

**Ernest T. Weir:
In the Crucible of Unionization**

With the Great Depression at its depths, Ernest T. Weir, chairman of National Steel Corporation, addressed The Economic Club of Chicago on December 1, 1937 on the question of labor relations.



“We witness charges and countercharges, recriminations, mud-slinging, threatened violence and actual violence—all on the question of what basis employers and employees shall have in their dealings with each other. While this condition continues, the country pays an enormous price in unrest, lost time, lost wages, lost profits, lost products, lost services, property damage, physical injury and even loss of life. What is all the shouting and shooting about? Why has this question aroused dissension and strife which, at one point at least, brought the country to the verge of industrial civil war?

“In my opinion, it is because those responsible for precipitating the present situation started with the false assumption that labor relations must be founded on a basis of conflict and, therefore, shaped their action in the spirit and in the methods of war. A sound basis for labor relations requires the direct opposite—the spirit and methods of peace. The question of labor relations cannot be isolated and considered by itself as a specimen under a microscope. Labor relations have their place against the background and within the framework of business, using the term ‘business’ in its broadest meaning. Necessarily, the character of these relations must change as the character of business changes. But certain fundamentals must remain true just so long as business is governed by economic laws. The individual business organization represents the joining of three economic groups—labor, management and ownership—in a

common enterprise. But the enterprise itself does not exist primarily for this reason. Its basic right to live depends not on the payment of wages and salaries and dividends, but upon the production of goods and services. The enterprise is supported by society as a whole, and society continues its support only so long as the enterprise produces goods or services that society needs or wants.

“Whatever differences the three economic groups may have among themselves, these differences are minor in the face of the fundamental economic necessity that they stand united in making their organization fulfill its essential purpose—that is, produce goods or services of a quality and at a price that society will accept. Society is the employer of the business organization, and it is a ruthless employer. The great mutual interest of the employer and the employee is in serving society, and it is not only morally desirable but economically necessary that they work together with the least possible friction. Anything that tends to set them against each other is a violation of economic law which may injure and perhaps kill the organization from which they get their mutual support. A basic of amity for relations between employers and employees is not alone a matter of morals or sentiment; it is also a necessity dictated by the economic structure of business...

“The labor movement in this country today, supported by political office holders and conducted by organized labor leaders, is in direct violation of this fundamental economic law. The structure of labor relations now being offered is built on a foundation not of amity but of enmity between employer and employee. This foundation is false. Nothing based on it can hope to work – and this is the real reason why large groups of both employers and employees have resisted and will continue to resist any attempt to foist labor relationships of this kind upon them.

“The National Administration has been and is the active agent in the unionization drive against business, backing the schemes of labor leaders. In combination with an ever-restless element among

employees they attack a position which is defended by many employers and by another section of employees. The motive of labor leaders, of course, is obvious. They have sought to accomplish, with government support, what they have never been able to secure through their own efforts—complete unionization of industry according to their ideas. Many motives have been ascribed to the administration. The true one, I believe, is its desire to use labor as another medium of attack in its general campaign against business and business leaders—a campaign which is being waged, ostensibly, to win a better state of life for all of our people...

“With a basis of conflict authorized by law and urged by the administration, the leaders of organized labor took off their gloves and went to work. Legally, the employer no longer has any interest in the collective activities of his men—regardless of how the nature of those activities may affect the business of his organization. He is compelled to take a position of complete neutrality, and to refrain from expressing so much as an opinion—even where the situation threatens his very existence.

“Labor leaders, however, are entirely unrestrained. They use their freedom, or rather their legal license, to the utmost. They tell employees that President Roosevelt wants them to join the union, that union membership is an essential of the New Deal program to bring the abundant life. They tell half-truths and direct lies about the employer and his business. They threaten employees who are reluctant to join the union with the penalty of an exorbitant increase in the initiation fee. They harass employees who refuse to join with the claim that the shop will be closed to non-union workers. Threats are made and carried out against the physical safety of workmen who refuse to join unions. Strikes are called where only a small minority of employees belong to the union, and sometimes are made effective by transporting large numbers of union members from other plants and other industries to serve as pickets. Violence and lawlessness are the rule in the conduct of strikes. This is the physical expression of the concept that

conflict is necessary between the employer and the employee...

“If unions had demonstrated that they could make a business organization a better, more efficient producer, every plant in the country would be unionized today through unanimous demand of employers and employees. Unfortunately, national unions as constituted thus far have had a reverse effect. Has any of these unions ever said to management, ‘We will help you to turn out a greater total product at less unit cost and thus increase your earnings so that you will be able to pay your employees more, make more yourself, and sell at lower cost to the public?’ No, unions say little more than, ‘We demand that you pay more wages’ and frequently, also, ‘We demand shorter hours and less production per man.’”

**Paul H. Douglas:
Why Workers Turn to Unions**

At the time a professor of economics at the University of Chicago, Paul H. Douglas addressed The Economic Club of Chicago on December 1, 1937 and defended and explained the union movement.



“I do not believe in using artifices to conceal issues. But it is proper that after having tried to understand the fears which lead many employers to oppose unionism, we should also try to understand the desires and fears which

cause large numbers of manual workers to turn towards it.

“This is not an easy effort for us to make. It is probable there is not a single person in this dining hall tonight who now makes his living by working with his hands at a manual labor task. The price of the dinner and the requirement of the boiled shirt have seen to that! It is nature, therefore, that we