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# Company Unions

Employers' "Industrial Democracy"

BY ROBERT W. DUNN

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co-author of *The Labor Spy*.

With an Introduction by  
LOUIS F. BUDENZ



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## PREFACE

**THIS** volume attempts to describe and evaluate one of the "newer tactics" in social conflict. The employing class, and the channels of information, education, and propaganda which it controls, has during the last ten years carried on an energetic offensive against the American trade union movement. The corporations have left no method untouched in their drive to emasculate and destroy the workers' organizations. One of the primary "indirect" methods in this offensive has been the company union—a union in which the employer plays the role of "labor leader."

These company unions, although they are nothing more than instruments of control in the hands of corporation managements, have been painted in flattering colors by the college economists; the Saturday Evening Post philosophers, the industrial uplift practitioners, and the doctors of personnel. They have been praised even by certain liberals who consider non-union "integration" the solution of all the problems of the modern machinery and mass production age.

The purpose of this book is to present the progressive trade union slant on company unions and to outline their significance, purpose, and practices, as well as certain methods for meeting their advances. This is done chiefly by sketching certain specific company unions now in operation and showing how the workers fare under these plans.

An appropriation by the American Fund for Public Service has supported this study. For this the author is duly thankful, as well as to Scott Nearing, Phil Ziegler, Solon DeLeon, Paul Wander, Art Shields, Abraham Epstein, and other friends who have given suggestions and encouragement. A large number of trade union members have helped in the checking up of facts. To all these generous collaborators the writer extends his deep appreciation.

ROBERT W. DUNN

New York City,  
July, 1927.

## INTRODUCTION

**OUR newer—or rather, older—Capitalism is a wiser Capitalism.**

In its early days, immediately following the Industrial Revolution, it slammed and banged about with infantile recklessness. Its cruel treatment of its workers aroused the giant-wrath of Thomas Carlyle, John Ruskin and William Morris.

In our time there is a different story to be told. Under the German Empire of Wilhelm II, it was discovered that the old methods would not do. They no longer paid. A rapidly expanding labor movement challenged the existing order of things. Under pressure of Socialist agitation, a policy of governmental paternalism was introduced, to insure the "loyalty" of the workers, which attracted the attention of the whole industrialized world. Delegations and deputations of all sorts went to Deutschland, to investigate its capitalistic Feudalism.

After-the-War America has improved a bit on the German pattern, from the employers' viewpoint. It has understood that the Great War's promise of "democracy" must be kept, if it be in form only. The spectre of revolutionary radical movements in other parts of the world has led it to anticipate the power-hunger and freedom-hunger of the workers at home. The revolutionary shop councils which sprang up in Europe at the close of the war have given it the cue: To assuage the workers' craving for organization with a plant body, under the thumb of the employers.

The company unionism which has thus arisen is the most outstanding device of American Employerdom for the control of its workers. It occupies this position—above and beyond all other forms of “welfare” work—in that it directly challenges the right to existence of the workers’ own organizations. Company unionism stands out boldly as an attempted substitute for such organizations. Corporations which have introduced “employee-representation” plans say in effect to their men: “We have given you something which does away with trade unionism. You can now work out your problems and grievances with the management in a spirit of cooperation. The old attitude of antagonism is done away with, and we stand ready to meet you half-way.”

As to how far they are ready to go toward the “half-way” mark, this study will reveal. It is the first attempt to analyze the company union experiment, from a labor viewpoint. Mr. Dunn is happily equipped for the task which he has undertaken. His *American Foreign Investments* and his various other researches in economic problems stamp him as a careful and accurate investigator. His co-authorship in the *Labor Spy* and his participation in the struggles of the Massachusetts and New Jersey textile workers—particularly in the recent strike at Passaic—demonstrate his intense interest in the advancement of the labor movement. Whether or not his views and conclusions be regarded as correct, they are worthy of the utmost respect and consideration.

It is my own opinion, from some experiences with company unionized workers, that the author’s conclusions are eminently correct. As to the bankruptcy of company unionism, so far as the workers are concerned,

the facts speak for themselves. In some instances, we are shown, this device has been introduced through the aid of labor spy agencies. The sly way in which recalcitrant workers are "cultivated" and brought into line with the corporations' policies is set down from the very reports of the labor spies involved. This is damning evidence of the fraudulent character of the employee-representation scheme, at its very inception.

In other cases, the schemes are maintained largely through the continuance of an elaborate spy system. That form of workers' "democracy" which relies on such means for its maintenance must be builded on very fragile foundations. From the Bethlehem plan at Lackawanna, N. Y., to the Forstmann and Huffmann creation at Passaic, N. J., the track of the spy is clearly seen as an important feature of company union machinery. This "barnacle on the industrial ship," as a writer on business ethics dubs labor espionage, apparently plays a larger, rather than a smaller, role under this new dispensation. What manner of "cooperation" will come out of the resultant atmosphere of fear and suspicion, can be left for the imagination of the readers to formulate.

In the Interborough Rapid Transit Company of New York City, the company-created "Brotherhood" is made iron-clad by the vicious "yellow dog" or individual contract. As the author says, "A 100 percent 'closed shop'—for the 'Brotherhood'—was achieved by forcing all the workers to sign an individual contract. Any worker refusing to sign found himself dismissed from the service." Nevertheless, when the strike of 1926 broke out, the *New York Times* praised this form of slavery as "self-government." It termed the strikers "outlaws," as though they were striking against a real union, and



refused to print letters correcting its editorial mis-statements with the facts. Even as this book goes to press, the investigation directed by Mr. Samuel Untermyer brings out the fact that the officers of the company were voting themselves higher salaries in the form of "bonuses," at the same time that they were refusing the men a 15 percent wage increase on the plea of poverty. It is that sort of double-dealing, in one form or another, which characterizes company unionism everywhere—as this indictment reveals. It is an inevitable double-dealing, bound up with the basis of the idea: Company unionism, holding itself out publicly as a "protection" to the workers, and in reality devised for the better control of such workers by the employing forces.

It is not surprising to learn that this scheme has been forced upon large groups of working people, after their emphatic disapproval of it through referendum vote. That was the method of its genesis on the Pennsylvania Railroad. Similar tactics were resorted to in the General Electric plant at Schenectady. The much-advertised Mitten plan in Philadelphia was defeated by an ample majority, but the voting proposal had a catch to it. If two-thirds of the men did not vote in favor of the Amalgamated Association of Street and Electric Railway Employees, the company scheme was to be introduced!

Established and maintained under coercive or semi-coercive methods of this sort, company-controlled employee representation necessarily serves as a barrier to the hopes of the men and women under it. The author's indictment on that score is sweeping and emphatic. In some instances, as at the Westinghouse Electric, the time of the "representatives" is taken up with the discussion of petty matters. The condition of

the cafeteria is one of these. Just how and when and where a picnic shall be held, is another. The vital subjects of wages and basic working conditions are sidetracked. The men at Bayonne and Bayway are still waiting, after three years, for a "consideration" of their 10 percent wage increase demand. The management has passed the "buck"—to use common parlance—to Mr. John D. Rockefeller, Jr. He has always been "too ill" to come to any conclusion, despite the colossal profits of the Standard Oil Company of New Jersey during this entire period.

The company union has further been used as a convenient medium for detaching money from the workers' pockets, for local hospital and community fund drives. The manner of doing this has been much like coercion. The employee representation plan has obvious advantages over the pure and simple anti-union shop in such things in that the company union serves as a buffer for the management. That is its function—in every wage cut put through by the management, in every wage increase demand snuffed out, in every "softening of the contact between "master" and "servant," to the benefit of the "master."

All in all, Mr. Dunn's condemnation of the "new idea in industry" is even more clinching and complete than that of the Russell Sage Foundation, in its careful review of the Rockefeller "industrial democracy" in Colorado.

The condemnation in this case is supported, step by step, by quotation of "chapter and verse." It is free from those generalities which have characterized much of the labor attack on employee representation up to date. It is built up, cumulatively, on testimony out of the mouths of the employers themselves. No man with an open mind who lays down this book, after reading

it, can say aught but that the company union device is merely a glorified and tinselized anti-union "open shop." Its predominant object, as a cursory study of Chapter III demonstrates, is to put "the union in cold storage."

Certain personnel psalm singers, who thrive by breeding "contentment" among the workers, deny that this is the aim of this device. It is particularly worth while for the reader to note, therefore, that "practically every big corporation has been seriously 'menaced' by unionism at one time or another. They are, therefore, sufficiently farsighted to realize that the works council must be introduced before another such threat appears on the horizon." The most opportune time for an employing corporation to "put over" the company organization is when the threat of unionism is not too apparent. That is the advice given by the company union installation experts. Were real unionism actively under discussion, the contrast with the fraudulent organization handed out by the corporation would be too clear-cut. The employer, in that case, would "have the fight of his life" on his hands.

The situation shaping up in this way, the question then arises: What are we going to do about it? Those who have looked into the matter deeply come to a unanimous conclusion on that point. The American Federation of Labor can and should challenge and destroy this new feudalism in American industry. Of late there has been a growing criticism of the A. F. of L. It has been alleged that it has not advanced with sufficient militancy to the job that lies before it. It is said that it has not adapted its methods of attack to the new conditions fronting it. Some of these criticisms are undoubtedly justified. They are of the sort that any democratic and truly progressive organization should wel-

come, in order that it may move forward and make the most out of its possibilities. Some are based on a misunderstanding of the background of American workmen. It is not only the A. F. of L. which has received setbacks in the period of post-war "reconstruction." Other movements growing out of the workers' ranks and appealing to them have likewise met with serious difficulties. In some cases, they have been almost annihilated. At this moment, when the tyranny of the courts has reached a peak almost unprecedented in our history and when government is conducted for the benefit of the possessing class, the movement for a labor party is weak and without any real support among the masses.

Regardless of any theoretical discussion over the success or failure of the A. F. of L., it is the existing organized expression of the workers of this country. It can show, from actual accomplishments, that real organization is productive of better conditions and of a greater degree of freedom than any feudalistic paternalism can create. The American Labor Movement must remain one. It would be an undoubted calamity if any dual movement should arise in the basic industries, aimed at the destruction of company unionism, but keeping itself aloof from the A. F. of L.

Practically speaking, it is clear—and becoming more so every day—that craft unionism is not the form of organization that can cope with the plant groupings of the employing interests. The statement of the author in that connection cannot be too strongly emphasized: "One thing is certain—no craft union will ever make the slightest headway against the company unions. No matter how militant its tactics, this archaic type of union is worthless as a weapon in the struggle against

the 'employer-sold' company plans." It must be thoroughly understood that the basic industries—where company unionism blossoms forth—are entirely different in structure from the building and printing trades, where craft unionism still maintains itself. Semi-skilled and unskilled workers are represented in large numbers in the former field. They do not think of themselves as mechanics—machinists, molders, etc., etc.—but as steel workers, oil workers, automobile workers, and the like. The company union enrolls them all, on a plant and departmental basis, in the one group. The only workers' organization that will succeed against this grouping is that which will enroll them in a like manner. That is, an industrial union.

As to the skilled workers in the company unionized field, many of them have been members of a real union at one time or another. They have seen their craft organizations crushed by the tremendous power of the big monopolistic corporations. They have witnessed the debilitation of their unions which arose from jurisdictional disputes and the waste of duplicated effort. They no longer believe that craft unionism can win. It is a new appeal that must be made to them. A new battle-cry must be raised. And the battle-cry that will carry conviction and confidence, more than any other, is: "One union for one industry"—to oppose the united front of the employers with a united front of all workers in the industry involved.

Industrial unionism being agreed upon and established as the basis for the attack upon the company unions, an aggressive and persistent campaign of education should be the next step in order. The message of unionism should be carried again, as in the old days, to the company gates. Every means of publicity—in the

daily press and through plant organs—should be used. The facts, such as the author has here collected, should be broadcast in every community where company unionism exists or is likely to be brought into being. There should be no let-up in this campaign. There should be no quarter given to the company union idea. The union job today is to dare, to dare again, and once more to dare. "Money spent in militant organization campaigns may or may not bring results, but it will help to stir the unorganized workers to some faith in the integrity and ability of the trade union movement. And it will show the company unionized workers the two major defects of the plans—that they give the workers no power, and that they give them no wages comparable to those paid in the well-organized industries."

To the company unionized workers, we can say: We understand your difficulties. We understand the powerful forces of intimidation and propaganda which have been unloosed by your employers to keep you out of real unions. We know well of the the discouragements which have come to you often in your hope for a fuller freedom. Nevertheless, we still believe in you. We still are confident that you will rise in mass rebellion against this implement of hypocrisy and greed which chains you down. We appeal to you not to despair. We call upon you to test the fraudulent character of your company union by making real demands through it, which the employers will never grant. We ask you, for your own welfare and that of your fellows, to continue in every way and at all times, discreetly but persistently, to show up among your comrades the folly and futility of the company union.

If that appeal be heeded and that job be done, it will

only be a matter of time until this new device for throttling you will be smashed into bits. Out of your united revolt there will be built up a larger and more effective movement for the permanent freedom of the American workers—an enlarged and fortified unionism. That is your only hope. It has ever been the hope of toilers in all places and at all times. Keep the fire of revolt and liberty alive in your ranks and at the proper hour it will burst forth into a flame which cannot be quenched. Therein lies the hope for further freedom in America.

LOUIS FRANCIS BUDENZ

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