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Why the U.S. government supported collective bargaining

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This is an edited version of an article that originally appeared in the December 2011 issue of the Industrial Worker newspaper and at libcom.org as part of a debate on a discussion paper called “Direct Unionism.” The original title of this piece was “A debate on collective bargaining and the IWW.”

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The U.S. government increasingly promoted collective bargaining in the early part of the 20th century. To take one important example: In 1919, economically disruptive disputes escalated between the International Ladies Garment Workers Union (ILGWU) and capitalists in the textile industry. In response, the New York governor appointed a state commission aimed at preventing “industrial war” which created “distrust and hostility” between classes. This commission recommended collective bargaining in order to reconcile the union and the employers. As the commission wrote, a “collective bargaining agreement calls for the utmost good faith on both sides to perform (...) every term and condition thereof; whether it refers to shop strikes on the part of the worker, lock-outs on the part of the employers, or the maintenance of its terms as to wages and hours. This Board desires to emphasize this point as fundamental in any contractual relationship.” Contracts

require such good faith and, from the point of view of the capitalist state, contracts helped create such good faith.

With state help, the ILGWU won an industry-wide collective bargaining agreement, which the industry association soon violated in 1921. The ILGWU sued and won an injunction against the employers. The New York Supreme Court said it issued this injunction to prevent “the continuance of an industrial impasse.” The Court said that no matter who won the dispute, “such industrial struggles lead to lockouts, strikes and acts of violence” and in the end “the employer and employee, instead of co-operating to promote the success of the industry, become permanently divided into hostile groups, each resentful and suspicious of the other.” Therefore, “it is the duty of the court to (...) compel both parties to await an orderly judicial determination of the controversy.” In other words, the capitalist state began to believe that promoting collective bargaining agreements would help create industrial peace. The role of law is not simply to protect individual capitalists but to bring greater stability to the capitalist system as a whole. (On this point, I encourage fellow workers to read the discussion of the English Factory Acts in chapter 10 of Karl Marx’s “Capital.”)

The state’s role and strategy of promoting stability in the capitalist system by promoting collective bargaining explains U.S. labor legislation created in the 1930s. The 1933 National Industrial Recovery Act (hereafter, “Recovery Act”) said “disorganization of industry (...) burdens interstate and foreign commerce, affects the public welfare, and undermines the standards of living of the American people.” The Act argued that one key tool for more efficiently organizing industry under capitalism was to promote collective bargaining agreements. Thus Congress should “remove obstructions to the free flow of interstate and foreign commerce” by “induc[ing] and maintain[ing] united action of labor and management under adequate governmental sanctions and supervision.” The Recovery Act added that contracts would raise wages for workers, “increas[ing] the consumption of industrial and agricultural products by increas-

ing purchasing power” of workers. More money in the pockets of more workers would help stabilize the American economy by providing a larger base of consumers.

The National Labor Relations Act (or the “Wagner Act” named after its sponsor, New York Senator Robert F. Wagner) took up the labor relations provisions of the Recovery Act, adding little except for extra enforcement. Senator Wagner argued before Congress that the Wagner Act was “novel neither in philosophy nor in content. It creates no new substantive rights,” and went on to list various prior examples of workers’ legal right to collective bargaining. The real change with the Wagner Act, he argued, was greater enforcement of rights that the state already recognized workers as having. By providing better enforcement for workers’ right to collective bargaining, he said, the Wagner Act would be more conducive to industrial recovery than the Recovery Act. Wagner said that lack of adequate enforcement in the Recovery Act brought “results equally disastrous to industry and to labor. Last summer it led to a procession of bloody and costly strikes, which in some cases swelled almost to the magnitude of national emergencies.” That is, Wagner argued, it was precisely the lack of collective bargaining that led to the strike wave of 1934.

Wagner identified a second consequence to the lack of enforcement provisions in the Recovery Act. Without collective bargaining, he said, workers “cannot exercise a restraining influence upon the wayward members of their own groups, and they cannot participate in our national endeavor to coordinate production and purchasing power.” Wagner argued that Congress should pass the Wagner Act in order to “stabilize and improve business by laying the foundations for the amity and fair dealing upon which permanent progress must rest.” If Congress didn’t pass the Wagner Act, Wagner predicted that “the whole country will suffer from a new economic decline.”

The Wagner Act’s full title was “An act to diminish the causes of labor disputes burdening or obstructing interstate and foreign com-

merce, to create a National Labor Relations Board, and for other purposes.” Like the Recovery Act, the Wagner Act’s first priority was to keep the economy flowing as smoothly as possible by reducing labor disputes. The Wagner Act said “denial by employers of the right of employees to organize and the refusal by employers to accept (...) collective bargaining lead[s] to strikes and other forms of industrial strife or unrest.” Furthermore, “inequality of bargaining power between employees (...) and employers (...) substantially burdens and affects the flow of commerce, and tends to aggravate recurrent business depressions, by depressing wage rates and the purchasing power of wage earners in industry.”

The U.S. government backed contracts because they believed this would make the capitalist system more stable and resilient. As the Wagner Act said, “protection by law of the right of employees to organize and bargain collectively safeguards commerce from injury (...) and promotes the flow of commerce.” Furthermore, the Act added, collective bargaining would encourage “practices fundamental to the friendly adjustment of industrial disputes.” U.S. Congress passed the Wagner Act in 1935. When President Roosevelt signed it, he declared that the Wagner Act was “an important step toward the achievement of just and peaceful labor relations in industry.”

The Preamble to our Constitution states that the IWW’s goal is help our class advance the historic mission of abolishing the wage system and declares that the working class and the employing class have nothing in common. We should hesitate, then, before pursuing strategies which U.S. presidents and senators deliberately encouraged in order to achieve industrial peace within the capitalist system.