

# The Meaning of Industrial Democracy

By CLINTON S. GOLDEN

**I**NDUSTRIAL democracy means the institutions and practices which afford working men and women the opportunity to assume a fair share of their responsibilities as free individuals for the successful operation of business enterprise. There cannot be any question over the fact that labor has a responsibility for successful production, because modern industry requires the performance of a function by manpower. We have not yet reached the stage where everything can be done by a machine, and even machinery has to have someone to start it and stop it. As a practical matter, more and better production depends upon the degree of skill and aptitude with which labor does its job. This is true even for the least job in a plant. If the floor sweeper did not do a good job, the plant would become an unsafe place to work.

Those who argue the responsibility of labor cannot mean that there is no responsibility; what they are talking about is whether the responsibility will be carried out on a master-slave basis,—“here you, take orders, don't think”—or whether it will be carried out on the basis of equality:—“We have a job to do, can you help to figure out the best way to do it?” To put it in a more formal way, the question is whether the discipline necessary for men to live with each other is to be imposed by force and pressure, or whether it will be accepted on the basis of understanding for its reasons and subject to adjustment to meet the needs of individuals.

Employers may object to this statement of the question, and ask, “What do you mean by force and pressure? My employees are free to do as they please. If they don't like it here, they can quit and get a job elsewhere.” Some lawyers

for employers will try to rationalize this position and describe it in terms of freedom of contract and the right to work, but the realities of the situation are obvious. A worker by himself, faced with meeting the daily necessities of himself and his family, does not have much choice. He has to submit to the job terms imposed by the employer, especially where, as is frequently the case, employers offer pretty much the same terms. The way in which employees can secure a measure of equality is by joining unions of their own free choice. Thereby they can overcome many of the disadvantages which place them in an inferior position to the employer.

## Its Foundation

The Supreme Court of the United States, in upholding the Federal law protecting the rights of workers to join unions of their own choosing, free from any interference by the employer, gave the basic justification for collective organization. It said:

Long ago we stated the reason for labor organizations. We said that they were organized out of the necessities of the situation; that a single employee was helpless in dealing with an employer; that he was dependent ordinarily on his daily wage for the maintenance of himself and family; that if the employer refused to pay him the wages that he thought fair, he was nevertheless unable to leave the employ and resist arbitrary and unfair treatment; that union was essential to give laborers opportunity to deal on an equality with their employer.

Herein lies the foundation of industrial democracy. It rests upon the relation between the employer and employees in the plant, on the job. Democracy cannot be meaningful unless it does have this concrete, primary application. Collective bargaining, through freely chosen representatives, is the first condition to industrial democracy. Wages, hours and working conditions must be subject to the processes of collective bargaining and

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not imposed in a one-sided manner by the employer on a take-it-or-leave-it basis.

There is no other way in which it can be done. There is no impartial set of persons who can be selected to fix wages, hours and working conditions in the first instance. There is trouble enough finding the handful of arbitrators and judges who are needed to decide cases where labor and management cannot agree. Moreover, is it not the responsibility of management and labor to work out a common problem among themselves before turning to the government for help? Industrial democracy cannot exist apart from a full and unqualified acceptance of the principles and procedures of collective bargaining to deal with wages, hours, and working conditions.

These principles must be applied on a national basis, and the standards established by collective bargaining cannot be effective unless they cover all or nearly all of a given industry. Once these primary institutions and practices of industrial democracy are established, it means that the employees in a plant enjoy as good wages, hours and working conditions as the economics of the industry will permit, that they are protected against arbitrary dismissal, that there is machinery for securing a fair settlement of grievances, that they can meet and discuss their problems with their fellow workers without being spied upon or running the risk of employer displeasure, and that they can stand up like men and talk as equals with their foremen and supervisors. It means for both management and labor that there are a set of rules to guide their daily relations, which have been worked out together, and represent the best kind of fair play and common justice, the individuals concerned can develop. Industrial democracy has equal benefits to employers as well as employees, because it provides the law and order of industrial relationships which are equally essential to both sides, if they are going to live together in peace.

Does industrial democracy mean more than all this? How far does the responsibility of labor for production extend?

Does it mean that labor is going to take over industry or that it is going to deprive management of its prerogatives? To most responsible trade union leaders, industrial democracy does not mean the abolition of private enterprise or the denial of the functions of management. It does mean that there is a higher obligation which private owners and management must serve as well as their own interests. This is the obligation of any social institution to further the development of the individual in society, and to provide the ways and means for men and women to live decently, with respect for themselves and for others.

### The Objective

It is an obligation which cannot be enforced simply by passing laws. It is a moral objective. It is something which we want to do because we believe it is good. It can only be brought about when men and women are willing to work together, to accommodate themselves to each other, and to assume that they are each capable of discharging their full responsibilities, while they enjoy equal rights.

Industrial democracy does not deprive management of its rights or functions nor does it abolish free enterprise. On the contrary, it provides a new and larger meaning to freedom and a broader concept of the term "enterprise". The real point is that we must now take action on a larger and different scale than the area in which a single enterprise operates. We need now to develop ways and means to keep our economy going at full capacity. It is a job which we have not done before and one which management cannot do alone. Labor has a vital stake in the successful development of economic planning for full production. It must assume a fair share of the responsibility for the overall decisions and policies which determine the kind and levels of employment. This is not only an industry-wide problem, it is, in several important respects, a national one. It is like saying that political democracy must not only deal with local issues of taxes, fire and police

protection, schools and highways, but that it must also be concerned with the general directions that affect the welfare of each individual and community within a state or nation.

Labor in the post-war world expects to sit down with management and government to work out the estimated levels of production by private enterprise and the necessary support to consumer purchasing power and industrial investment to be provided by the government. It expects to participate in the establishment of industry-wide councils to promote the fullest use of our major productive resources, technology and know-how. It expects an equal place on a national economic council to aid the government in formulating the necessary measures of social security, public works, taxation, foreign trade, and the prevention of monopoly restrictions upon our productive capacity.

### Labor's Responsibility

Industrial democracy in the plant, in industry and the nation places a heavy responsibility upon free labor, for labor must equip itself to fulfil its responsibility. A slave needs only to do as he is told. A free man has to develop himself so that he can use his own initiative. Industrial democracy creates an environment in

which both labor and management develop their best talents. Experience indicates that this training and development will have to take place in action. Every time a union is established, the members learn the first rules of self-government. Every time a labor-management committee is set up, it means that some workers and their representatives have an opportunity to learn more about specific problems in their plant and to exercise their independent judgment in finding a solution. Every time a labor-management advisory committee to a government agency is appointed or a labor representative elected to an official position, it means that labor representatives are learning about the impact of economic controls upon their industry and how government administration works. There is a place here for schools and universities who can systematize this experience and state it so that it can be passed on to others not directly participating in the experience.

Can labor meet these responsibilities? There is the surest ground for faith in the readiness of men and women to assume their responsibilities, in their ability to carry out their responsibilities, and in their fundamental instinct to want to do so—not as slaves, but as free men.

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## Government Adjustment of Labor Disputes in the United States

GEORGE W. TAYLOR

**T**HE United States' National War Labour Board, has unlike its Canadian counterpart, the War Labour Board in Ottawa two jobs rolled into one—settlement of labor disputes and stabilization of wages. In 21 months, over 2,500 labor dispute cases involving roughly 3,500,000 workers were settled by the Board. In 12 months of wage stabili-

zation activity, the Board has ruled on about 82,000 proposed voluntary wage adjustments involving 4,500,000 workers. This article will be limited to a brief discussion of the Board's settlement of labor disputes.

### Previous Agencies

Government assistance in the peaceful settlement of labor disputes is no innovation. Since 1913 the Conciliation Ser-

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