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John S. Bugas

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## LABOR RELATIONS IN AN INTERDEPENDENT SOCIETY

JOHN S. BUGAS\*

When I started thinking about these remarks, I wondered what I might say that would be of interest to you. At first thought, it seemed that labor negotiations, union demands and strike votes were hardly the thing to talk about in Wyoming. After all, this is primarily cattle and sheep country. Industry and unions play a relatively small part in your affairs.

But, after thinking about it a little, I realized I was wrong—and I knew what it was I wanted to say today.

We Americans may have been doing too little thinking and talking about things, when they don't seem to affect us right here and now.

Too often, we fail to notice that what may be the other fellow's problem today may very well turn out to be our problem tomorrow—magnified and complicated because we were unwilling to do anything about it when it first appeared.

I believe it's important that people in Wyoming and Montana and New Mexico do some thinking about industrial problems in Michigan, Rhode Island and West Virginia. I believe it's important that people in Michigan, Rhode Island and West Virginia do some thinking about farming and ranching problems in Wyoming, Montana and New Mexico.

In short, I believe that all of us had better begin looking at the other fellow's problems and the issues which grow out of them in terms of what they mean to all of us.

Let's not kid ourselves that they don't have meaning for all of us.

In a society as interdependent as ours, a selfish gain by any one group can mean a loss for all others. The economic interests of various groups are often not identical.

We can't have expensive benefits for labor without affecting the costs of the goods we buy. We can't have price support for the farmer without paying higher taxes or food prices. We can't have tariff protection for business without paying the penalty of reduced exports.

And, on top of these, we can't have increased government control of our affairs without paying for it with some part of our personal and individual freedom.

I'm going to ask you to do some thinking with me about the direction in which labor leadership is moving today. Let's ask what the policies and actions of labor will mean to you and to all of us if certain of their aims are accomplished.

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\* Vice President, Ford Motor Company, Detroit, Michigan; LL.B. 1934, LL.D. 1947, University of Wyoming.

Which of labor's avowed aims are good and which are bad from the viewpoint of the whole economy? Which will be helpful to our total welfare and which harmful? I'd even ask which are in the interests of the rank and file of American labor? I would like to ask how labor's aims, if they were achieved, would affect us who aren't members of organized labor groups.

I would like to consider with you such subjects as government intervention in labor-management affairs.

A strike against any single company or even a whole industry may seem of little importance to you. By itself it might seem to concern only the company, its employees and a few others in the immediate area.

But if it's part of a coordinated effort by organized labor leaders to secure expensive benefits, then it very definitely concerns a lot of other people.

Suppose that the company, faced by public indifference, were to grant these demands. The greatly-increased labor costs would inevitably boost the price of the company's product.

Buy another company's product, you might say.

But if the union were to force these demands from one company, wouldn't it want the same benefits from other companies in the same industry? Of course it would. So the cost of that product, no matter what the brand name, would certainly go higher.

That's one way in which a lot of other people—here in Wyoming, for example—would be affected.

And if these demands were granted by one entire industry, wouldn't there be pressure on other industries to fall into line? Of course there would. And with the precedent firmly established, other industries would find it hard to hold out, no matter how dangerous it might be to give in.

The result, of course, would be higher costs—first for one product, then for other products. All of which spells a higher cost of living.

That's another way in which a lot of other people—here in Wyoming, for example—would be affected.

To go one step farther, I needn't tell you that higher prices usually result in fewer sales and decreased production. And decreased production means fewer jobs. With fewer jobs, there would be even fewer sales and even less production.

I realize that I'm greatly oversimplifying this process. But I'd prefer to leave any elaboration to the economists. My concern here is not so much with precisely *how* the policies and actions of labor affect us as with the fact that they most certainly *do* affect every one of us, no matter how far removed we may seem to be from the effects of those policies and actions.

What happens in Detroit and Pittsburgh very definitely affects you, no matter how far away you may seem to be.

Now suppose that the first company or the first industry were to maintain that it could not afford to grant those expensive benefits. And suppose that the federal government were to set up a fact-finding board to determine whether or not those expensive benefits could be granted.

What becomes of free collective bargaining? Certainly when government steps in, both labor and management lose a certain amount of freedom of economic action. If government steps in at that point, it might very well consider it necessary to step in at any other point in our economic affairs and with increasing frequency.

That's still another way in which a lot of other people—here in Wyoming, for example—would be affected.

I believe, again, that we haven't been doing enough thinking about these things. We haven't been looking at our own actions and those of other groups in the light of their long-range consequences to us and to the public interest.

Frankly, I think it's asking too much to expect any group to base its actions entirely on the interests of any other group or groups. That just isn't human nature.

Just a few weeks ago in Laramie, a representative of the United Auto Workers told farmers that they "need not expect organized labor to accept a reduction in wage rates."

But it's certainly not asking too much to expect all of us to measure our own actions and those of all other groups in terms of the total national good, because each of us has a very large interest in the total national good. If it can be shown that a policy or action which is intended to help one group will inevitably hurt all the others, and eventually the group it was intended to help, then certainly that policy should be changed.

A boat may have a hole only in one end, but it's still going to sink all over.

The only way to determine what's good and what's bad is to think things through, to go below the surface and examine all the angles.

That means keeping informed. It means reading the whole story, not just the headline. It means getting the essential truth.

It means having John Bugas or any other speaker talk about tough problems in faraway Detroit.

And it means discussing these problems at home or wherever you have time to exchange views with people.

I think we must also learn to guard against "label thinking." "Big Business" means one thing to me. But it may mean something entirely different to you and something else again to a textile worker in Massachusetts.

If we let emotions and prejudice wrapped up in fancy packages with labels confuse our thinking, we can't hope to reach clear conclusions.

Let's do a little talking now about some ideas that seem to me to merit some serious thinking.

There's a widely-held theory that higher wages mean increased purchasing power. If that's true, why don't we simply increase wages whenever purchasing power shows signs of declining?

The fact is that higher wages, without a correspondingly higher productivity, lead to higher production costs. Higher production costs lead to higher prices for the product.

Now, if a 15-per cent increase in wages results in a 15-per cent increase in prices, how has the worker's purchasing power increased? Actually, he'd be no better off than he was before, and the vicious circle would have to start all over again.

What's more, price increases mean buyer resistance and a narrowed market. That spells unemployment, and fewer people to use that increased purchasing power.

But this theory says that wages can be raised and purchasing power increased by holding down prices. All right, suppose prices are held at their former level. What happens? The employer who operates on a small margin of profit and who is unable to pass his increased costs on to the consumer can no longer stay in business. That, too, means unemployment, and fewer people to use that increased purchasing power.

What we find, then, is that higher wages without comparable price increases bring about greater purchasing power *for fewer workers*. They do not bring about increased purchasing power for all workers, as advocates of the idea would have us believe.

Now, what about people who do not derive their incomes from wages? If labor's increased purchasing power is to mean higher prices, then won't everybody's purchasing power be decreased? Or if labor's increased purchasing power is to mean lowered production, won't the incomes and perhaps the jobs of a lot of other people be affected?

I don't think we have to be economists to see that the slogan "Higher wages mean increased purchasing power" is a phony.

Another idea being widely circulated, especially by those who urge higher wages at any cost, is that profits are too high. May I ask, "Whose profits?" There are about 3½-million operating businesses in this country. When some are making money, others are losing money. When some are making substantial profits, they may be merely overtaking substantial losses of past years.

Are all the ranchers in Wyoming making too much profit?

Even more important, when are profits too high? Were they too high in 1932? Will they be too high a year from now? I'm sure any businessman would like to know what his profits will be next year, or even know for certain that he will have profits.

In a vigorous, competitive economy, the function of profits is to provide both the incentive and the means for greater production, greater efficiency, greater economies, greater competition—and greater progress. The incentive of profits has caused millions of Americans to risk their savings in all sorts of ventures and enterprises. And great numbers of them have lost their savings.

In our own industry there have been some 1,500 motor vehicle companies since the automobile was invented. Only about 56 remain. Most of the rest made too little profit to survive.

But if profits were to be limited to a maximum of 7-per cent or 10-per cent or some figure, while at the same time there was a chance of losing one's entire investment, how many people would be willing to take the risk? And what would happen to production and employment?

If we want a strong, aggressive, successful, expanding economy, with a rising standard of living, let's not try to water the gasoline—or see how small a carrot we can use to make the donkey go.

There's still another idea—so old it has whiskers, but still surprisingly alive—that by cutting down individual production, you can make work for more people. Experience is supposed to be a great teacher, but apparently the proponents of that idea haven't learned any lessons.

In 1904, the automotive industry produced less than 23,000 motor vehicles. Much of the work was done by hand, and the cars were so expensive that only a few wealthy people could afford them.

During the next few years, the industry began using machinery and mass production methods on a large scale. Even then, labor protested that individual production should be cut down. Because the machinery let each man produce more than he could produce by hand, many workers feared that employment would be reduced.

But you know what happened.

Increased production set off an economic chain-reaction. As production went up, costs went down. As costs went down, prices went down. As prices went down, more and more people bought cars. And as more and more people bought cars, there had to be greater production and *more* workers.

The net result has been an almost constant rise in the number of automotive industry production workers—from 12,000 in 1904 to more than 800,000 in 1949. With salaried and office employees added, the total is now approximately 1,000,000.

Increased productivity did more than create new jobs in the automotive industry. It created other industries and, in fact, a new way of life. It meant jobs for people in road-building, sales and servicing, repair garages, gas stations, trucking and taxi firms, tourist camps, commercial parking lots, drive-in theatres, auto insurance and finance companies, car-wash places and in dozens of other types of enterprises—even to the man who paints white lines down the middle of the highway.

I've pointed to just a few of the ideas that continue to make headway among those who are unwilling to think them through. There are dozens of others—social and political, as well as economic.

Like the idea that armaments races are the only road to peace. Or that you can run a government forever on borrowed money. Or that you can have government-sponsored security without giving up your personal freedom.

Wyoming means a great deal to me. If I couldn't have been here to make this speech personally—because of labor negotiations—I'd have been very, very sore.

This country of ours means a great deal to me too. I think we owe a lot for the privileges we enjoy as Americans. I think we owe a large contribution of time and energy to preserve them.

This republic was built upon a faith that the people can govern—that the public interest should come first—that right decisions on the great major issues will be taken by the American people. I believe that. But governing is not an easy job—it is no armchair occupation. It involves a great amount of responsibility and some hard work.

When I knew I was coming out here—or hoped to come out here—it occurred to me that our troubles in Detroit or in Pittsburgh or in any other industrial community are important to Wyoming and that I should not hesitate to ask you to think about them. You are not so close to them geographically as we are, but they are your problems too because this is your country too.

And before I close, let me say that I don't want to speak only of problems. We all face opportunities too. We can achieve great future benefits for the good of all—but it seems to me that this can be achieved only by taking the American way, by paying-as-we-go with increased productivity.

Let me leave these thoughts with you—

1. What happens in the labor negotiation rooms in Detroit, or elsewhere, is important to you out here. Think about our labor problems and opportunities. Make them your business—because I think they are your business too.

2. What happens in the labor negotiations in Detroit or elsewhere affects you not only in a material sense—in the matter of the cost of the things you buy. The political climate in which you live is very

much affected. Rights and freedom are lost for all whenever they are lost for some.

3. The solution to our problems is to use our right as free Americans to be governed as we wish to be governed—for the good of all.

## RECLAMATION, FLOOD CONTROL, AND GOVERNMENT ECONOMY

LESLIE A. MILLER\*

Citizens of Wyoming, I appreciate the opportunity to come and speak briefly to a group of this type. Yet I stand up here with some degree of trepidation. I know with your analytical minds, your trained minds, trained for any occasions, far in excess of the training that was given me, you can probably find some questions I will raise, that you could combat, and I might raise some questions which, if answered, might embarrass me.

Many of you gentlemen here are fully aware of the work I have been doing, because I see a number who have sat in meetings I have addressed previously. I have been making quite a few talks in this and surrounding states, and I think it would be appropriate, at this time to make an acknowledgment, if I may, that in the work I have been undertaking, I have had the earnest cooperation of the Wyoming Tax Payers' Association, by Earle Reed and Fred Bennion. They have been very cooperative with me in all respects. Fred Bennion, executive director, has driven me around on most of my expeditions. I found him excellent company and driver, so I think I ought to make that acknowledgment at this time.

It has been very interesting work. The last three days, I have been in Colorado. I talked at Grand Junction and Kremmling and Craig, all on the western slope of Colorado, where they are called upon to consider the proposition of transmountain water diversion, which the Bureau of Reclamation is undertaking on an ever-increasing scale. A few weeks ago, I was down in the neighboring state of Nebraska. I made an address at Scottsbluff in which I undertook to discuss some of the waste I deem to be going on in Army Engineer and Bureau of Reclamation work in that state. One of the projects I directed attention to was a spillway being built alongside a dam on the Republican River. The chief executive of that state was a little bit disconcerted with what I said, and he sounded off a few days later, at a meeting in Loveland, Colorado, in which he undertook to put me in my place. Among other things he said I wouldn't know a

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\* Governor of Wyoming, 1933-1939. Chairman of the Natural Resources Task Force of the Hoover Commission.