



THE FEDERAL GOVERNMENT IN
LABOR-MANAGEMENT RELATIONS

Honorable James J. Reynolds

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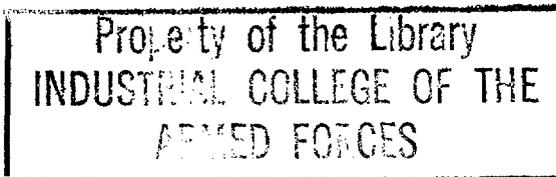
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22 January 1964

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Reporter--Grace R. O'Toole

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GENERAL STOUGHTON; Gentlemen: Up to now in our course of study we have heard from various representatives from industry and labor on various aspects of the field of labor-management relations.

Today we are going to hear from a third party, representing the general public. Our speaker today, the Honorable James J. Reynolds, the Assistant Secretary of Labor for Labor-Management Relations, has had a wide experience in both industry and government, and I am sure we will profit from his remarks to us on "The Federal Government in Labor-Management Relations."

It is a pleasure to welcome and to present the Honorable James J. Reynolds.

Secretary Reynolds: Good morning. Gentlemen: It is nice to be here with you this morning. I am somehow or other reminded of a very pleasant trip I made to the Air Force Academy last spring during which I talked to the entire Cadet Corps on this whole business of labor-management relations, particularly the Government's role in it. That experience with all these splendid young men of the Air Force recalled to me a visit that I made to the ICBM bases back in 1961 with then Secretary Goldberg. We visited the various ICBM bases because at that time there were a great deal of work interruptions, work stoppages, which were seriously interfering with the order/ construction of these very critical

facilities. These stoppages came about primarily because of jurisdictional disputes among the various craft unions. They came about primarily because of the concept of concurrency in construction, whereby the more normal, more orderly, and slower way of doing things had to be put aside. Where you would have the steel workers and bricklayers and masons come in and do their work and go home, in the case of the ICBM bases, you would have them get up to about 70 percent completion and then you would start bringing in your electricians and sheetmetal workers and your industrial workers, to start making the installation of the sophisticated circuitry, electrical and otherwise. So that there developed these jurisdictional disputes which, unfortunately, resulted in the loss of a great many man hours.

Secretary Goldberg and I were flying around to visit these bases and to visit their various commanders, and we were tremendously impressed with the fact, as we went from base to base, that the military commanders today--which is so obvious to you, probably, as not to bear repeating--are called upon not only to be leaders of men, thoroughly competent in the most sophisticated type of war, but they must also be, indeed, capable of handling a tremendous industrial complex. For instance, the man in charge of one of these ICBM construction sites, in my opinion, would have the responsibility and the complexity of judgment to make as would the president of a major corporation in the United States. He has to deal with labor relations, he has to deal with contract relations, he has to be careful of costs, he's got to be aware of community relations, and he has to know all the various points of the spectrum in this question of

good industrial management.

When we finished our trip around to these bases we went to visit General Tom Power, who I understand has been with you. When Secretary Goldberg and I went in to visit him, he was most cordial. We sat down and he was quite burned up about these stoppages. One couldn't blame him at all. He said to Secretary Goldberg, "You know, Mr. Secretary, the way we ought to handle these fellows on these bases is that we ought to court-martial some of them. These fellows have stopped work on these critical facilities in which the welfare of the Nation is tied up. Let's court-martial some of them and put some of them in jail, or maybe worse. That'll settle things." So Goldberg leaned over and he said, "General Power, I have heard a lot about you and about how great a general you are, and what a wonderful man you are. But you don't know a goddam thing about labor relations."

From that point on we got along fine. But the whole point is not to kid this wonderful General Power, a splendid and wonderful man, but I think it illustrates the fact that most military men must have become increasingly aware of this fact, that they had better know something about unions, they had better have an understanding of what makes them tick and about how they came to be what they are, and how to deal with them. Whether we like it or not--some don't and some do--it's a fact of life that you are going to have to deal with them.

Now, I think in this little discussion that probably the most useful role I could play, if any, here, will be in any colloquy that will ensue

in the question period.

To set the general framework for this little discussion, I'd like to remind you of a few things with respect to unions. One of those things is that unions are not new in this country, as I am sure most of you know. It's an old institution. As a matter of fact, we have records of benevolent societies of craftsmen as early as the mid-1700's in this country. They were formalized into craft unions and guilds in the late 18th century. Indeed, we have the first recorded strike in Philadelphia in 1799, when the printers went on strike for shorter hours. In 1803 we had a big strike in New York of the shoemakers and another one in Philadelphia of the shoemakers.

This is an old story. The labor movement through the 1800's, prior to the War Between the States, had a slow development. It was rather sporadic. When the industrial revolution really began to manifest itself in our Nation unions started to grow. When prosperity would increase in various periods, unions would flourish. As depression hit us in the various points of the business cycles, they would be beaten down very bitterly by employer groups. So that we didn't have any really significant labor movement until the need for marshalling the industrial might of the North and the South in creating the materiel of war for the War Between the States again created the opportunity for the organization of unions. You did then have the creation of unions which exist to this day, principally the machinists' union, the cigar makers, the carpenters, the stonemasons. These all had their beginnings back in that period.

They were not unions as we know them today, in the sense that they had any sort of national affiliation with any group. That did not come until about 1886, when Samuel Gompers, who was one of the great giants of labor, fought and struggled very vigorously to get the AFofL, a national, loose federation, created, in which these little groups all became a part, and you began to have something that looked like a national labor movement as we know it today.

However, labor unions through all this period, and, indeed, right through the early part of this century, were considered to be conspiracies for the restraint of trade. When that court doctrine was finally eliminated, the methods they employed in their activities--strikes, boycotts, and other methods of mass, concerted action--were under careful scrutiny by the courts and were put under serious restraint.

Indeed, it was not until the 1930's that unions in this country really became legally established and protected by law, but protected only to a minor degree, until we had the Wagner Act of 1935, of which all of you have heard, of course, which exists to this day as amended and is now called the Taft-Hartley Law. The Wagner Act was indeed really the Magna Carta of labor in this country.

The ranks of labor, of course, grew until, I guess, the height of membership, about 18.5 million. They have been losing members more recently, and I would suppose that membership is down around 16.5 million, or somewhere around that figure, now, to the best of our knowledge in the Department of Labor.

The Wagner Act, of course, was a law which merely set the rules of

the game. It set the rules of the game but in a onesided fashion. It was an expression on the part of Congress of a desire to more equally equate the power of working men in this country with their managers, their bosses, if you please. It merely set forth the types of conduct which were prescribed on the part of management. It didn't say anything about misconduct on the part of labor. It merely said that management people could not coerce workers who wanted to join a union, that management could not set up company unions which were not a proper, valid articulation of the desires and aspirations of workers, that they could not dismiss men because they wanted to be in unions, that they had a responsibility to bargain with unions. All of these things imposed burdens on management and not on labor unions.

Under the protection of the Wagner Act, which also established the agency known as the National Labor Relations Board, the Government, for the first time, really established as a national policy the fact that the protection and encouragement of the device and the institution of collective bargaining was in the national interest, and that interruptions of commerce among the various States could be mitigated if we had the orderly protection of labor unions.

Whether that was a valid assumption or not, it was the assumption on which the constitutionality of the Wagner Act was ultimately established, in 1937.

Under the benevolent protection of the statute, the National Labor Relations Board was required, as it is to this day, to conduct elections

with a secret ballot under which workers could decide whether they wanted to become union members or not. It was through the interpretation of the various types of conduct prescribed, given by the National Labor Relations Board, that the unions really gained protection for their organizing campaigns and grew in strength as they did. For instance, during the early years of the Wagner Act, the Board ruled that an employer in effect could say nothing to an employee. If he did it was an unwarranted interference with the employee's freedom under the Act. Quite frankly, in my opinion, it was a gross misinterpretation of the fundamental constitutional right given to all people, the right of free speech.

This was subsequently modified and corrected, so that today, as you know, an employer has a perfect right to get up and speak to his employees, providing he speaks truthfully, and provided he does not incorporate in his speech any promise of benefits if the employees fail to join the union, or any threat of injury or harm if they do so. That doctrine prevails to this day.' But employers now do have a greater latitude in their activities, in speaking freely to their employees, in speaking to them on company time or off company time, so long as they keep their remarks within the ambit of the protection of the Constitution.

Nevertheless, during that period when the interpretation was not quite so conservative as that, unions grew in strength, grew in vigor, and grew in power, and, as we know, in many cases that power was not handled with the degree of responsibility which it should have been. As a result the Congress once more took a look at the field of labor relations,

and in 1947 they amended the Wagner Act, and it became known as the Taft-Harley Law. For the first time in the history of our country they set forth a statute which has a concept of dichotomy about it, wherein there are types of conduct forbidden to labor organization. Those types of conduct would be that, just as the employer cannot coerce or threaten a worker if he wants to belong to the union, now a union cannot threaten, coerce, or do bodily injury to a man because he won't belong to a union. That's unlawful. Unions cannot by threat or economic force bring pressure to bear on employers to do an act which is illegal under the first section, namely, to do injury to an employee because he doesn't want to belong to the union. For instance, the union cannot go into a manager and say, "Look, we want you to fire Harry Brown and Frank Jones because they are destroying our organizing efforts." Employers immediately could bring a charge, and that would be administered by the National Labor Relations Board, and it would be found undoubtedly, if the facts were as outlined, that this would be a violation.

Unions are also now forbidden to engage in what is known as featherbedding. They are forbidden to exact fines and assessments that are excessive or are not comparable to the ones which are uniformly administered throughout the labor organization.

For the first time, the country as a matter of policy said to labor organizations, "You, too, must bargain in good faith. You cannot come in to a manager and let him do all the bargaining. There has got to be a two-sided situation."

Labor organizations, as I am sure you have heard, regard the Taft-Hartley Law as a very vicious instrument. I don't think that there is any question that it has to some extent inhibited the activity and the success of their organizing efforts in many parts of the country which still remain largely nonunion, notably the textile industry, particularly, of the South, and many industries of the Southwest. But, nonetheless, I believe any objective, fairminded individual must come to the conclusion that the statutory scheme as now developed by our Nation is a fair one and more properly comports with the overall sense of fairness and national interests of our Nation.

Now, I think that, once we remember, first, that unions are old institutions, that they have been here a long time, that they are wealthy in most cases, that they have strong leadership in most cases--and I hasten to add that through my experience, which has been quite lengthy, in dealing with labor leaders in this country--I would say that the vast majority of them are just as honorable men and just as devoted to the interests of their country as anyone possibly in this room. They are decent, they are thoughtful, they are compassionate men. They have difficulties, they have many problems with their constituents. One must remember, as time has gone on through the stages of union activity which I have outlined in this way, first this exhilarating period of organization through the twenties and the thirties, when they got the protection of the Wagner Act, the period which attracted young idealists, the period in which the worker of America was looked upon as the downtrodden,

the forgotten man of society, that period is behind us.

The next period was a very serious period of developing, if you please, a sort of industrial jurisprudence. It was a means whereby the average worker in our country had a sense of participation in his own industrial destiny. I think in this regard, this was one of the great contributions of American labor in this country, that they developed this concept of grievance procedures, of seniority, of orderly promotions, a whole set of orderly devices which were very significant in the whole matter in which we handle our labor relations in this country.

The next period I would like to call the period of more, more, more. That is demand upon demand upon demand--more wages, more holidays, more vacations, more pensions, et cetera, et cetera. Now, while I don't for one moment suggest that that period will ever be behind us completely, I suggest that the concept of the American worker as being the forgotten man, the downtrodden, is no longer one which has widespread public acceptance. The idea of miners and of automobile workers striking on the picket lines to organize for the right to bargain with the Ford Company or one of the large coal companies, in the early thirties and in the mid-thirties, indeed, did arouse a certain public understanding and sympathy. But I suggest to you that the public tolerance with major strikes is a thing of the past.

It is pretty difficult for the average person in the street to get too charged up with too much sympathy over industrial workers striking over some of the sophisticated issues that are on the bargaining table

today, when the average industrial worker is making \$2.49 an hour, when his wages are averaging in industry over \$100 a week, and where in the exception to this, as in the teamsters situation the other day, when Jimmy Hoffa got an additional 48-cent package, the average teamster now will make about \$3.50 an hour.

It's pretty difficult to get public support and public understanding and toleration of major strikes which inconvenience the public and which do injuries to parties who are not directly concerned with the dispute.

So the period we had then of organization and of the creation of a rule of law/ and the period of more, more, more have passed, and now we are at this difficult stage, it seems to me, where labor leaders are being called upon to indeed be statesmen. More and more their preoccupation is in the political field. I would suggest that this activity will increase greatly within the next 5 years. I think more and more you will see a development such as they have in the Scandinavian countries, where political activity on the part of labor unions is the chief activity, conceivably something comparable to the Labor Party in England, but more and more involvement in government affairs. More and more we see our labor leaders concerned with the international labor organization in Geneva. We see them concerned with international problems, with problems also of great breadth in our domestic society, and they are confronted with these very difficult, sophisticated problems of the impact of automation and the question of what to do about it, the question of whether

or not the answer is a shorter work week, when one realizes that 26 million youngsters are coming down the road/^{into} adult American womanhood and manhood in the decade of the sixties alone, and when we see a constant erosion of jobs in our major industries. We in the Labor Department have taken a profile of 33 major industries, an employment profile, from 1947 to 1957, and then projected to 1970, and we find that of the 33 industries about 22 will have less employment in 1970 than they do today, despite the fact that production will continue on up.

These are matters that test the ability and the wisdom of labor leaders today.

Now, in all of this, what is the role of government? The Government has, it seems to me, two broad responsibilities. One is a statutory responsibility, and that is involved in, for instance, the Taft-Hartley Law. It is the administration of a Federal statute which sets the rules of the game, merely sets the rules of conduct which now prevail between management and labor but has nothing to do with the subsequent terms of employment. The Wagner Act, Taft-Hartley, and the National Labor Relations Board haven't a thing to do directly with wage increases, holidays, night-shift bonuses, pensions, and these other things.

Also there is a statutory obligation of the Federal Government to administer what we know as the Landrum-Griffin Act, which is known as the Labor Managing Reporting Act, which was passed in 1959. This law, which is also anathema to labor, and I am sure that my friend, Al Hayes, spoke about it, is a law designed by Congress following the revelations

of the McClellan Commission, to provide a mechanism under which the American workers organized in labor unions could be assured of democratic processes within the structure of their own organization. It provides for conventions at orderly periods. It provides for the election of union officers by members, by secret ballot. It provides for a means of disclosure of the financial affairs of unions, so that all may see them. And it provides severe penalties for any misconduct in the terms of embezzlement or wilful misrepresentation of facts by any labor organization or its leaders.

Unfortunately, in the administration of this Act, which is directly my responsibility, there have been a great many cases of minor union officials who have been found unworthy of their fiduciary responsibilities, if you please, who have dipped into the damper and have taken \$10,000, \$15,000, or \$100,000. But these cases of misconduct on the part of minor union officials, I again hasten to add, should in no way be taken as an indictment of the fundamental rectitude and solidity as citizens of the major labor leaders of the country.

I can assure you that in one case which came to my attention, even though certified public accountants had examined the books of a local up in Boston in periodic audits, there was an official in that particular local who was constantly bleeding the local funds. The top labor leaders in this country are just as bitterly disturbed, in fact more so, and humiliated, and angry, when this sort of thing occurs.

The Landrum-Griffin Act was designed for the purpose of providing

democracy within labor organizations, of providing financial rectitude within labor organizations. I think that it has been a constructive device and I predict that even my good friend, Al Hayes, and George Meany, and these other fine men will ultimately come to recognize--just as the financial community of New York has recognized the Securities and Exchange Act finally, as a fine thing which puts the implimata of rectitude upon their activities--that the Landrum-Griffin Act is one of the best things that ever happened to labor.

So we have the statutory responsibility of the Taft-Hartley Law and the Landrum-Griffin Act, and then we have in the Government, established as an independent agency in 1947, the Federal Mediation and Conciliation Service. It is this organization which has the responsibility to endeavor to mediate labor disputes which arise between organizations and management over substantive terms of employment, the classic concept of more money or shorter hours or better vacations--all the things with which you are familiar.

The Federal Mediation Service has a structure of mediators throughout the United States who are constantly available to go in and assist the parties in an endeavor to provide the catalyst between the parties when an abrasive situation is developed which might break out into a dispute.

I would say parenthetically at this point that it may interest you to know that 1963 was the lowest and best year in terms of man-days lost and in terms of strikes that we have had in this country in the postwar period. We had about 3,400 strikes in the country. Very few

of them were major strikes. We had the longshoreman strike, you remember, which started in December of 1962 and went over into January of 1963. We have had difficulty, it is true. There are a few things--I want to talk about the railroad dispute--the Florida East Coast problem, the aerospace industry, and a few others. But, by and large, industrial peace was the order of the day last year rather than industrial warfare.

The Federal Mediation Service played an important role. Now, the Federal Mediation Service also has the statutory responsibility, under the Taft-Hartley Law, which has a section devoted to this, to report to the President when, in the opinion of the Director, a dispute in a major industry might develop into a strike which could do injury to the national health and welfare. They report this to the President with appropriate documentation and, if the President agrees with this, he is then empowered to seek an 80-day injunction known as the Taft-Hartley injunction, under which the parties are restrained from striking or changing the conditions of employment for a cooling-off period of 80 days.

The Taft-Hartley injunction has been used in the longshore industry a great many times. It has been used by every President of the United States since the law was passed. It was used by Truman, by Eisenhower, and by President Kennedy. It has not yet been used by President Johnson, but he hasn't had much time to do it.

The fact of the matter is that these cooling-off processes of the Taft-Hartley law work sometimes and other times, unfortunately, they don't. The 80-day period one would think would provide an orderly

cooling-off period during which sane heads could prevail and influence could be brought to bear. But, unfortunately, often the 80-day period serves only to heat up the issues more violently, and you have a strike at the end of the 80-day period.

Now, the last statutory responsibility of the Government in this field--we have Taft-Hartley, Landrum-Griffin, Federal Mediation Service--is that of the National Mediation Board, which has the responsibility, under the Railway Labor Act, passed in 1926, to handle labor relations in the railway and air transport industries, the Act having been amended in 1936 to embrace airlines.

The National Mediation Board consists of three members, no more than two of whom can be of the same political party. It has a staff of mediators who do in the railroad and air transport industries what the mediators that I spoke of before do in the other segments of the industrial community in the country. Unlike most segments of the industrial community, it is rather interesting to note that, in the railway industry the contracts between the brotherhoods and the various carriers do not have a conventional termination day like you have in the automotive industry.

In the automotive industry, in this coming August, Walter Reuther's united automobile workers have contracted to terminate with General Motors, with Ford, and with Chrysler. But in the railway industry, interestingly enough, most of the contracts which prevail between the various brotherhoods and the carriers do not terminate. I might say that you have brotherhoods for practically every class and craft. You have a group called

the operating brotherhood and another called the nonoperating brotherhood. In the operating brotherhoods would be the engineers, the firemen, the conductors, the brakemen, and the switchmen. Among the nonops you have such people as the railway clerks, the telegraphers, the maintenance men, the right-of-way people, the signal men, and so forth.

Noe, those contracts go back, in many cases, 40 and 50 years. They never have a termination point. They go on and on and on, and the only way they change at all is by amendment to the fundamental document. The way that happens is this: Either party who wants to make a change files under the Railway Labor Act with the National Mediation Board what they call a Section Six Notice. That means, in the case of the carrier, that they want to be able to combine their road and yard services, they want to get rid of firemen (this famous featherbedding issue), they want to reduce the number of men in the freight crews and in the passenger crews. The unions, on the other hand, may file a Section Six Notice saying that they want more holidays, that they want pay when they are required to be away from home, that they want any number of things.

These Section Six Notices, then, are served on the National Mediation Board, which has the responsibility within 10 days of bringing the parties together and to decide on a place to meet. Then discussion between the parties begins. The Mediation Board watches carefully the progress of this discussion, and then, at an appropriate time, they step in, when they feel it is necessary, and endeavor to mediate ^{the} parties' positions.

If they find that it is impossible to do this, they then are by

statute required to make the proffer of arbitration. That means they say to the parties, "Please arbitrate this. We'll set up a board of arbitration, and that will be the end of it." If one or both parties refuse and it looks as though there is going to be a strike which will deny a substantial portion of the country railroad service, the Board must then report to the President, who appoints what is known as an Emergency Board. That Board must look at the matter in dispute and make a report within 30 days with recommendations for its resolution. Thirty days thereafter either party is free to take unilateral action--the union to strike, the company to change conditions.

So what you've got is the filing of the Section Six Notices, the discussion between the parties, mediation efforts, an offer of arbitration, the appointment of an emergency board, the report of the board in 30 days, and then an additional 30 days to attempt to mediate on the basis of the report.

Keep in mind that this report is a recommendation. It is not binding arbitration. The parties are free to reject it.

There is an additional activity in the Mediation Board, and it is of extreme importance. The one I have just referred to has to do with major changes in the context of the basic agreement between the parties. However, matters of interpreting the agreement frequently result in abrasive relationships and threaten to result in work stoppages. There cannot be any strike in the railway industry under the interpretation of the contract. It is unlawful. When there is disagreement it must be

brought to the attention of the Mediation Board, who refers it to what is known as an Adjustment Board which has the power to rule finally and with binding effect on both parties with respect to interpreting the agreement.

What we have, getting into specific cases in the railway industry today, right at this minute, is what I think is a good illustration of another government role. I have been speaking up to this point about the statutory obligations of the Government. In addition, the Government, we feel in this Administration, and I think this is shared by others, has a commitment to free and responsible collective bargaining. We have a commitment to the freedom of decision by American citizens. We demand responsibility to the exercise of that freedom, and when we do it we feel that we, too, as a responsible government, must step in when it looks as though there will be a dispute which will in fact do injury to the Nation's defense posture, the balance of payments, the internal economy, or to one of a number of things which only the President of the United States and his advisers are in a position to evaluate carefully.

For instance, in the railroad situation, you have heard about the railroad dispute for a long time, I am sure. Let me give you just a quick rundown of what has happened here. On 2 November 1959, the railroads of this country, all the Class 1 railroads, served the Section Six Notices I referred to in which they said they wanted to get rid of the fireman for Diesels, they wanted to cut down on the number of men in the crews, they wanted to combine interdivisional runs, they wanted to extend the

present agreement as to how many miles a man can run.

For instance, a conductor getting on a train in New York this morning and coming to Washington, having his lunch, and getting on another train and going back to New York, will cover 229 miles times 2, namely, 458. For that he gets 4½ days' pay. He will do that for 8 or 9 days in a month and he will make his full month's pay, and the rest of the time he will sit on his duff. The railroads are insisting that something be done about that type of practice.

So, when they filed these notices on 2 November 1959, they went through this procedure that I have spoken to you about. They were then confronted by an attack from the labor brotherhoods in which they filed a number of demands on the railroads, for holidays, pay adjustments, and various rules which would make their conditions of employment even more desirable than they are at the present time.

It was agreed by the parties in 1960 that, since these issues were so complex, so broad, and affected so many railroads, the thing to do was to combine them and submit them voluntarily to a Presidential railroad commission which would not be an emergency board under the Railway Labor Act but a device which they would create and which would guide and advise them how to resolve these things.

Well, the Railroad Commission was set up. It was headed by Judge Simon Ripkin of New York. It was tripartite in character, it took over 20,000 pages of testimony and 13,000 pages of exhibits, moving pictures, photographs trains and visits on trains all over the country. They came down with their report and the brotherhood said they wouldn't accept it.

The railroads said they thought it was a pretty good idea and they would accept it, that it wasn't everything they wanted but they would take it. We were threatened with a strike.

At this point we invoked the National Mediation Board statutory remedy of an emergency board. This was set up last April. It was headed by Judge Rosenman of New York and the other members were Professor Healey of Harvard and Professor Finesinger of Wisconsin Law School. This board made a recommendation for settlement. Again it was rejected. And last summer we were confronted with the possibility of a nationwide shutdown.

Now, here is the moment of decision. Does your Government stand by and say, "All right. We have done everything we can to bring about a responsible resolution of this dispute. Go ahead, now, and use your economic force, brotherhoods, if you want. Go ahead, railroads, and change your rules if you want. And let's see what will happen. "

This is one decision that men maybe can argue is the right decision. They would get support from the fact that here just a few days ago Mr. Hoffa's Teamsters Union negotiated a nationwide agreement with just a minimum of government activity, a mediator in there to help them over some of the tough spots. Had there been a strike of our trucking industry, it wouldn't have been a strike in which the Government would have immediately stepped into and enjoined. It would have been a strike that would have gone its way, and ultimately economic pressure would have resolved the thing one way or the other.

Now, in the case of the railroads last summer what we did was--

and this illustrates the role of your Government--President Kennedy re-
the
quested/Council of Economic Advisers to make an analysis of what would
happen if we had a railroad strike of a week, and would would happen if
we had a strike of a month, and so on. And the impact on the economy
was indicated to be such that it would be a devastating blow to what was
considered to be an economy which was beginning to develop in a very
splendid way. As you know, we ultimately had a gross national product
last year that totalled \$585 billion, and we were going at the rate of
\$600 billion at the end of the year. It was felt that it would impair
the ability of our steel mills to operate, that it would interfere with
the transportation of grain from our great Midwest areas throughout the
country, and there were a thousand other implications that meant a
very serious problem was on the President's desk.

On the basis of all the advice he got he said, "A strike is just
out of the question. It has to be resolved some other way." He then
recommended to Congress that they set up a mechanism whereby the whole
thing would be arbitrated by the Interstate Commerce Commission, which
normally has to do only with rates, routes, and that sort of thing. The
Congress rejected that concept and ultimately came down with a Joint
Resolution called Public Law No. 88-108, by which they set up a seven-
board
man tripartite/with the authority to arbitrate with binding results two
issues. These were the spectacular issues that the public knew about,
the so-called featherbedding issue of the firemen, and the so-called
crew-consist issue.

That board came down with a decision a little over two months ago and, under Public Law 88-108, the parties are under restraint. There can be no strike and no unilateral change of rules until 24 February, which is just a little over a month away. When the arbitration board came down with its decision on these two issues, there remained seven other issues unresolved. I have been meeting daily with the parties and nightly with the parties in an endeavor to resolve these.

Now, what can you do? You can exhort the parties to a sense of responsibility in the national interest. You can exhort the parties to an awareness of the importance of keeping a strong and viable transportation system. You can exhort the carriers to a sense of understanding and compassion on the needs of the men when they are legitimate needs. When you have done all this you have had it. You are through.

We are now confronted with the situation where seven issues remain. One is the revision of the whole wage structure which they both want revised, but in different ways, as you can well imagine. The carriers are insisting on the extension of interdivisional runs, the extension of daily mileage, and the combination of road and yard service, so that through freight trains, when they come to a small town, will have the right to drop their own cabooses, or what they call a bad-order car which has a hot box, rather than having a switching crew standing around all day long, doing nothing, waiting for that train or two trains to come by.

On the other hand the brotherhoods are demanding holiday pay for men on these trains, for instance, like the one I spoke about, where

literally men will work 8 or 9 days a month, but still want to get paid for holidays, whether the holiday falls on a day when they work or on a day when they are vacationing. They want to get paid when they are away from home, which seems to me to be a reasonable thing, if they are called to be away from home overnight. And they want 8 hours' pay. They want an 8-hour day on the railroad. Now, this has appeal, except when one realizes that, under the pay structure for road service, as I mentioned to you before, passenger service, after a man has completed 100 miles he gets a day's pay, no matter how much further he goes. On the other hand, if that man is required to, say, go only 80 or 90 miles, he still is guaranteed one day's pay. Now, it may take him only 4 hours to do that, you see. On the other hand, a man who comes from New York here and back gets 4½ days' pay, and he might actually put in 10 hours to do that. Well, he wants time and one-half for the last two hours. The carriers find this a little unreasonable

The result of this is that your country is now confronted with the same old problem that started on 2 November 1959, and as of yesterday it was the subject of discussion by the President, the Secretary, and myself.

The role of your Government is one, as I say, which is buttressed-- and I repeat this--by predecision-making to keep out of these things as much as it can, and yet there seems to be times when the Government must do everything possible to avoid a strike which will hurt all segments of our economy which are innocent parties to the inability of a specific situation to be resolved by the parties.

Now let's get into another area of government activity. This is the area involving these missile bases. After the trip that Secretary Goldberg and I made around the Nation we recommended to President Kennedy the establishment of a missile sites labor commission. This again is a good office ad hoc approach to this thing. In this business we try to exercise all the imagination we can, and we try to avoid tinkering with fundamental devices and institutions of this beloved country of ours, and we try to find that compromise where you are not coming in as a do-gooder or someone who doesn't have a good, pragmatic approach, who is a theorist and is going to do more injury than good.

In the case of the missile sites question, here we were confronted with repeated interruptions to the construction of these essential bases. What we did then was to bring the leaders of labor and management together. The President met with them and he appointed a tripartite commission in Washington. That commission would have the responsibility of ruling on all disputes that could not be settled at the local level by local missile sites committees, which we set up at each missile base, so that, at the grass-roots level, if a guy beefed off about jurisdictional matters, he wouldn't walk, he would talk. So, if it couldn't be resolved at that level, it would come to Washington.

As a return for this device we have a no-strike pledge from the major labor unions of the country which I hasten to say has been honored in practically every case. The loss of man time hours in the missile bases has gone down to an infinitesimal percentage of total man hours

worked, as contrasted to 1960 and part of 1961, when there was the constant question of battles, battles, and interruptions and misunderstandings.

This, I want to make clear, is a device which called upon the voluntary action of the parties. It is not the imposition by your Government of a device. We said to labor, "We think you ought to pledge not to strike and, as a quid pro quo, here is a device for resolving disputes." We said to management, "We think that this will be a device whereby production can continue and a more orderly schedule can be planned, and so forth. In return we expect you to go along with this concept and say that you will not change the conditions of employment when there is a dispute but will try to bring it here for resolution." It has worked very, very well.

Now let's get into another type of good office procedure that we get involved in. Let's take the longshore dispute. I call these longshoremen my water sprites. The Longshoremen's Union represents all the men who load and unload ships on the Atlantic Coast and the Gulf of Mexico. Harry Bridges has a separate organization on the Pacific Coast. Just as a matter of interest to you, as informed Americans, it is not generally known that the Longshoremen's Unions on the Atlantic Coast and the Gulf Coast have for years maintained a policy of not handling anything coming in from or going to the Soviet Union or any of its satellites, contrary to the fact that it is a matter of national policy to license nonstrategic shipments back and forth, and contrary to the fact that we encourage trade with the satellite countries, because of the growing

disenchantment, we hope, with the fundamental ideological tie-in with the Kremlin. The longshoremen won't touch anything coming from or going to the Soviet Union.

I am constantly called by a merchant saying, "Can I get a shipload of furs unloaded?" A man called me frantically last week. He had \$200,000 worth of Baluga caviar on a dock in Brooklyn. Another man had 90 cases of lenses coming in from Moscow.

As a result of this today we have a meeting set up in the State Department in which the country's national policy can be explained to some of these people, so that they can support it rather than oppose it. It's offensive to me and it is offensive to you, I am sure, that there be any concept of the President and the Secretary of State negotiating with labor unions over foreign policy. But it isn't that. It's a question of human relationships. The policy is determined. You make it. But the important thing is that you explain it to people so that they can support it and be a part of it, and not constantly oppose it.

The same thing applies to the problem of the eligibility of ships going to Cuba. As you know, since last May, any ship of a foreign nation going into Cuba, no matter whether it is strategic or nonstrategic material that it carries, is declared ineligible to carry any government cargo to the United States. Many of these Greek shipowners, and West German and Scandinavian shipowners have been going back and forth to Castro, and they are just blocked out of the United States.

Now the cream is off the Castro commerce. There are now 4 million tons of Russian wheat to be shipped, and we find a lot of these men who want to get back in. It is now the policy of your country to say that any shipowner who will withdraw his ship and promise not to put it back into Cuban trade can acquire reeligibility for carrying American cargoes.

You can imagine the reaction of labor unions to this. Again it is a matter of explaining to them. I merely mention these things to impress upon you that, in this complex society of ours, the interrelationships between diplomacy and foreign policy and with the industrial community and the labor unions is an ever-closing one.

Now, Why don't I stop here. In the question period perhaps we can be a little more helpful to one another, and have a little more fun.

DR. WORLEY: Gentlemen, Mr. Reynolds is now ready for your questions.

QUESTION: Mr. Secretary, I have recently read Project Horizon. FAA reported that on civil aviation. They mentioned in there that the Railway Labor Act, as amended, is not really too applicable to airline industry labor negotiations, and they recommended some changes. This report was in 1961. Can you tell me if anything was accomplished by the Government in response to this recommendation?

SECRETARY REYNOLDS: There has been no specific recommendation to the Congress for amendment of the National Railway Labor Act insofar as air transport is concerned. But, quite frankly, I would agree with

the observation that it is not the ideal instrument for the assurance of industrial peace. You have different kinds of problems in the air transport industry, as you know. You have the problem of the technical obsolescence of the flight engineer in jet planes. You have the problem of the coordination of the maintenance crews and the operating crews, and so forth. I agree that it is not the most ideal device to assure peace in the industry.

Normally one would say that if someone makes that statement he has the responsibility to come up with something better. Quite frankly, the matter is under study, which is always an easy thing for me to say. It is under study. I think that, not in this Congress but possibly a year from now, we may have some recommendations as to some modification.

As you probably know, Congressman Bonner has suggested a different type of law for transportation industries, which would outlaw all work stoppages because of the fact that the public is so deeply involved. I am not at all sure that this is the answer, because, again, there is the fundamental philosophical conflict between our desire to preserve private decision-making and still preserve public interest. It is a terrible dilemma to define that point.

I think generally the best approach not only to the air transport industry but to other so-called national emergency strikes which involve the national health and welfare is the concept of the arsenal of weapons. The one best weapon that one has in trying to resolve these things is the creation on the part of the parties involved of an uncertainty as to what

you are going to do next. I remember that Supreme Court Justice Tom Clark illustrated that by a story about when he went out to play golf and he was put in with the champion of the club. The champion said, "I'll give you so many holes." Clark said, "I'm just going to play 9 holes or 18 holes and just have fun, and I don't care who with." The champion said, "Let's make a match of it." Clark said, "All right. Just give me two lookouts." So this fellow didn't want to make it look as though he didn't know what a lookout was in golf, so he said, "O.K., it's a deal." So he got up to hit the ball, and just as he was about to hit it, Clark said, "Look out!" Well, the obvious thing happened. After 9 holes they came in and someone asked Clark how he was doing. He said, "I'm five up and I've got one lookout left." The point was, he never used it.

Just follow this point. I didn't have time to speak of it before, but it is not unrelated. One device that we created in this Administration was the President's Labor-Management Advisory Council. It's a 21-man group, and we met yesterday in the White House. It includes such men as Henry Ford, Tom Watson, Joe Block, Richard Reynolds, et cetera, together with George Meany, Dave McDonald, and all the top labor leaders. We have created a dialogue that has continued from April of 1961 to this day without interruption. We have proven that disagreement does not mean dissolution. We have created a rapport. Henry Ford and Walter Reuther sit across the table.

That committee came up with a recommendation on this matter, and it is the so-called arsenal of weapons. It has given to the President

the power to change the weapon that would be used in any specific situation. He might establish a board that might recommend to the parties what to do, or that might suddenly arbitrate what to do. He might go to Congress with a recommendation.

I think, unfortunately, that the more uncertainty that can be built into a statute to resolve disputes, the better off you are. This is just the fundamental philosophy of the thing.

QUESTION: Mr. Reynolds, let me lay a little groundwork first. I have in mind a compilation of the reports of arbiters in the Federal Mediation Service which indicates that strikes against management rules or make work are not particularly popular, and that people of kindred interests are crossing picket lines. I mention this because of the fact that the Canadians went through the labor issue a year before us and came down finally with a strike that lasted only two days when trains were running again. I believe that the fireman brotherhood is completely out of business. I add to that the public sophistication and knowledge of featherbedding now.

In view of all of this, would you give me the rationale and other factors which led the President to believe that we would have a costly and lengthy railroad strike if we had not taken other actions?

SECRETARY REYNOLDS: The situation still prevails, I might add. I quite agree with you that there is a growing disenchantment on the part of union men to support fellow union members when they are resisting changes in featherbedding or make-work practices. I quite agree with that.

In the case of the railroad situation, unfortunately, there are a great many other issues in addition to featherbedding, the crew consist, the individual runs, and the extension of mileage, all of which would fall in this area. There are the demands of the brotherhoods for the traditional increase in benefits that I touched upon--holidays, pay for the switchmen, pay for the hourly paid people, pay when away from home, and other things that are sought. So that I don't think that you've got such a clear-cut case here, where this would be equated to a resistance to getting rid of featherbedding. You've got all the other things.

Secondly, the AFL-CIO convention passed unanimously a resolution giving the united support of American labor to these fellows.

Third, I would say that a sophisticated appraisal of the intensity of feeling of the parties, based on living with them weeks on end and months on end, leads me to the conclusion that, from the point of view of the railroad brotherhoods, a strike would be politically advantageous to them. I say that because the rank and file are smarting under the collar about the arbitration award. They are looking for the legal right to show that they can bring to bear pressure on the railroads, and even though fundamentally they are average Americans and put their pants on one leg at a time, they're mad, very mad, at some of the things that have occurred in that decision.

I don't think they have too much sympathy with the firemen, who are not needed, but they do have sympathy with the fact that, when the fireman

comes out of that cab, the brakeman or someone else is going to have to do some of his work, little as it may be. And they are sympathetic with the fundamental concept that by technological changes in the railroad, jobs are being eroded at a fantastic rate.

The last time there was a railroad strike was in 1947. It was brief. One million, five-hundred thousand employees went out. If there would be a strike next month, there are only 642,000 employees to go out. The railroad employment has declined more than half.

Now, there is constant erosion of jobs through central traffic control, data processing, automatic ticket selling, and all the other things, the elimination of tracks, the high-speed trains, the elimination of selling tickets in small stations. All these things together have created a situation where the average rail man is hurt, he is mad, and he will strike. He'll strike and he will stay out.

This is our appraisal. That's the reason it differs from the Canadian thing, where you had only the featherbedding, the fireman situation, and the Royal Commission ruled on that. That's all you had. The Royal Commission ruled most gently, that it would be taken care of by attrition, that any man on the locomotive was safe as long as he lived, but if he died he would not be replaced. That was a pretty soft decision.

QUESTION: Mr. Secretary, a lot of people regard this arbitration board which was established by law as a trend toward permanent and closer arbitration by the Government. Will you comment on this?

SECRETARY REYNOLDS: Yes, I will. I think that the institution of collective bargaining suffered a heart attack when Public Law 88-108 was passed, but I don't think it's fatal. What I mean by that is, I think that if labor and management take heed, as I think they will, they will recognize that a lack of awareness of the public responsibility, of national responsibility, at the bargaining table will create more of the same kind of laws, and maybe this will have a salutary effect on the bargaining process.

The precedent has been made in this one case for the first time, by law, that of compulsory arbitration. I think labor recognizes the terrific danger of that precedent, and I think, quite frankly, that management, by and large, does, too. It seems to me it could lead to a decision on prices by government fiat, as to how much profits are going to be, and so forth. This is the antithesis of what we believe in and want in this country.

So I hope that the heart attack, if you please, that was suffered will be such that the parties will demonstrate more responsibility and will become stronger in the institution of bargaining. Now, this is not just a pious hope. It is based on discussions with top labor leaders and management people.

QUESTION: Could you discuss the desirability of extending the concept of the missile site labor commission so that it would embody all defense procurement?

SECRETARY REYNOLDS: Well, I think it has a good deal of merit.

One of the problems, I think, that immediately come to mind is that in defense procurement you usually are purchasing your items from an industrial complex that also manufactures material, devices, and products for civilian use. In the aerospace industry, I suppose, it is the closest, 95 to 100 percent, to government procurement. There I think it has real application. As a matter of fact, it is under serious consideration.

But, when you come to procuring material from General Motors or from Chrysler, which has a big missile manufacturing plant, you and I know that they also are a very significant factor in the normal, peacetime manufacture of products for profit, under our profit system, our normal, free-enterprise system, where the give and take of economic pressures and bargaining relationships are protected, and quite properly.

So that the utilization of a device like this for one part of their operation and not for others might have serious implications. There is difficulty often, as there will be in August. The negotiation between the automobile workers and the Big Three will concern serious issues.

I would say parenthetically that the fact that industrial profits increased 40 percent generally last year is creating a greater degree of militancy on the part of our labor leaders, who have gone along by and large with our pleas for restraint in keeping increases within productivity improvement. This was reiterated by President Johnson in his message the other day.

You are are going to have some very serious problems. The aerospace industry contracts are all up this year. The automobile industry

contracts are all up this year. Taking the orderly ones again, here the traditional/^{bargaining} involves 70 percent or 80 percent of civilian activity, coupled in with some defense. I don't think you can impose this kind of device on a relationship such as that. I don't think the unions would go for it. You cannot exact a no-strike pledge from even responsible labor leaders, like Mr. Reuther, unless there is a 100 percent defense implication. If you are going to be building Buicks, Cadillacs, Lincolns, and Chevrolets, why should they give up the right to strike?

That's the problem. There is a mixture of the two.

QUESTION: Mr. Secretary, the industrial people here have usually said that their greatest urge to automate comes from the rising increase in wages, and the labor people have said that increasing wages have nothing to do with this, that they are creating demand and that progress will be inevitable. There is an awfully wide divergence. What is your opinion of it?

SECRETARY REYNOLDS: There is a tremendously wide divergence. I wish that all of you could have listened in to the fantastic colloquy that went on for an hour or so on this very subject in the President's Committee. He has directed his Committee to look into this whole question of the impact of technological improvement and the question of what to do about human fallout. There is a varying degree of views on this as to how many jobs are being eroded, as you know. Mr. Meany's view is that the way to handle it is the shorter work week. We don't believe this. We think it will obviously add to the cost of American products in the

highly competitive world around us.

But the fact that jobs are being eroded because of technological progress is getting to the point, and will, we think, get to the point, where it presents profoundly serious questions to the country. Keep in mind just one statistic. As we sit here every 7.5 seconds a baby is being born in the United States; every 18.5 seconds an American is dying; every minute and one-half an immigrant is coming into this country; and every 23.5 minutes an emigrant is leaving. The net result of this is that, during the time it took me to tell you, there has been accretion of three citizens in America. Our population today is about 190,758,000. It's going up at the rate of 7,200 a day.

Now, if we are going to be able to supply the needs of this growing population with our ever-decreasing number of workers, the problems of what should be the normal work week and what we are going to do about leisure present profoundly serious questions. To these questions the President asks his Committee to address itself. Always the concept has been that technological progress must go forward, and we have unanimity of view in the Committee. Labor agrees with us. But we have rejected the old concept that technological progress always creates new jobs, as it has so often in our lives. The economic theories that we were taught and which we embraced as youngsters have to be reexamined, because the manufacture of automated equipment, of assembly lines, of electronic, sophisticated equipment does not take anywhere near the number of people who are being displaced by the machines themselves.

QUESTION: It would seem that the number of disputes that lead to conditions whereby the national welfare can be put in jeopardy are influenced to a large degree by the large number of industrywide negotiations or national negotiations. Is there any thought being given to strengthening the anti-trust legislation as it affects labor to force the decentralization of negotiations and thereby allow the Government to withdraw?

SECRETARY LABOR: There is a good deal of thought in Congress on this matter. Certainly the conservative element in Congress is deeply concerned about this. I, personally, as someone who has been kicking around this area for years, do not think it is the answer. I have seen situations where you have the so-called Balkanized unions, decentralized unions. Take the newspaper strike last year. There were about six unions involved. The reason you couldn't settle that was because there were too many unions, too many divergent points of view. You had the problem of the railroad industry, where there were five brotherhoods involved. They can't get together and agree on a settlement.

So, I think that what one has to do is take a careful look at, for instance, an organization like the steel workers. The steel workers had a whing-ding of a strike, you remember, 116 days, in 1959. Out of that came a sobering experience to both sides. And now the Human Relations Committee, which meets constantly, and which is not tripartite but has equal numbers of management and labor, is getting on a continuing basis into all sorts of problems and resolving them peacefully for the industry.

The same is true in the automobile industry.

I question very seriously, even despite what I said before about the fact that the major labor union organizations are going after more this year than they have in a long time, that there will be a strike in the automobile industry this year. This is in the face of the fact that Walter Reuther's automobile workers have the whole industry. I don't think that mere bigness is the thing to be frightened about in labor organizations.

I choke a little bit when I think of Jimmu Hoffa and the truckers in the trucking industry, to be sure. But I have yet to see a situation where you have fragmented unions where you don't create a worse situation. It is lack of unity, lack of responsibility, and a divergence of views which make for chaotic conditions. There can be bigness but with it responsibility.

This may sound a little quixotic. I don't think it is. I think there is a growing responsibility on the part of Al Hayes and Walter Reuther and the other major leaders in this country. I am not afraid of bigness in their hands any more than I am afraid of it in the hands of Roger Blough or Henry Ford or any of the big corporations.

That's not the answer.

QUESTION: I hope I don't trip you up by asking about Mr. Hoffa. You indicated that it was not the intent of the Government to intervene in the teamsters' strike. Am I correct?

SECRETARY REYNOLDS: There was no plan to intervene. That is quite

correct.

STUDENT: I am interested specifically in the rationale. The trucking industry is neither a prime nor a subsidiary mover any way, by rail, by water, or anything else. Certainly the public interest is affected. Was your position here because of law, or because of a feeling that the strike would be short because the resources of the trucking industry, some 16,000 firms, I think, would break sooner, or was it possibly because you didn't want it to look as though you were working Mr. Hoffa over unintentionally more than you wanted to?

SECRETARY REYNOLDS: It was a combination of all three, mainly the last. We all just hoped he would go away or that someone would put him away. The point I really want to make and probably didn't make very well is this, and it is a very important one, I think: We were aware of the pattern of negotiations which was going to develop. Hoffa was after a nationwide contract, and the cost of a strike would have been serious.

But the decision was made to keep the Government out of it. The reason for that I'll get into, but the result of that was important. When you get into the rail dispute as we did early in the game, one by-product, and a very serious byproduct, is that you will innovate the bargaining process. One side or the other figures, "Well, the Great White Father is in. I am going to be wrapped around by him and protected." The give and take of bargaining then becomes animated. The railroad brotherhood plead with me to take the handcuffs off, as they say. They say,

"Look, if the Government would just step out, and we could threaten to strike, to say 'look out,' we would get a settlement."

Now, in the trucking situation we stayed out and there was a real threat of strike. I don't for one minute mean to convey, as I apparently have, a sense of utter irresponsibility. We got daily reports on everything that was going on at the bargaining table. We knew exactly what was going on.

I suppose that, had a strike ensued, we would have let it go on for a while. Hopefully, it might have hurt Hoffa. Hoffa internally is in trouble. This contract did not cover the eastern part of the country, New England, New York, and the big locals up there. Hoffa is an evil influence in the labor movement in this country. Sure, he gets a big deal like this and he is going to get more and more people in the teamsters. But he is an evil man and a captive of the underworld. He's so much a captive that he can't get rid of them.

Anything we can do to remove him from the labor movement proper, even at the expense of a short strike--if it would have created that uprising which we think it would have created--would in the long run be constructive for the country. That's how seriously evil we think he is.

I can give no better rationale than that. The fact that we didn't step in, however, and left the parties free to bargain, can be used to buttress the view that the Government ought to stay out of these things all the time.

QUESTION: Mr. Reynolds, the unions seem inclined to want to blame

the Government for the unemployment problems. What is the attitude of the Government toward labor unions? Have the unions done their share to retrain the jobless?

SECRETARY REYNOLDS: No, I don't think they have, nor do I think management has taken its full responsibility. I think the labor shortcomings in that regard are their adherence to strict seniority rules which prevent men being laid off in one plant because of technological improvement from going and taking jobs in another plant. I think management has failed in many, many instances. And I am as guilty as lots of others. I was in management. When we put in automated equipment which was going to eliminate 100 or 500 jobs, we didn't properly assist those workers in being retrained for such other job opportunities as there were.

I don't think the labor unions blame your Government for unemployment, by a long shot. I think they recognize that it is a development of the mores of our country. It is an acceleration of technological improvement, by and large. And yet they recognize that for good and for real the policies of your Government have created an industrial society in which more people are employed today than in the history of our country. Earnings are at an alltime high, and the strength of our economy has never been greater.

I think they recognize this, but they are worried and they ponder and are troubled about the unemployment. I don't think they blame us. We are trying to get both of them to step in with us in the Manpower Training and Development Act, which you may be familiar with, under which

we are attempting to retrain workers, not for jobs that don't exist but for jobs that will exist when we complete the training. There is no point in training a lot of jobless youngsters to be horseshoers when you haven't got any horses.

The problem is to constantly make manpower surveys as to what kind of skills are going to be needed, and then train the people for them.

In this regard I do not think the unions have met their responsibility. I answer in the affirmative.

DR. WORLEY: Mr. Reynolds, on behalf of the College, thank you very much for a very stimulating morning.

SECRETARY REYNOLDS: Thank you.