitutional, Mr. Hillman served as one of five members of the Board appointed by President Roosevelt to enforce the Act.

Mr. Hillman is a member of the National Youth Administration by appointment of the President, and is also a member of the Advisory Board of the United States Employment Service, and is at present Chairman of the Board of Amalgamated Bank of New York.

As most of you know, his most recent and important activity is as Chairman of the Textile Workers' Organizing Committee, affiliated with the Committee for Industrial Organization, headed by John L. Lewis.

I have said enough to demonstrate the only requirement we impose on a speaker, and that is that

he should be a leader in the field for which he speaks.

I have the great pleasure of introducing Mr. Sydney Hillman.

Mr. Sydney Hillman

Mr. Chairman, Mr. Sokolsky, Ladies and Gentlemen: I consider it a privilege and an opportunity given me to discuss the subject assigned to us tonight—the subject of Labor Problems Confronting the Country, and they are weighty problems.

In the limited time given me, I should like to tell you as frankly as I can, what the objectives are of the group with which I am associated, the Committee for industrial Organization, for after all, a real contribution can be made if we get together in an understand of one another's points of view. I know a number of questions will be directed to me, and I should like to say the very beginning, that I have no particular quarrel with the preceding speaker.

We of labor fully recognize that unless we assume responsibility, whether there is a law or not law, in a Democracy, our power will be curtailed. There is no question in our minds that unless whatever power we have be used for the public good, we will not be permitted to operate for any length of time. And so, we are not frightened about the possibility of public regulation that may come, affecting labor unions, if these organizations abuse their power.

The only quarrel I have is that the law, the Wagner Law, is less than a month old—labor has not been given an opportunity, as yet, to show how it will act under the law—yet already there are suggestions as to how to curb the power of labor.

The law known as the Wagner Law is the result of certain conditions that have prevailed in American life, in industry, and all one has to do is read the reports that come from the testimony before the La Follette Committee, whether coming from Harlem County or in other places, to justify the necessity for the law. Yet I say to you that if labor will indulge in such practices, there is no question in my mind that there will be laws to curb and regulate practices of labor organizations.

Again, I can assure you that any labor ticket is elected as democratically as in your organization (laughter) and I find no fault with the procedure.

Let me say this to you, as an officer of a responsible organization; I am elected every two years; I am nominated at a convention of or organization, and then, every member of my organization has an opportunity to vote for me, or against me, or to vote for an opposing candidate, if there is an opposing candidate in the field.

I am not here to hold a brief for every labor organization, but there is sufficient law right now for

a special district attorney of New York County to investigate labor unions, where conditions prevail which are against public policy and against law, and no responsible labor leader has found fault with such investigations and prosecutions resulting from them by Mr. Dewey.

But after all, it is more than that, than merely, what laws we are going to have. The problem confronting us today is to find a way whereby labor and management can cooperate. That is the problem. What you gentlemen representing large interests, either of your own investment, or those for whom you are called upon to advise in professional capacity, have to do is to study what it is that this group for industrial organization stands for, to find out whether its policies will make for cooperation or friction in industry. And I say to you here, without any reservations, that the Committee for Industrial Organization and its leadership and its followers recognize the responsibility of labor, first to enter into contractual relationship on a basis whereby industry and labor will be able to function cooperatively. And we know very well that whatever quarrels there may be between labor and management, as to the division from the returns, both of industry and labor, can only promote its own welfare if industry is prosperous and if there is a sufficient return to make a better division between all the groups who depend on industry for their own support, (Applause) and a hope for a higher standard of living.

That labor is anxious for organization ought to be apparent to any one at this time who is a student of industrial relations. In less than a year, even before the Wagner Act was held constitutional, over a million workers joined labor organizations, and so I believe that it ought to

be clear to anyone that American industry is facing a fact—the desire of labor to organize, the desire to deal with industry through organization, in a representative capacity.

That being a fact, it then becomes our duty and responsibility to find ways of making the organization of labor possible, and in a way that the organization will be beneficial to industry.

I am an optimist; I believe that there is today a state of mind amongst industrialists as well as amongst responsible labor leaders, to find a way for such cooperation. It is hard to give up the prejudices of old, but through my own personal contacts, almost daily, I believe that enlightened employers, thinking in terms of industry and what is going on, are giving serious consideration to finding a new way.

The first way, I believe, that the Committee for Industrial Organization has already made a contribution to a peaceful relationship between industry and management is where it has accepted the form of industrial organization. They have turned down the old method of organization by crafts, not merely because it is ineffective as far as labor is concerned, but because it gives no responsibility in the relationship between labor and management. No employer can enter into 17 agreements with 17 organizations, and be assured that there will not be the jurisdictional strikes which have no justification, from any point of view, and which make it impossible to have responsible leadership and contractual relationship between industry and management. When one organization is dealing for all its organization in the plant, in the

industry, it can look forward to a responsible organization liquidating the terms of the contract and no one in industry, if they are fair and honest, can say that if they have to deal with labor that they would rather deal with the old form of organization.

What are the objectives of labor? Primarily for industrial organization. Listening to Mr. Sokolsky, of course, I didn't see all the fears expressed, but sometimes I read his column and I find that there is a hidden conspiracy back of these movements, and if I am doing an injustice to you, Mr. Sokolsky, then other columnists carry on the good work. The only thing disturbing to me about the whole situation is what I heard today, that unfortunately, you can go to a place and immediately it seems to make for trouble. (Laughter) A year in Russia, and a revolution—another time in China, and another revolution—and there they had compulsory organization—no strikes or anything! However, I am sufficiently aware of conditions in this country that I don't believe your presence here holds out that kind of catastrophe for the American people.

Labor is not concerned with any hidden conspiracy. We accept the competitive system and individual initiative, and no responsible leader of the Committee for Industrial has either suggested or made any play with the notion about upsetting things, because no matter what may happen in the long future, we know that what is going on abroad is the greatest lesson to those who have not learned from their own experience, that any violent change means disaster for everybody, at least for a long time to come. And so we believe that when we lend ourselves and our efforts to the reading of history, we know that revolution only comes to a country where the

great mass of the people are hopeless and in despair, but no sane person turns over that guarantee, the sense of security that our institutions give us, no matter what demagogues or others may urge. The only danger is when millions of people have lost their sense of security and their hope in the future. And so when we dedicate ourselves to an effort to raise the standard of living of the American people—and gentlemen, if you are honest with yourselves you know that it is not the most democratic way to determine the wages for people in an industry, by a Board of Directors of a company, that is so far remote from what is going on in the plant that they don't know—and surely labor can't look to them to get a fair division of the income of industry.

And so we believe that in the interest of labor and in the interest of the country, and even the consumer, with due regard to the speaker who preceded me, we are all consumers—not merely those who are right, not only those engaged in management, or those engaged in definite labor tasks. We are all consumers, and if we raise the level, the standard of living of the American people, it means a better day for all concerned, management included. We don't want a 1933 picture with wages down to the lowest level, with business, most of the business, on the verge of bankruptcy, if not going through bankruptcy proceedings. And so I want you to believe—we may be wrong, but our own purpose is to promote, increase, the standard of living of the American people, and we know the only way to raise, progressively, the standard of living of the American people is by increasing production, and not by the curtailment of production. (Extended applause)

We have found, labor has found through their experience, that they cannot get a square deal—never mind the new deal—when they are not organized, and therefore they desire organization. I don't know how high wages should go. They ought to go as high as industry can afford to pay. I don't know how low hours should be—they ought to be low enough to make for employment. We don't want millions of people on dole or any other way—living on charity from others.

And these are matters that can be discussed properly in conferences. We are asked, “What will happen?” Well, the thing to do is to find out what has happened in industry where the people who are at the head of the industrial committee, the Committee for Industrial Organization, what has happened in the industries where they had full and complete power. We have had contracts going back with Hart, Schaffner, and Marx for years—the first contract entered into was January of 1911. We have just recently renewed the contract with them, which usually runs for three years, and will run from this May 1st, for another three years. And there has not been a single interruption of work, not a strike since 1910 up until this time! We are dealing with 90 percent of the employers in the industry, all under contractual relationship with our organization. One day last February, we made a contract for 150,000 people, right here in New York City, and the conferences lasted just three half days. Not a stoppage of a single day in the whole industry—all settled by conferences—and those who know the clothing industry, which was known years ago as the “Sweat-shop industry”, with cut-throat competition—know there were those conditions prevailing. And I can't blame the individual employers because the competition dictates the conditions for the decent employer, if he hopes to stay in business. And so, we had, before, a

lack of organization, and a great deal of bankruptcy resulted, with labor down to the lowest level possible—four or five dollars a week—54 hours a week, when there was work—and after a process of a few decades with industry cooperating, we have today much more efficiency than we had any time in the history of the industry. When I make this statement there are people in this room who could contradict me, if my statements are wrong—there has not been a strike, there has not been a time when, as a result of conference, agreement has not been reached.

Why, then, should you assume that our efforts in industry, generally, will not be in the same direction? Let us look at another industry that I am now trying to associate myself with—the Textile Industry. There is no organization there, and anyone who knows anything about that industry knows of the demoralization, the shameful conditions prevailing; yet again you can't point out and find fault with the individual employer. He is simply a victim of circumstances. In 1923 there were 325,000 workers employed in New England in the cotton mills. In 1935 there were only 75,000—because of the cut-throat competition, because labor in other sections of the country was permitted to work for a wage that no one could consider a wage of decency. And what has happened? It is estimated that the investment on spindles alone represents a loss to the industry of over \$5,000.00, and that figure is given me by the Employers' Association.

Has the industry prospered? No. There is a condition of demoralization, chaotic over-production, and price-cutting, and there are 300,000 workers affected by these conditions, and the communities themselves are affected by these conditions, by these starvation wages.

Now, then, isn't that a subject for industry, for industrialists, to give serious consideration to? Here is one of the major industries in the country, employing more than any other two industries combined, where the employers themselves could not regulate themselves against cut-throat competition coming from starvation wages. Why, then, should we look with fear and apprehension if a labor organization comes in and establishes decent conditions and makes it possible for everyone to make a decent contribution to the standard of living of American living, so that our factories and mills will be kept in production; instead of working all of the time working only six months a year, and then closing down?

I say to you gentlemen—and I recognize fully the grave responsibility, not only upon me, representing labor, but probably upon you gentlemen here who advise industry what to do—it is so much easier to say “no”, it is so much easier to just break down, and find fault with any suggestion that will make for cooperation and stability. I say to you, why not approach the subject matter with an open mind? Whatever that means of course. We all believe we are approaching the subject open-mindedly. But why not look upon the record and find out what has proper cooperation between management and labor offered to industry in the country? The records of the industries dealing not with jurisdictional squabbles and not with craft unionism, but with responsible organizations. And I say to you gentlemen, that you do not need a law to make honest, sound-thinking people and to enforce contracts. Their enlightened, self interest dictates the truth to them.

So much is said about “Let every contract be enforceable by law.” We make three-year contracts with every employer in the industry—in 1930 we made three-year contracts with every employer in the industry. Supposing we took that contract and tried to enforce it in a court of law? Up to the end of 1933 most of our employers would have been out of business. We had to approach it in a spirit of good commonsense. When industry faces a disastrous depression we can’t approach it in a legalistic manner. If an employer indicates that he can’t live up to the contract or if industry can’t afford to live up to the contract, sound leadership dictates, and proper industrial relationship dictates a laying aside of the contract, and looking at the matter jointly, and sensibly, as partners in the industry, as they are, to meet the problems fairly. (Applause)

I have just a few minutes, and I will say this to you—I would like to come back again to this, not that I like to dwell on it but because it is so much in the public mind. Irresponsibility is not merely confined to labor; irresponsibility can be found in every place where human beings find themselves, human nature being what it is. I want to say to you that those who are creating the atmosphere of fear in the country today are not making a contribution to the working out of a peaceful relationship between labor and management. Let us all approach it in the sense of humility. None of us knows the answer to everything. Some of you gentlemen had occasion to revise your judgments in the years of 1930 and 1933. Let us approach the subject by saying: Here is a grave problem confronting the country—labor is dissatisfied, labor wants a greater portion of the national income, and it believes that not only is it in the interests of labor but it is in the interests of the country as a whole. Let us not try to prejudice the matter, let us not take in

the situation as if there is a conspiracy to do what? To upset the conditions in the country.

Gentlemen, labor would be the first to suffer from any such tragedy. I believe that problems are difficult enough, and that it will take all the constructive citizenship to find a way – and it will be by way of cooperation. And some of you gentlemen will have to revise your beliefs whether you like it or not. Labor is organizing, and no law is going to stop it—they haven't stopped it in countries where the law has left out labor in all instances—all it has done is to precipitate crises, and those who had more at stake lost more, because they did not approach the subject sensibly and constructively.

I therefore plead with you to approach the problem first constructively—don't merely find fault with the facts. Let us find a way of solving those facts by a method that will benefit the country, and therefore, labor and management. Let us not all the time ask for more laws. It is rather surprising, sometimes, where in a group of financiers, in one place they cry "We don't want the government to interfere with everything: and then they say in another instance that they want laws for everything imaginable.

Shall we have a government regulate every kind of our conduct, or address ourselves as men who have a sense of responsibility to the country and industry, to find a way of doing the things and doing them right. And then, of course, if as a result of experience, there will be a sufficient minority disturbing the process, let us then talk about laws, old or new.

At this moment, gentlemen, the Committee for Industrial Organization is engaged in a great effort and it is engaged successfully, to organize American labor. I can speak here for every man associated with the C. I. O., that it is our desire to make a constructive contribution. I ask you gentlemen to think in terms of cooperation.

I thank you. (Applause)

QUESTION AND ANSWER SESSION

PRESIDENT CRAVATH: I have handed Mr. Sokolsky one question. He has five minutes to answer the question and to say anything that is on his mind.

MR. SOKOLSKY: Gentlemen: It is very interesting. We have not had any sit-downs. There has not been any seizure of property. The writ of the court have not been ignored. The vested right of the worker in his job has not been raised. We have had nothing but a sweet-tempered conversation between management a few C.I.O. leaders during the few months past. We have all been crazy; we have all seen nothing. Nothing has happened in Flint; nothing has happened anywhere except that there has been a conversation in a hotel room between management and labor.

Cooperation! Can they talk of cooperation today when we have seen them seize a plant and hold

it, and question the right of a proprietor of a plant to enter his own office. And they speak of cooperation. They talk of an employer like Hershey, who has always paid decent wages, and they have thrown out everybody loyal to him, and they talk of responsibility and cooperation.

(Applause) They point to the Amalgamated Clothing Workers, a single labor union that has lived up to its contract.

And there has been peace. There hasn't been a strike in the Automobile Industry, either, and they have had no contracts or organizations. And there has not been a strike in the steel industry during decades, and there has not been any organization or control by the labor unions of management.

“You have the Wagner Act—Give it a chance.” We don't have to know what can be done and what will be done, and what men of sweetness of disposition will do. Read the Act. What can you expect of a political board, no matter what men may want, when it suits politicians to swing decisions one way or another way. We don't want to depend upon good men. Mr. Hillman, as much as I admire your achievements, I don't want to depend upon you. We might walk out of here and slip on a banana peel. I want to depend on the law because the law can be enforced and that irresponsible people will abide by contracts. We want to know that they must abide, that they have no alternatives.

You said, “whether you like it or not.” That has been the tone of the C.I.O. since the organization

came into existence—“whether you like it or not.”

Now I have got a question here: Why do labor unions shy away whenever there is suggestion of incorporation or similar devices which would make them legally responsible?”

I wouldn't know that—I only make trouble. I pass the question to Mr. Hillman.

I have got a question here which is apparently asked by an Economic Royalist. He says: “Will the labor unions be able to hold onto their membership?”

Well gentlemen, in some cases worker have remained in unions voluntarily; in some cases they have remained in unions because of the check-off; in some cases they have continued in the unions because God help the man who stays out! You know that to be true, Mr. Hillman.

Whether they hold onto the membership or not is a matter that doesn't concern us. What does concern us is this: that we have industries in this country which have had peaceful relations with their employees for decades—industries in which wages have been higher than in some of the highly organized industries on the average. This statement of course I snot accepted by the unions, but Miss Perkins' Bureau issues these average showing higher rates than the Amalgamated Workers got from the Clothing Industry. In those industries there have been cordial relations between the employer and the employee without any worker being required to pay dues for the right to work. The peaceful conditions in those industries have not been

disturbed. Workers have been told that the President wants them to join. Why wouldn't they join with the political pressure that has been put upon them during the past four years? Those industries today face disturbed conditions for the first time. They increase wages, they shorten hours, they provide improved working conditions, they tell their men that they can organize or not organize, as they choose, and yet those industries having these superior conditions find themselves today faced by the threat of strike because of the appearance of this "great cooperative movement."

What is the explanation for that? What is the explanation for this peaceful and loving proposal, Mr. Hillman?

MR. HILLMAN: Of course, Mr. Sokolsky just got that question by mistake. I have some others here, directed to me.

Here is a question: "Does the preamble of the Amalgamated Clothing Workers of the Americans still state it to be the object of the Union to gain control of the industry, as it did in 1922?"

Fortunately that particular point was brought into court in New York State; I think Justice Brisure, and he said that the preamble did not mean anything of that kind. So let it just go at that.

No organization enters into a contract with the employer, because the contract is with the

employer—we don't enter into a contract to take over the industry.

The next question has to do with donations to political campaigns. I must admit I have supported the present administration in the last campaign. For the first time labor has worked actively in the political campaign. If we are concerned about democracy, we ought to welcome that. In this State we have raised close to a quarter of a million dollars, but the average contribution was less than 40 cents, and was counted for by individual contribution. I think there are men in this room who have made greater contributions than that, in this and in other campaigns. It is, too, the first time I have heard that labor is not obligated under the law to file for each organization. We have done it, anyway under the law, and so did John L. Lewis. The law is applicable to all.

Then there are a number of questions as to why do we object to going to the law?

The fact that even our preamble to the Constitution was brought to a court covers that. I have never been sued for a violation of a contract because we haven't violated a contract, but I will say our organization has been sued in the courts, and it was never thrown out because we are legally irresponsible, it was always handled upon the merits of the case involved. Of course people talk about incorporation. You know that the purpose of incorporation is to limit your liability—not to increase it, under the law. If I am a member of a company I am only responsible to the corporation, and I believe we are held responsible for the limit of the law. Gentlemen, we don't believe in incorporation because we don't believe that the proposal is made in good faith.

Just read the record before the La Follette Committee. There are the paid provocateur put in by agencies in the employ of corporations, becoming officers of unions. We wonder what it will mean, where we would be responsible for the individual cases of violence, the practices so far being what they are. I hope that is the last we will hear about it—the placing of agents in unions, in most cases to promote violence. I don't mean to say the corporation places them there for that purpose, but it is the nature of the detective agency to create and to further industrial strife, it is to their interests, because under the situation of industrial peace they are out of business, and they are looking out for their business.

At the best, gentlemen, it is a minor thing. I will say to you it is not merely the Amalgamated—you can't find violation of contract in the United Mine Workers of America. I am told by the employers in the mining field that never was there a violation of a contract by the United Mine Works of America.

But at the best, gentlemen, it is merely a small matter. And then, of course, you have the eternal question of the sit-down. Whoever seriously thinks that the men and women, because they sit in a place, are trying to take over the property? At the best it is a violation of trespassing on other people's property, and anyone who knows what the situation is, knows that no responsible officer has encouraged sit-downs.

I am here merely to show my thoughts on the matter, and at least you will give me credit for that.

I am not trying to evade the question. If we can work out something that will make strikes unnecessary, we will have no sit-down or stand-up strikes, and that is the real problem that we ought to concern ourselves with. I think we are going to make a grave error if at this time when the real responsibility is to find a way of bringing a satisfactory relationship between labor and management; we just go to picking flaws here and there. I could have come here with a number of facts, but I believe this is the time to turn over a new leaf. Let us forget and let us really get away from practices that make for industrial strife.

Mr. Sokolsky says, “With all that fine spirit of cooperation, why are there strikes?” It takes two sides to cooperate. And it is our contention wherever management has approached labor in a spirit of cooperation that the problem has been worked out in a constructive spirit. I don’t believe we are going to make headway if we are going to indulge in hearsays. Obviously there is a state of unrest in the country; it has been demonstrated time and time again. Living in a democracy we have an opportunity to find out the state of mind of the people the day after an election. Now this is the state of mind of the people, and it was certainly not intended by me to say that C.I.O. says this, take it or leave it.

All I am pleading to you for is that our own people recognize facts as they are. Neither you nor I are completely responsible for the facts in the situation. There is state of unrest in the country. The greatest mass of the people believe that they are not getting their proper share. And that is possible, with our present opportunity to produce. If they are wrong, the only way to convince

the other side is in conference—not through newspapers, not by throwing bricks at one another. Having the responsibility to deal with the industry, I know a number of facts that cannot be brought out outside of the conference, but I do know from experience that when those facts are brought into conference the labor group will see those facts as clearly as management. There is nothing to hide. We ought not follow a policy of hiding things. Labor is a great part of industry; industry cannot go on without labor. Labor depends on return from industry for its well-being. It is entitled to the facts and the problems that are confronting management and labor, and those problems can only be brought out in a way that will command the confidence and conviction that comes when people sit around the table and look upon those facts. I have sat around a table time and time again with employers who brought out facts. Of course I didn't like them, but I went back at mass meetings and told them, these are the facts; what are you going to do about it? The company can't go on. It doesn't make any difference whether you believe that they ought to pay more—here are their financial statements, and we, as their representatives know those facts are correct.

Don't you think that is a better way than simply to post a notice Tomorrow your wages are reduced 25 percent? Yet let us not pick at one another. We can find faults in every part of our community. Talk about the law—and far be it from me to find fault with the any law—but if a law were so sheer that anybody could just read it, what would the great legal profession do? Go ahead—we have a law—it hasn't been administered as yet, but let us see that it will be administered in a sense of fairness. Why assume that the court will be unfair? It is the law of the

land. Why say, “Yes, we will live up to the law, but it is a funny law.” After all, if the law is to be upheld, we must accept it and cooperate with it. In the course of time, in the administration of the law, we will be able to prove the workability of it, and that is the time when people should sit down and say, “Change the law in order to make it workable,” if necessary. Let us not all the time fight for our position because some gentlemen don’t like it. After all, the essence of democracy is to accept any law and then change it, when public opinion finds the law is unfair or unworkable.

I please with you again, gentlemen, whether you agree with me on the sit-down strike or no. In this great urge to organize let us approach this problem as you gentlemen approach a problem in your business. You don’t find fault with the condition: you try to remedy and to adjust yourselves to the problem, and see that you can work successfully, no matter what the facts are that we have to work under.

Of course, I claim that as far as labor is concerned—and I am probably striking an unpopular note—we were more in line with the general thinking of the country than others, so we were closer to the feeling of the people, and we know more of what the feeling is, and to know what that feeling is is the only way to think constructively and to think of constructive remedies. I thank you.

PRESIDENT CRAVATH: Is it possible to state as a general rule that members of local unions

have or have not the democratic privilege of a secret ballot on important union questions submitted to union members? That is the next question.

MR. HILLMAN: Gentlemen, I let that answer come from the industrialists who have organized the company union, to find out whether they honestly believe whether the members have a great deal to say in the management of the company.

MR. ELY: Here is a very important question: “Can labor leaders control the members of their own organization?”

MR. HILLMAN: Mechanical control, no; labor leaders will only control their followers as long as they follow policies that are in the interest of the people they represent, and I will go farther than that—to be really in the interest of labor that we represent, it must be in the interest of the public at large.

MR. ELY: Mr. President, it fell to my lot, Sir, in my official relation to the Economic Club, to invite both of these speakers to speak. For both of them I have a deep personal regard. Now George Sokolsky, I want to say something—you ought to have a chance, and then Mr. Hillman, if you would like to. And then, I want to say just a word about my talk with you.

MR. SOKOLSKY: Gentlemen, I am not going to answer any more questions, nor am I going to

comment particularly on any point Mr. Hillman raised, except one.

Mr. Hillman has taken the attitude tonight which is, I think, his normal attitude, and far away from the attitude which employers have experienced during the past few months in negotiations with some of his colleagues. He wants peace; industry wants peace; everybody wants peace. We want an orderly country. We don't want political conspiracy, either between management and its politicians or labor and its politicians.

It is not then, the problem this: Isn't it the problem for the labor unions to leave the question of the type of union that the individual worker wants to belong to the individual worker? Agreeing that employers who employ detectives, or detective agencies to provoke strikes—if they did—is wrong, and agreeing that any form of coercion and intimidation is wrong, should not both the employers and the labor unions do their propaganda openly, appeal to their workers openly, but both withdrew from any form of coercion and intimidation? Should it not be left to the worker himself to decide whether he wants to belong to any union or to no union; should not those workers in a plant who want to belong to no union be permitted to work? Should not those workers who prefer to belong to what you call a company union, what we call an employee representation plan, be permitted to deal with their employers as they choose, without the fear of strife, without the fear of the type of coercion which workers experience in strife?

We want peace but not on the basis of dictated terms. We want cooperation between the workers

and their employers, but that cooperation ought to be one the basis of the freedom of the individual to decide for himself what he wants to do. The situation, the fact, as you call it, that we have to face today in this country is this, that a tremendous organizational campaign is taking place. The government participates in that campaign indirectly and even, at times, directly. The employer as well as the worker, has to face the fact that he must bow now to the furore of this campaign, whether he thinks it right, whether he wants to do it, whether he believes it beneficial, in the case of the employer to his business, in the case of the worker to his own interests. So if there is to be peace let us, as you say, forget the past; forget the La Follette Committee; forget the sit-down, if you please, and let both sides withdraw so that the worker can decide as a man, and he is a man, what he wants to do. He has a right by law to select the president of this country; he ought to have a the right for himself to decide what he wants to join; what he wants to belong to; what he wants to do in order to work. He has a right to decide whether his loyalty is with the firm that employs him or with an organization of which he is a member. Let the workers decide. I know what in the principal industries of this country employers would accept that as a road to peace.

MR. ELY: Most of the questions are duplications of ones already discussed, but here is one that seems to present something new to me. “Just as you say, Mr. Hillman, the sole objective is to increase production, how do you reconcile that fact to the fact that the unions have arbitrarily reduced and limited the amount of work the tailors in New York are allowed to turn out, thereby reducing production?”

MR. HILLMAN: I would like to know about that. I wish the person had put his name to it, so that I could find out. I don't know of any restrictive measures for the tailors. There is a question where there seems a misstatement of facts. I will challenge anybody I know of in the tailoring industry to tell me where we have limited production. There are practices for the limitation of production of course, and we know that it comes from a lack of sense of security. Give labor the sense of security and I believe that will fade out of the country. All of us want that sense of security for ourselves and our families, and if you don't get it in a constructive way you find many people who are trying to take a short cut to it—they don't get there—but that is the motive for it. And I say labor is not interested primarily in increased productivity, but with an increased and higher standard of living and that can only come from higher production. Therefore give a condition where labor can have a sense of security, knowing that there will result a greater technological efficiency and knowing that it will result in a higher standard of living, and you will find cooperation instead of opposition.

Obviously, in all these matters, we must have cooperation from both sides. As to what Mr. Sokolsky said—if it means that the labor group should not carry an educational campaign, which you call agitation, why not make a proposal that we do not permit any speakers in an election? Just let them vote. That would probably get support here, but it is not supported as a proper democratic process. People before the vote are supposed to be given the opportunity for discussion—those on one side giving its reasons for supporting its candidates; those on the other

side, its reasons. I am not arguing for coercion and all those things because, frankly, it won't get us anywhere. I deny that industry can be organized through coercion. It can't. And if American labor doesn't want to join organizations, there is no power to compel them to do so. In political campaigns you will find certain incidents arising and, gentlemen, they are the same human beings that you will find in a campaign for any organization. Lots of things have been said in the last campaign on both sides that some who have said these things would rather forget about it, and that is the truth.

Now, then, if management—and I am not saying they must, I am hoping that management will accept the new way of doing things, if they will go in and say, “of course labor has a right to be represented” and will go not on the question of recognition but as to the conditions they are to work under most of the things we are concerned about will fade out of the picture. Human beings as they are—give them an opportunity to get not what they want, but what they are entitled to, give them an opportunity to get it in a peaceful, sensible manner, and they will rather take that in that way than in any other way. There is no joy in participating in a strike. The very fact that they are in a strike shows conditions are not satisfactory.

Oh, yes, you say certain industries have the highest wage level. Well, those industries' profit statements prove that they can pay a higher level. What is wrong with labor expecting a higher wage level? I say to you, the bitterness in the automobile strike, if you want to trace it, read the evidence before the La Follette Committee is this: people resent working under conditions where

they are spied upon, and we ought to applaud that attitude. People have a right to the freedom of their homes. They have a right not to be spied upon when they leave the factory. I have stayed away from what we call charges because it will only make for more ill-feeling, and that is not the way we are going to come to a constructive solution.

I have been on the National Recovery Board, and have not stated publicly the facts I have found in some industries, and I dare say not a person in this room would stand by the conditions found in some industries. After all, we want personal freedom. People can't talk to other people without being reported, and they lose their jobs. I can show you hundreds of cases where people had to leave company towns. And Flint is one of them. Every activity is controlled by the large organization giving employment in that city, and people losing their jobs had to travel hundreds of miles to find work elsewhere. That is the kind of thing people are resenting, and ought to resent.

Let us try to find a new way. Let us not waste time finding fault with one another, and therefore I see no difference on the major problems between responsible labor leadership and that which you gentlemen could agree out to be a constructive policy in industry.

MR. ELY: This has just been handed to me: "Mr. Hillman, if the leaders in the C.I.O. would take your position of fairness and understanding, there would be no labor problems." (Applause)

There are things this Club does not know, and it ought to know them. First of all, it has a President who stands in a perfectly splendid way for the spirit of fair-play, and when misguided, blind, prejudiced, and worse, member of this Club wrote to him and criticized us for asking you, Mr. Hillman, to speak, your letter in reply, Mr. President, was a model of fairness.

We have a President of this Club who stands for the kind of thing we have had tonight.

Now these two men here—we are peculiarly indebted to both of them. There was a lot of danger that this meeting would generate heat rather than light. Mr. Sokolsky, here, is a busy man and he has a well-earned reputation as being the ablest representative of his own point of view and he has been listened to at Town Hall with a great deal of respect.

Here is Sydney Hillman: I had never met him before, and when I went to see him he was a terribly busy man, busier than any man ought to be, and worryingly busy, with no time to talk to this kind of crowd. And he has come at a sacrifice, and I tell you this Club owes him no ordinary vote of thanks to this man and to you, too, Mr. President, and to Mr. Sokolsky. Let us give it to them with all the power we can.

(The audience arose and applauded)