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.

Government Adjustment of Labor Disputes in the United States

GEORGE W. TAYLOR

THE 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 stabilization 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.

EDITOR'S NOTE: Dr. George W. Taylor is vice-chairman of the National War Labor Board in Washington.

Previous Agencies

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

vice of the Department of Labor has helped in mediating labor disputes whenever its services are requested by the parties. In 95% of the disputes brought to their attention before the strike stage, Commissioners of the Conciliation Service have prevented work stoppages. Yet this record, good as it is, is not enough in wartime.

During the last war, the need for further government assistance to prevent disputes from erupting into strikes and interfering with war production finally led to the establishment of a National War Labor Board. It was set up in April, 1918, and functioned effectively until the end of the war. On that Board industry and labor had equal representation. Board members were named by the President on recommendation of the Secretary of Labor. Two co-chairmen, one chosen by labor members and one by industry members of the Board, represented the public and presided alternately.

Even before the United States formally entered this war, uninterrupted production to aid the Allies was seen to be of vital importance. A Board was again set up to work for the peaceful settlement of labor disputes which failed to yield to mediatory efforts of the Conciliation Service.

The new agency was the National Defence Mediation Board. Like the first National War Labor Board, the NDMB was authorized by the President to investigate disputes which were certified to it by the Secretary of Labor and to recommend terms of settlement to the parties.

The Board was tripartite, with 3 disinterested members to represent the public, 4 representatives of industry, and 4 representatives of labor—2 each from the CIO and AFL. The President named one of the public members as chairman.

Effectiveness of this defense-period Board is indicated by the fact that in April, 1941, when it was just getting under way, only 34% of workers whose cases came to the Board remained on the job while mediation was in progress. Sixty-six per cent of workers involved in disputes were on strike. The following December, workers were 100% at work while their cases were under consideration in Washington. Thus the Board achieved its purpose of preventing strikes and keeping defense production rolling.

The Board's work was disrupted in November 1941, when its CIO members resigned in protest against the Majority's refusal to recommend a union shop for the United Mine Workers, CIO, in the captive coal mines case.

The NDMB was not reconstituted, because a few weeks later the United States declared war, and the National War Labor Board was set up.

Establishment of New Board

To insure that war production should go on uninterruptedly, a conference of labor and management met at the call of the President ten days after Pearl Harbor and agreed that for the duration of the war there should be no strikes or lockouts, that all labor disputes should be settled by peaceful means, and that a National War Labor Board should be set up to effect the settlement of such disputes.

The Meditation Board was formally terminated in the President's order of January 12, 1942, establishing the present National War Labor Board.

Like its predecessor the WLB is truly democratic in set-up. Of its 12 members, 4 represent the public, 4 industry, and 4 labor. Each has an equal vote in finally determining cases. This equilateral set-up extends all down the line, to committees and panels of the Board, to the twelve Regional War Labor Boards, and to the five industry commissions[1] which the Board has created.

The importance of this tripartite aspect of the Board cannot be over emphasized. It makes for better decisions, labor and management adding their practical experience to the theories and principles of the public members. It makes those de-

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1. The Regional War LaborBoards and the commissions for handling cases of individual industries (such as tool and die, lumber, or non-ferrous metals) have final authority to decide cases. Appeals and policy-making cases are decided by the National Board.

cisions stick, because the parties know that representatives of their points of view had a part in making the decisions. And it gives to the labor and industry leaders who serve as Board members, the invaluable experience of sitting around a table with people of conflicting viewpoints and reaching a statesmanlike settlement.

The amazing efficiency of this tripartite Board was illustrated when the wage stabiliziation policy to be followed under the President's order of October 3, 1942, which gave the Board responsibility over all wage or salary adjustments, was discussed. On a matter of such major importance, a clash of interest and of points of view was inevitable; but because of the tripartite composition of the Board, virtually all problems of the different points of view were thrown on the table for appraisal in the light of the national necessity. The hammering out process looked hopeless at times, but within a few days the Board reached unanimous agreement on a policy. There is no doubt that the present wage policy as developed by a tripartite Board is better all around than the best which could have been devised by any single administrator.

The tripartite setup has also helped to work out an effective wartime policy on one of the chief subjects of controversy in U. S. industrial relations—union security. This issue is surcharged with emotion on both sides, and has in times past been a leading cause of strikes. The Board had to dispose of the issue peaceably wherever it arose. In meeting its responsibility, the Board developed the so-called maintenance of membership clause, which has since been voluntarily adopted in hundreds of labor agreements. The clause in its most frequent form shows the handiwork of all groups on the Board. It provides in great measure the stability which labor seeks through the closed shop, to the extent that employees who are members of the union as of a certain date or who later become members must remain in good standing for the duration of the contract as a condition of continued employment. It protects the freedom of the individual, insisted upon by management, through the provision of a 15-day period during which members may resign from the union if they do not want to be bound by the maintenance clause.

With one type of labor dispute the Board has as little as possible to do. That is the dispute over application of the terms of existing agreements. No outside agency can settle arguments over application of the contract as satisfactorily as can the parties themselves. The Board urges, and often directs, parties to include in their contracts adequate grievance machinery which has at the top an arbitrator or impartial umpire whose decision will be final. If contracts include such grievance procedure and if parties make proper use of the procedure, minor disputes over working relations may be prevented from cluttering up the Board's docket and its time will be freed for those disputes which will not yield to ordinary methods of settlement. But most important, the parties will be making use of collective bargaining rather than depending on an outside agency to tell them what to do. The Board is not and would not choose to be a substitute for collective bargaining.

Another type of labor dispute involves union recognition. The National Labor Relations Board was established in 1935 by Act of Congress especially to hold elections to certify the collective bargaining agent for groups of workers, and to prevent unfair labor practices. If a thorny dispute threatening to interrupt war production arises over an issue properly within the jurisdiction of the NLRB, the WLB may step in to allay the dispute until the NLRB settles the point at issue. This Board does not, however, make final settlement of Labor Relations Board issues and never alters the status of a union as certified by the NLRB. Each of the Boards keeps to its own sphere.

Compliance

Unlike its predecessor, the War Labor Board is more than a mediatory agency.[2]

2. In actual practice, the authority of the NDMB way practically as great; for in every case where a party refused to accept its recommendations, the President enforced compliance.

True, its tripartite panels do attempt to bring the parties to agreement on as many issues as possible. And often this process has been most effective. The mere procedure of getting employers and union leaders to come to Washington or to the headquarters of one of the Regional Boards and sit down with representatives of an emergency war agency sometimes leads to agreement on issues over which the parties had reached a deadlock back in the plant. The government representative or representatives sometimes act as a catalyst to bring about a reaction that resolves the dispute. The Conciliation Commissioner, perhaps, reduced the issues in dispute from 15 to 5 before the case was certified to the Board. The panel or hearing officer may reduce the issues from 5 to 3. On these remaining 3, recommendations are made to the Board, which issues its decision on them.

The Board has authority not merely to recommend but to order, to be the final arbiter of wartime disputes. This authority, first given by executive order, was buttressed by Act of Congress on June 25, 1943, in the War Labor Disputes Act (Smith-Connally Act). Among other provisions, this Act (1) authorized the War Labor Board to establish by order the "terms and conditions. . . governing the relations between the parties"; (2) provided the Board with power to subpoena witnesses or documents; (3) specified the resident's power to take posession of plants where production is interrupted by strikes; and (4) made it a criminal offense to encourage strikes in government-operated plants.

The war-time powers of the President stand back of every decision made by the Board. The President may, first, issue a statement ordering the parties to carry out the War Labor Board order by a specified time. If the President's ultimatum is ignored, he may order the plant taken over by an appropriate government agency in order that war production shall continue. In case of noncompliance by management, a government official temporarily replaces top management. In case of a strike, troops may stand by to insure that employees who wish to work can work without hindrance.

In August of this year, the President signed an Executive Order which provides that, further, in case of non-compliance by an employer, government agencies may be directed to withhold or withdraw contracts or war priorities; in case of non-compliance by a union, checked-off union dues may be held in escrow pending compliance and other union benefits may be withheld; in case of non-compliance by individuals, draft deferments or employment privileges may be modified or cancelled. These new powers have not yet been used.

Action by the Chief Executive has been required in only a half dozen of the 2,000 dispute cases settled by the Board in its two years of existence. Most recent of these cases was the United Mine Workers' strike, requiring the President to direct the Secretary of the Interior, who is also Solid Fuels Administrator for War, to take over and operate the mines. As production is resumed, the mines are being returned to their owners.

Time lost through wartime strikes may be cited as one measure of the Board's effectiveness, combining, as such figures do, evidence of labor's loyal observance of its no-strike pledge together with faith in the War Labor Board to settle fairly its disputes with management. In the first year after Pearl Harbor, the percentage of time lost through strikes to time worked in war industry averaged about 6/10 of 1 per cent, or only 6 days lost in eve 10,000 man-days worked.

Post-War Outlook

What this wartime experience in settling labor disputes forecasts for the post-war years may well be asked. Some look toward the time when labor and industry will boot the public members off the Board and will again settle all disputes between themselves. Others feel that the mediatory influence of the public members has proved so valuable that a tripartite peacetime Board might well be established to continue the functions of the present WLB. Still others suggest that not the

National Board but each Regional Board as an independent local agency might be continued after the war.

All these suggestions have one thing in common—a recognition that the practical effectiveness of settling differences peacefully around a table instead of through costly and damaging strikes or lockouts is of the greatest value, both now and for the years after victory.

The Industrial Development Bank

By W. E. Scott

THE first of several economic and financial measures to meet post-war problems, which were forecast at the opening of Parliament this year, to be introduced into the House of Commons was the proposal to establish an industrial development bank. At date of writing the Bill to provide for such an institution has been given first and second reading and referred to the Banking and Commerce Committee where it is presently under discussion.

The measure in question contemplates an industrial development bank in the form of a corporation subsidiary to the Bank of Canada, its directors being Bank of Canada directors and its capital stock of $25 millions all to be owned by the Bank of Canada. In addition to capital the Industrial Development Bank would be given power to obtain funds by the issue of bonds and debentures provided that its total liabilities might not exceed three times paid-up capital and reserve fund. Initially, therefore, the maximum resources of the Bank would be limited to $100 millions. The net profits of the Bank are to be added to its reserve fund at least until this fund is as large as the paid-up capital, after which a dividend on capital not exceeding four per cent might be declared in any year.

The Industrial Development Bank is intended to provide financial resources for industrial enterprises which may not be able to obtain such assistance elsewhere on reasonable terms and conditions.

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In the Preamble to the Bill the intention is expressed of confining the activities of the Bank to those industrial enterprises "which may reasonably be expected to prove successful if a high level of national income and employment is maintained". This clause has been elaborated during the discussion of the proposal and apparently means that there is no intention of financing projects which from the outset are likely to fail; but in forming an opinion on the future chances of a proposition the Bank is to assume that there will be on the average a high level of economic activity in Canada. Since obviously the operations of the Bank itself could not be the major determinant of economic conditions, this means that the Bank's management will choose its risks in the expectation that the whole approach to post-war economic problems, national and international, government and business, will be successful.

Why is it necessary to have an industrial development bank to provide credit for borrowers who are likely to be successful and, therefore, repay their loans? Why will not our present financial institutions be able and willing to grant all the necessary credit? The sponsors of the Bill have pointed out that there is a "gap" in our existing credit structure. Chartered banks confine their lending almost entirely to short term industrial advances—loans which usually can be repaid or reduced to rather small figures, at least once a year. In other words the chartered banks usually supply working capital to industry rather than funds for plant and