



BOULWARISM: THE PHILOSOPHY AND METHOD

From 1949 to 1960

by

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## ABSTRACT

In 1946, L. Boulware became GE's chief of employee relations. By 1948, he had introduced anew philosophy of collective bargaining. The philosophy resulted from the company's desire for good relations between it and the employees, it and the plant localities, between it and consumers, and not necessarily between it and the unions.

The purpose of this thesis was to discover whether that philosophy and those goals changed over the period from 1949 to 1960. The first test applied was a success criteria based on the assumption that the company would abandon an unsuccessful program. The only goal which proved anything as the others were shown to not have this test applicable was the relation with the employees. The test showed success and therefore no change.

Naturally one other goal of any policy is to satisfy the law. To highlight the difficulty of using this test, the difference of opinion using the success criteria on this goal was exploited.

The next test was for change in the company literature over the period. This test showed no change. The last test was a case study of the 1960 bargaining to see if the method used then was consistent with the philosophy. This test showed change as the company had changed the offer to end a strike explicitly against the philosophy, and as the company had restricted information against the spirit of the philosophy.

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## INTRODUCTION

The General Electric Company, the nation's largest producer of consumer electrical equipment and electrical goods, has always prided itself on its progressiveness in management, in research, and in all endeavors associated with large scale industrial production. GE has always been particularly proud of many of its innovations and of its progressive attitude in the field of employee relations. The company was among the first to introduce pension plans, profit sharing, and other innovations for employees.<sup>1</sup> Some of these innovations occurred even before the company faced a union; in fact they were introduced even before the Wagner Act encouraged unionism and thereby increased the power of the unions.

After GE was unionized, the company tried its hardest to maintain cordial relations with the unions. The company maintained the position that the employees were free to choose a union if they saw fit, and that the company would gladly deal with the authorized representatives of the union. Bargaining proceedings were usually anteceded by and interspersed with friendly dinners which included the president of the company, and the president of the UE, James Carey.<sup>2</sup> On the whole, the company seemingly felt that maintaining a friendly relationship with the union was an essential part of the company image and policy.

Conditions after the end of the Second World War changed this attitude drastically. Several factors

contributed to the change. For one, unions in general were using a lot more public relations in bargaining. The unions by using propoganda on the general public to convince them that the companies were trying to avoid giving the workers a fair wage; this, if successful, would cause the general public to bring pressure on the companies to make concessions to the union demands. Then the progaganda was directed to convince the public and the employees that any gains that the workers received were due to the union and that the company would never have acceded to any of these gains without them having had immense pressure placed upon it. This was done to strengthen the union in the eyes of the people and to implant a feeling the company was against the employees so that the outside pressure at the time of the next bargaining procedure would be even greater.

Another new bargaining method of the unions which contributed to the disenchantment of GE was pattern bargaining. Pattern bargaining is a method in which a settlement is made in one large firm in an important industry. Then no other company in that industry or in any other similar industry is allowed to settle for less. This form of bargaining was especially prevalent right after World War II because of the wage restraints in effect during the war. Since the entire economy was seemingly at an improperly low wage level at this time, there was good reason for the wage level to rise equally

throughout the economy. Since foreign competitors faced major rebuilding tasks, prices could be highly flexible upward without serious affect during the period; thus a pattern wage increase did not seriously threaten any harm and promised to quickly alleviate inequities due to the war. However, once the wage level had been raised to a fair level and foreign competition was again a factor in the economy, this sort of bargaining was looked on with disfavor by companies such as GE who felt that wages should be a measure of economic value and should thus be set by economic determination rather than by a pattern determination. This attitude was strengthened as the balance of payments problem became apparent and concern grew about the effect of inflation on the national economy.

Thirdly, GE faced some unrest in its situation with the UE. The UE was one of the CIO unions whose officers refused to sign the non-communist affidavits required by the Taft-Hartley Act. The union president, Carey, and several other union figures had been purged in a fight between union factions over the issue of communism. As a result, the union was unsettled, and its relationship with the CIO was even more unsettled. In this situation, the union naturally took more invective out on the company in an attempt to keep its strength and image. The result of this and the use of the other tactics mentioned above was a contract in 1946 which not only was close to union demands but also left the employees

of the company, the towns in which the production plants were located, and the general public with a poor picture of GE in their minds.

This was particularly disastrous to a company which prided itself on its fine public image and progressiveness as General Electric. As a result, changes were made in the Employee Relations Department of the company, and more particularly changes were made in the philosophy of that Department. The new vice-president of Employee Relations was Lemeul Boulware, and the new philosophy that evolved took its name, Boulwarism, from his name.

Lemeul Boulware was not from the Employee Relations Department of the firm. He was from the Marketing Department. Boulware ignored the principals which GE had used in their bargaining procedure and replaced them with a marketing approach to bargaining. Previously GE had attempted to come to what they felt was a fair bargain while attempting to remain on good terms with the union. Now, the approach was more aimed at coming to a fair bargain while remaining on good terms with the employees, the citizens of the areas where plants were located, and the general public.

Boulware felt that the main obstacle to good relations with the above groups was the union publicity. The unions attacked the company by trying to show that any benefits to employees were derived strictly from the union efforts. They did this by picturing the company's original offer

as indicating the company's true position on all issues. The company was usually making a low offer to set up a bargaining posture as the union does by making extremely high demands. To deny that this offer was not a true indicator of the company's position would destroy the posture. To publicize union concessions in response to union publicity about management concessions, which were used to illustrate the effectiveness of the union, would only antagonize people because such publicity would indicate management is giving less than the unions consider fair rather than showing the unreasonableness of the original union offer.

Thus Boulware decided that the controversy and ill feeling lay in the fact that the company, GE in this case, was always in the position of espousing a settlement which was unfair to the employees and the local merchants who would gain from any increased purchasing power of the GE employees. Since GE could not avoid this situation while using normal tactics, the company decided to simply present their final bargain first and stick to that position without making concessions. Of course, that statement is an over-simplification which will be further explained later.

This procedure was followed during the 1948 settlement, and as a result, GE won a rousing victory over the UE. The terms of the final settlement were exactly the same as the terms GE proposed, and the bargaining was

rapidly taken completed. Then another complication in the situation arose. In 1949, the UE and several other unions which were suspected of being under communist domination were expelled by or resigned from the CIO.<sup>3</sup> The CIO then set up unions to replace the expelled members. The new electrical workers union, IUE, immediately claimed that it represented GE's employees. A battle which has not ended to this day ensued between the UE and the IUE over the right to represent GE's employees. After new certification elections of the NLRB each of the two unions represented a large portion of the employees. The IUE did represent more than the UE but GE's position at the bargaining table was strengthened due to the split. Because no one union could more than partially close the company by striking, the cannon of the unions' arsenal of weapons looked more like a shotgun filled with birdshot, still fairly powerful and dangerous, but no longer very deadly.

Hence the company could now afford to be more aggressive during bargaining. Thus Boulwarism which is a very aggressive bargaining policy became more practical and more effective because of the split. Since this policy has been effective as a bargaining method, it has been sustained by the company ever since. However, this raises a serious question. Has Boulwarism been maintained as a method of bargaining because it is the best way to accomplish the goals set forth in the philosophy of

Boulwarism, to obtain a fair settlement while remaining on good terms with employees, local citizenry, and the general public, or whether the method has been retained because through this method GE is able to obtain the best monetary bargain for itself regardless of the implications on friendship between the company and the parties mentioned above?

If the latter is the case Boulwarism has become no more than a sham, a cover up to reduce general dislike of an unfair policy. The best way to test the truth in Boulwarism is to test for changes in the philosophy or method that GE uses. One would expect if a sham exists that there would be some shift in the company's policy since trying to make unfair settlements is incompatible with satisfying employees and others. Of course, the change being measured here can only be a change which one would expect from a theoretical consideration of Boulwarism since there is no way to tell what Boulwarism would have been like had it not become a possible cover up for inequity.

The discussion of the change will be divided into two sections, a discussion of the change in the philosophy and a discussion in the change of the method. This is done because a change in one does not necessarily indicate a change in the other. Moreover, a change in the method might not indicate a change in the purpose, and although a change in philosophy would indicate a change in purpose,

it might be a tempering of the purpose rather than an attempt at inequity. The discussion will also be limited to the period from 1949 to 1960 as after 1960 any changes are as likely to reflect the court proceedings initiated by the IUE and General Counsel of the National Labor Relations Board as to reflect any change in company purpose.

The discussion of the philosophy will start with an exposition of the philosophy as originally set forth. Then the change in philosophy will be tested through a success criteria. Where possible goals of the philosophy will be shown as either satisfied or not satisfied late in the period. Late in the period is chosen because most of the goals depend upon good relations, and time is needed to establish good relations.

The discussion of the method will start with a general exposition of the method. Then it will discuss the effects of facing two major unions, the effects of the feud between the two unions, and the effects of the peculiar position **and** temperment of James Carey upon the general method and the specifics of the method. Then, there will be a short discussion of the literature as it reflects the method and any changes in the method. Lastly there will be an exposition of some of the specifics of the method as shown in the 1960 bargaining sessions. Throughout the method and any changes will be shown to be either in accordance or not inaccordance with the philosophy.

From these studies will come the conclusion that the company has retained faith with Boulwarism or that the company has supplanted Boulwarism. Besides this, if Boulwarism has not been supplanted, the paper will show whether or not Boulwarism has remained constant.

## Part I: The Philosophy

### Chapter 1: The Theory of the Philosophy

The philosophy of Boulwarism is the philosophy that the image of the company is a factor second in importance only to a fair final settlement. The philosophy states that the company is faced with a responsibility to the stockholders, to the employees, to the plant localities, and to the public interest. In order for the company to best fulfill these varied responsibilities, it must provide for a fair settlement for the employees without being so magnanimous that the stockholders, and public interest are hurt.

The company can best meet these responsibilities when the various interests to which it is responsible feel that the company is being fair, and thus will cooperate with the company in its policies and support it in its endeavors. This feeling can only be procreated through a good company image. Thus, a good company image is not only one of the results of the company meeting all its various responsibilities well, it helps the company to meet its obligations.

The field of employee relations is most directly concerned with the company's responsibilities to its employees and to its stockholders; however, the settlements and decisions made in this field have an extra large affect on the company image due to the advent of unions and widespread use of publicity is a means of

coercion by the unions. Thus, the company must employ a bargaining procedure which throws the best light on the company image, which does not allow the union to start an effective publicity campaign against the company and which insures the fairest settlement for both parties in the bargaining procedure.

If the company does not want the union to start an effective publicity campaign, it must eliminate the union's most effective publicity mechanism, the company's original offer as compared to the final contract. This contrast is allowed because the original offer of the company is normally much lower than the company is willing to give because of the necessity of each side having a bargaining posture from which the bargaining procedure may start. The only way to eliminate the contrast is to eliminate the bargaining posture. In order to do this the company must make its final offer at the outset of the procedure and stick to this offer throughout the bargaining. Doing this not only eliminates the union publicity mechanism, it also is a more honest approach to bargaining. The company is in a position of presenting and supporting a plan supporting a program which it believes is fair instead of presenting and dishonestly supporting a program which it feels is unfair.

If the original company offer is truly a fair one, then this plan eliminates the possibility of an unfair settlement. However, if the company's offer is unfair

the chance of an unfair settlement is greatly increased under this plan. Thus, the company must take special care when formulating the offer. The contents of a fair offer consists of the amount of benefits the company can afford to give or the amount of benefits the workers deserve and the amount the company can afford must be obtained from cross sectional comparison of similar workers in similar industries in similar areas, productivity statistics, Profit statistics, and industrial trends and probable future situation. Boulwarism assumes that the union and management actually agree on this amount within a narrow range even though the normal presentation shows them to be very far apart on this matter. This is implicit because GE knows that no union is ever going to make a settlement for much less than they feel the worker deserves, and Boulwarism is not intended as a method of making settlement impossible or as a method of increasing union unrest. One of these will occur if what GE presents as a fair and final amount is not considered fair and final by the union.

To conduct any type of bargaining a company must try and evaluate the proper amount to give the employees. In a normal bargaining situation, it is not so necessary for the company to evaluate the preferable construction of the benefits because the union presentation and bargaining emphasizes those benefits which the union has judged the employees want most. Since the union normally has better

communication with the employees, a company may simply accept the union presentation of the preferable structure without too great fear of being far out of line with employee desires. Of course, any company tempers union or employee desire for the structure of benefits with preference the company might have for economic reasons or desire for flexibility.

In the case of Boulwarism, the company cannot rely on the union to present the picture of employee desires because by nature bargaining has barely started when the company present its offer. Thus, the company must accurately evaluate employee desires before the bargaining begins. In order to do this the company must open up **and** preserve communication lines between the employees and management.

Thus, the company puts together a fair offer to present. However, presenting a fair offer is not enough to preserve the company image. To do this the company must also convince everyone that the offer is fair. Boulware conceived this as a simple marketing problem. Making a good product is **only** half a business; selling it is the other half. In order to sell a product, one must reach consumers with news of what the product is and what the advantages of the product are. This again called for a massive communications program to the employees emphasizing the advantages of the company offer. The same sort of program must be carried out to **convince** the others to whom the company is obligated to, that the offer is fair.

In total Boulwarism could be summarized by saying build communication lines between the employees and management. From all the information obtained through these lines and elsewhere construct a fair offer. Present the offer and stick to it. Meanwhile try and convince everyone that the offer is fair through the **communication** line and other sources of communication.

## Chapter II: The Philosophy Over the Period

Ostensibly, the major reason for the inauguration of Boulwarism was the anti-company public opinion generated by the old policies of employee relations. Assuming that the company is both rational and intelligent enough to think of alternative methods of dealing with the union which could affect public opinion, one test whether this criteria remained throughout the period as one of the rationales for Boulwarism is whether or not public opinion favored GE at the end of the period. Measuring public opinion is not easy particularly when polls have not been taken among the public on the question at hand and more important when public does not really include all of the public, and some parts of the public are more important to the company than others. In this case one can safely say that the public General Electric cares about does not include union leaders; academicians and economists also seem to be less important to the company than other people. The groups which the company seemed intent on pleasing in relative order of importance are employees, citizens of cities in which plants are located, and the mass of consumers. Considering the company's pride in being a leader in innovations in management policies one would expect that the business public would also be quite important to them as compared to others although they did not specify this group. Also since the company has repeatedly reminded everyone of its duty to

the public interest, one might include the public interest as represented by the government as a group which the company is trying to satisfy.

Measuring the opinion of consumers in this case is not feasible and will not be attempted.<sup>4</sup> The groups that the company does not care about are vocal enough to compute their feelings; however, whatever they think should effect the company policy at all; so any measure leads to no conclusion on the question.<sup>5</sup> Measuring the contentment of employees with any accuracy is probably impossible, but one can use such information as strike participation and local rebellions against national policy as a measure. The facts on this matter can be interpreted in different ways as will be shown; therefore, any conclusion will be tempered by these other considerations. Measuring opinion of citizens in towns where plants are located shall be done on the basis of information and interpretation of newspaper articles. Especial reliance will be placed on Lynn and Schenectady since they represent two different situations which will show if nothing else the futility of trying to come to any obvious conclusion about public opinion over a wide range. The public interest is measurable through the action of the Trial Examiner and the NLRB concerning GE's 1960 bargaining; however, GE obviously has a different opinion of the public interest as evidenced by the appeal of the case. One might say that since GE's position is that it has acted in the public interest that objections

would have no influence on the company's motives or procedures, but again looking at the two sides is interesting in itself because such a study gives one a greater insight into the company's conception of satisfying the public interest in reference to another conception of the same thing. This difference in conception will highlight the differences possible in all of the areas involved, and as such it will show how difficult and untrustworthy and conclusions one makes using this criteria are without knowing the company's idea of satisfaction more exactly. Therefore, these differences will be studied using part of the testimony before Examiner Leff as a basis. Given the untrustworthiness of the criteria, one might ask why study the question at all using the criteria. The simple answer is that no better criteria is available. Furthermore, any conclusions drawn will be highly tempered in the direction of no change in motivation since company literature suggests no such change.<sup>6</sup> Therefore, change will only be accepted is a change is obvious. Lastly the attitude of business will not be studied as pleasing businessmen is a secondary motive to all GE policy, and a dissatisfaction with this attitude would probably be insufficient to cause a corresponding change in Boulwarism.<sup>7</sup>

The contentment of employees with any offer or method presents interesting problems because any employee wants more in the tradition of Samuel Gompers. Therefore, the

measure can only attempt to judge how badly the employee wants more. The best indication of this is how willing the employee is to strike since a strike is perhaps the only method to get more from his employer which has any cost to the employee.<sup>8</sup> However, a strike does not necessarily gain very much for an employee and thus any unwillingness to strike could as easily reflect the prospective ineffectiveness of the strike as it could reflect a satisfaction with the company's offer. Moreover, employees could be highly dissatisfied but unwilling to strike because they cannot afford the present cost in loss of pay to get the gains from even a successful strike. Finally, the shorter the time a worker has left in the work force, the smaller his chance of gain through a strike; that is, the benefits from a strike are usually increases which collectively over a long time period pay for the loss in wages during the strike. If the worker is only going to be in the work force for a short time, it is less likely than the cumulative increase will equal the large immediate loss. Regardless of these considerations, the strike propensity is still the best measurement of employee satisfaction.

Discounting short term walkouts and the like because they have a tendency to reflect little more than short term dissatisfaction which will occur in any give and take situation, there are only two important strike possibilities in the latter part of the period to consider.<sup>9</sup> These

concern the 1958 negotiations and the 1960 negotiations with the IUE. In the first, no strike occurred because too many of the IUE locals refused to support a strike. However, on the whole this was a case of the officials from locals being unwilling to strike and as such may or may not reflect the willingness of the employees to strike.<sup>10</sup> The locals which favored the strike were in general the newer, smaller locals. These locals contained fewer older workers; they had little or no strike experience since the last major strike against the company was in 1946, twelve years before, and hence did not realize the possible losses from a strike as well as the older locals and had more to gain than the older locals which opposed the strike. The IUE did not have nearly as much difficulty reaching agreement with the company and as such the employees' willingness to strike cannot be measured except to say that were not so dissatisfied that they were willing to override the local union officials.

In 1960, the IUE did strike; however, one of the reasons the strike failed was the unwillingness of employees to support the strike. In particular, 95% of the workers from Burlington, Bridgeport, and Schenectady went back to work while the union was still striking. Of course, this 95% includes many workers who did not belong to the IUE, but it also includes most of the IUE workers from those plants. Further, the Schenectady local actually reached an agreement with the company while the national

union was still striking. This would indicate that in these plants, the employees were satisfied with the company's offer. However, all of these are older, larger plants with more older workers, and workers with more seniority. Not only does this bring in the affects mentioned above, but it also must be taken in the height that the company offer included an option which allowed locals to take a smaller pay increase in lieu of longer vacations for the more senior members. Moreover, the agreement Schenectady signed was not exactly the same as the national offer at the time.<sup>11</sup> Thus, it is true that GE satisfied these employees, but the satisfaction was mainly through a clause which would not tend to satisfy the other employees. Seemingly, the company was not trying to satisfy these employees more than others with the seniority clause but was incorporating into its offer a suggestion obtained from a union during bargaining.<sup>12</sup> In any case, the lack of willingness of some workers to strike indicates at least some satisfaction with the offer; one cannot say whether this is enough satisfaction for the company to feel any fulfillment of its goal, but it is enough to say the company might feel such fulfillment.

The IUE presents a somewhat strange case in 1960. At first, the union tried to form a coalition with the other unions so that they could bargain together. It appears that they felt such a coalition would have the strength to run an effective strike against the company.

When the coalition proved unobtainable, the union gave up the thought of striking because it did not feel that it was strong enough to meet the company in a head on battle. As a result, the workers are again immeasurable. Thus, since the only measurable employees were at least partially satisfied the conclusion is that GE was sticking to its original goal.

In certain ways the opinion of citizens in plant cities is more interesting than employees opinions mainly because these opinions are not nearly as traceable to possible other sources and because they are so contradictory in nature in the same towns among different groups and among groups over time. For instance, in 1958 several leading citizens in Schenectady ran a pictorial ad in the Schenectady Union Star of September 17. On one side of the ad was a picture of a ballot marked yes meaning strike. Underneath the ballot were several other pictures showing such things as closed stores and an empty, trash laden city. On the other side was a ballot marked no. The pictures below this ballot depicted open, thriving stores, and a bustling, clean city. Certainly public opinion favored the company. That Boulwarism's method of communication caused this opinion is obvious from the following quotes.

"Through a concentrated campaign in newspaper, on the air, and by letter....

"The whole town was paralyzed with fear of a strike. They had me and everybody else working against it,"  
Rev. William A. Perry, Methodist minister declared"<sup>13</sup>

Also implied by the quote is that some of the citizens who supported the company were not as happy shortly thereafter. Thus, public opinion shifted drastically over a short time period. This is probably due to the fact that the main issue in 1958 was employment security, and that less than a week after the strike election, 40 employees were laid off in Schenectady.<sup>14</sup> In any case, measuring public opinion in such a situation is fruitless.

The situation in Lynn brings out an even more interesting point. During the 1960 strike, the Lynn Item reported and seemingly over-reported violence during the strike. Reading the paper one gets the impression that the strikers were little more than thugs. Moreover, the paper also carried a story about how picket line attendance fell drastically with the beginning of the World Series. The paper leaves a definite impression that the workers were more interested in the World Series than in either the strike or their jobs.<sup>15</sup> Using the paper as a measure of public opinion, one feels that the company is satisfying the public.<sup>16</sup> However, after the strike was over, the Lynn Post wrote a scathing editorial blaming the whole strike on GE and its irresponsible policy of Boulwarism.<sup>17</sup> This gives the opposite view of public satisfaction. The point is that the public is far from homogeneous and cannot be satisfied completely; and thus, satisfaction of the company with public satisfaction

is impossible to judge. More important the goal is unreasonable because of the split and shift, and one can only conclude that whether GE has kept the goal or not is unimportant because not only can Boulwarism not succeed in the goal, but no other form of bargaining will succeed in the goal; so the company has no reason to change its policy because the goal is unsatisfied. Defining the public interest in collective bargaining could be done on various criteria. Certainly, one criteria is whether or not any results emanating from the bargaining proceedings cause harmful changes in national economy. Such results could come from prolonged strikes in big industries which can slow down the whole economy, extremely high wage settlements which produce inflation and thereby accentuate such national problems as the balance of payments. A measure such as this is not used because the nation desires to leave the bargainers as much latitude as possible in coming to an agreeable solution.<sup>18</sup> The public does have an interest fair play which has been written into various laws concerning **rights and requirements of unions and employers concerning bargaining.**<sup>19</sup> The only fair measure of the satisfaction of the public interest is the degree of concurrence by the parties with the spirit and the letter of the law. As a result of the 1960 negotiations, the IUE filed an unfair labor practice against the company. The charge basically was that the company had failed in its duty

to bargain in good faith and that the company was attempting to undermine the union by dealing directly with the employees. Thus GE can be satisfied that it has served the public interest if the case is eventually decided in its favor. As the matter stands now, the Trial Examiner and the NLRB have both decided against the company; this decision has been appealed and as such one can conclude that GE feels that it has satisfied the public interest, and that it feels strong enough so that it is willing to fight for a favorable court decision to prove that it is right.<sup>20</sup>

Since GE's feelings are obvious, a study of the hearing before the Trial Examiner is done not so much to find out what GE feels but more to find out why the company feels they are right. The case also provides useful insight into differences in criteria for satisfaction of the kind of goal GE has set up and a greater insight into some of the purposes of the philosophy. Thus, the discussion of the case will proceed first along what the company feels its duty is and how the company feels it fulfilled this duty in the case.<sup>21</sup> Then there will be a discussion of how the company maybe failing in its duty.

The position of the company is fairly simple. They feel that the duty to bargain in good faith includes no more than coming to meeting with the union with the intent to come to an agreement. They obviously feel that the company has a duty to listen to and consider the

suggestions of the union with an open mind but they do not feel that it is required to either come into the sessions without a set offer or make any changes in that offer in light of any such suggestions. It also agrees that the company cannot legally or morally attempt to undermine the union, but that trying to convince employees that the company is being fair by publishing reports on the company's position as stated at the bargaining table and the proceedings at the bargaining table from the point of view of the company constitutes dealing directly with employees in an attempt to bypass the union.<sup>22</sup>

The company depended heavily on two precedents to support this interpretation of the law. The first of these was the Bethlehem Steel Case in which the Supreme Court declared that adamance in a bargaining position was not enough to establish bad faith bargaining if there was no evidence that a company either had no intention of reaching an agreement with the union or that the company was not even considering the union arguments and as such was really even bargaining. The other case was the Insurance Agent case in which the Supreme Court declared that the use of economic weapons before and during bargaining sessions did not imply bad faith. The first was used to demonstrate the legality of GE's set offer; the second was used by analogy to show that it is legal to use pressures during bargaining. This analogy was based on the use of literature as compared to the economic weapon

of a slowdown with the company contending that the exact nature of the weapon involved was less important than the legality of using a weapon.<sup>23</sup>

To show the good faith which it had used, the company relied on several facts. First of all, it said the number of bargaining sessions which was approximately forty-five was enough to show willingness to meet. GE compared this number to the twenty-one sessions in the Bethlehem case. Further, the company claimed that the adoption of at least one suggestion of at least one union, the holiday option mentioned above, proved that the company was actually bargaining in these sessions and that it was considering the union suggestions. It also pointed out several union security clauses put into the contract at the request of the union.<sup>24</sup> Again the company used an analogy to the Bethlehem case in which Bethlehem had made no concessions to the union. Lastly, the company proved that its intent truly was to come to an agreement with the union because it did sign a contract with the union.

To show that the company was not trying to undermine the union, the company first of all pointed to the historical relationship with union. That is; the company had had many contracts and bargaining sessions in the past; and that the last contract was one more link in the total relationship between the two parties. Next the company pointed out that it had at no time attempted to come to a separate agreement with the individual employees; thus,

even though it did try to influence the employees' position, it was not bypassing the union. Lastly, the union security clauses mentioned above were used to show that the company, if anything, was helping to strengthen the union's position as bargaining agent.<sup>25</sup>

The Trial Examiner found against GE. The difference was at least partially attributable to a different concept of good faith bargaining. The General Counsel agreed to all of GE's definition of good faith bargaining but essentially added further requirements. This was that not only the parties must listen to and consider the suggestions of the other side, but they also must be in a position where such suggestions could change the offer; that is, the position must not be so set that change through bargaining is impossible. Moreover, the parties must be willing to bargain as long as either side is changing its proposal. This essentially means that an **impasse** is not necessarily reached as long as either side is still **altering** its suggestions. More important to the General Counsel than all of this is a requirement that the parties prefer an agreement to no agreement; that is they must have a desire besides a willingness to come to an agreement; and the parties must have a desire to reach an agreement through their discussions with each other.<sup>26</sup>

In this case, the General Counsel claims that GE violated the good faith clause because of its communications

program and because of its separate contract with Schenectady agreed upon before the end of the strike and because of offers for separate contracts with other locals before the end of the strike.<sup>27</sup> More specifically, the General Counsel is claiming that first of all of the communications program freezes the offer thus eliminating any chance that the offer could change in response to the union. The claim is based upon the supposition that once the company stated a position and supported that position vigorously to the employees that the company could not change the position without looking foolish. Since the aim of the company includes projecting a good image, this would be anathama, and hence their position is frozen.<sup>28</sup>

Secondly, the fact that GE stopped bargaining on September 30 while the union's demands were still in a fluid state indicated a lack of good faith bargaining. This action showed that the company was stopping while there was still a chance even though a slight one, of reaching an agreement. Thus, the company was not making a full effort to reach an agreement. This argument ties into the argument that GE would have preferred no agreement to the offer they made. The General Counsel claims that this indicates a lack of good faith in that the company would thus be ignoring the proper bargaining authority, the union. This is illegal if the company is making an attempt to cause no agreement to be reached.

The claim by the General Counsel is that since the company knew its set offer would not be accepted by the unions, the lack of willingness to change the offer was tantamount to a lack of willingness to reach an agreement.<sup>29</sup>

The greatest objection to GE's program lies not in the above, but in the charge that the company was showing bad faith by attempting to bypass the union and deal directly with the employees through the communications program. The legal basis behind this argument is that, if the company was actually attempting to deal directly with the employees; then the bargaining sessions would not be in good faith because the company would not actually be trying to convince the union that it was being fair. Rather the sessions would only be intended to provide a forum for GE to present its views and a place for the final contract to be signed. The actual bargaining would be to the employees who once convinced would demand the union follow the company's offer. Thus, the communications program with the set offer, so that the union bargaining has no offset, would be illegal.

As one can see, each part of the case is actually partially dependent on other parts of the case; furthermore, as Richman says "the case involves the combination of both the communications and set offer and I don't think I am prepared to litigate the two separately. I don't think we should."<sup>30</sup> Thus, the case is actually being tried on the whole mass of GE's actions. As such they will be discussed in the following section. The

General Counsel also relied on several other points which reflect on the method of Boulwarism.

Considering the above, the success criteria gives no indication of a change in the philosophy. The employees and plant localities were at least partially satisfied by the company's efforts, and the company feels that it has served the public interest even if the NLRB disagrees. Also, as evidenced by the disagreement with the NLRB defining success is not easily done. The final conclusion is that this criteria shows no apparent change in Boulwarism.

## Part II: The Method

### Chapter I: The Method in General

GE faces many different unions in its plant. The concepts of Boulwarism and the legal requirements to be neutral have caused the company to adopt a standardized method of dealing with the various unions. Since the unions are in diverse situations from large multi-local representatives such as UE and IUE to few and single unit representative such as UAW, plumbers, and the IAM, with diverse philosophies such as industrial unionism, craft unionism, and possibly even communism, and use diverse methods of bargaining from James Carey style of threats, to the plumbers style of trying to craftily apply special rates for special work to all workers; to more moderation forms of bargaining;<sup>31</sup> the reactions to the method have been quite different causing the bargaining procedure to vary significantly from any norm. Regardless of these differences there is a set pattern for the company's procedures at the onset of the bargaining and during the intervals between bargaining.

As was indicated previously, the major activities of the company in the intervals between bargaining sessions are of a communicative nature. The company is attempting to find out what the employees feel are the greatest needs and inequities to be resolved in future bargaining sessions; it is also trying to nurture a closer relationship between the employees and management; and lastly, it wants to

educate the employees in what the company feels are the basic economics of the company, the industry, and the nation that may affect the agreement between the union and the company. Although some of this communication is directly to the employees in the form of pamphlets and other literature, the greatest amount of information is passed up and down the chain of command in the company. The key link in this sort of communication chain is the front line supervisors most of whom are foremen.<sup>32</sup>

One of GE's largest obstacles to installing Boulwarism was a break in the chain at the front line supervisors. This is a problem which typically affects most large industrial concerns. The causes of the problem are that the front line supervisor typically used to be a non-management employee and thus tends to identify more with his workers than with management, and that the foreman is less likely to be alert and enthusiastic about his work because the unions have weakened his position by taking away much of his hiring powers, by standardizing a grievance procedure by specifying work rules and generally eliminating many of the responsibilities that the front line supervisor had in the past. In order to combat the apathy and lack of identification of these employees, GE started a system of supervisor to employee talks. The company president had this sort of pep-communication talk with the vice-presidents, then each of them spoke with the employees just below him and so on down

the line to the supervisors.<sup>33</sup> Thus, the company was able to start an effective communication line.

To help further inform these supervisors about the company's position on various labor relations and economic problems and to help convince the supervisors that the company's position was correct and should be espoused to the employees, the employee relations department started a weekly newsletter to the front line supervisors. Using the information gathered from the communications lines as to how the workers felt about GE's ideas and about what the workers wanted, the company formulated the basic structure of its offer.

Of course, the information gained through the communications program was only one of several kinds and sources of information which went into the formulation of the offer. The company also watched the trends in bargaining and contracts in similar industries, in connected industries, in other firms in the electrical good industry. Union publications and statements made by union officials were carefully analyzed to find out what the union probably intended to demand. The industrial outlook for the company, industry, and nation was predicted, and the affect of various settlements on this outlook was prognosticated. Thus, the company used all of the standard types of information and analysis in making up its offer. In addition, the information concerning employees desires was thrown into the hat.

The actual bargaining procedure started as most do with the union presenting its demands. The union's policies do not seem to be affected much by Boulwarism. After these demands are presented, the company takes two weeks or so to consider the information and content of these demands in light of their own information and conclusions. How much the company's demand is changed in this period is unknown. At the end of the period, the company presents its offer including any counter demands it may have. The company let the first session of this nature in 1948 indicated that this offer would only be altered in the face of new information. During the session the UE did not challenge the company's position on any topic. The surprise from the method on satisfaction with the offer caused them to accept the offer unchanged. Since then, all of the unions and particularly the IUE under the leadership of James Carey have attacked various points in the company's offer. Evidently these attacks have contained new information because the offer has changed at least slightly every year except one since then. Exactly what constitutes new information in the eyes of the company is unclear. Sometimes from the shape of the new offer, new information appears to be little more or less than the union's viewpoint of how the benefits should be constructed. In any event, it is clear that Boulwarism does not imply a strict, unchangeable offer; by the same token, it is obvious that Boulwarism does imply

a less flexible offer than most forms of collective bargaining.

Once the company has presented its offer to the union, it releases that offer to the press. Then the company brings its communications system, newspaper ads, and other propaganda into the picture trying to convince the general public and the company employees that they are being fair in their offer and that pressure might be put upon the union officials to change their demands in line with this fair offer.

In some cases, this method plus a small amount of concession or change in the plan by the company has been enough to get a contract settled although Mr. Carey has been so disgruntled at times that he refused to sign the contracts.<sup>34</sup> In general, most of the unions that GE faces and at least one of the two major representatives quickly come to agreement with the company.

During all of these proceedings, GE keeps up its attempt to convince the employees that the company is taking a fair position. The key points in the method are the communications program, an identical offer to the unions involved, identical changes when changes are made, and a lack of normal union weapons as influence on any changes made; and a willingness to listen to new information.

Some of the more particular aspects of the method are discussed in the next sections, the first of which deals with the affect of the particular union situation, the

second of which deals with the company literature to supervisory employees, and the last of which deals with the 1960 bargaining sessions. These particulars will be used to amplify this section and measure the method against the philosophy.

## Chapter II: The Unions and the Method

General Electric faces many unions, but for the purpose of collective bargaining, only two of them have any real importance. These are the UE and the IUE. The bargaining is affected by the fact that there are two unions each with a large share of the employees. The circumstances that created the IUE started a feud between the two which also plays a role in the bargaining. Furthermore, the president of the IUE, James Carey, also affects the bargaining because of his personality and personal views concerning the company. The affects and the history leading to these affects are intertwined in a story starting long before the advent of Boulwarism.

The UE was one of the original members of the CIO. At one time almost all of the employees of GE, Westinghouse, and other major electrical goods industry were members of this organization. The president of the union was James Carey. The end of World War II caused a shift in the national viewpoint on such international issues as communism. Among the laws which reflected the new view was the Taft-Hartley Act of 1947. This law required that all union officials sign an affidavit declaring that they were not communists. If the officers refused, the union was open to loss of NLRB certification. Several unions' officers refused who had communist sympathizers and others who did not refused to sign the affidavits. Among these

was the UE. While this was happening, the union was having internal problems over the same issue. Carey was a staunch non-communist; other members of the upper hierarchy were either sympathizers or communists. This group led by Emspak and Matles were able to oust Carey from his position. They were greatly aided by Carey's actions as he had for several years devoted himself more to public relations than union affairs.<sup>35</sup>

The CIO which had most of the suspected communistic members in its membership finally decided that congressional and public pressure were too great to be ignored. Hence, at its 1949 convention, the CIO drafted a very strong anti-communistic resolution; the suspect unions then either resigned from or were evicted from the CIO. No one is too sure which. In any case, the CIO decided to immediately form new unions to replace the evicted members. Among these new unions was the IUE. The first president of the new union was James Carey. Unsurprisingly, Carey was vehemently against the UE. The IUE demanded immediate recognition as the bargaining agent for the GE employees on the basis that the old contracts were with the CIO electrical workers union. It also demanded that check off dues be given to them because the check off cards were to the UE-CIO.<sup>36</sup> GE naturally rejected the first demand because the certified bargaining representatives were the locals and not either the UE national or the CIO. The second demand was more complicated since some of the locals

were in dispute as to who they represented. The nature of the settlement is unimportant except to say that it helped widen the split between the two unions.

Finally, the NLRB held new certification elections.<sup>37</sup> Since these original elections there have been many locals in which further elections have occurred as the fight between the two unions seems to be unrelenting. Throughout the entire campaigning program of the two unions and up to the present GE has been faced with the difficult task of remaining neutral through charges of favoritism, by each of the unions, and through some congressional pressure to favor the IUE.<sup>38</sup>

The advent of the two separate antagonists affected Boulwarism. In the man GE has been able to use certain attacks at the bargaining table which otherwise would be closed. The most important of these is the reverse whipsaw. Reverse because it is used by management rather than the unions. Whipsaw because it essentially consists of coming to agreement with one union and then using the agreement to pressure the other unions to accept the contract.

This technique works quite parallelly to union whipsaw tactics in which a union strikes one employer and not the others forcing him to accept a contract fairly quickly so that he will not lose business permanently to competition. Then the union places the same demands before all the other employers. The other employers are

almost forced to accept the demand because they know that their employees are not going to settle for less than similar employees in the same industry are getting. The strength of this type of bargaining lies in one of two directions; either the first company struck can afford to pay more than the others and thus is willing to settle for less, or the products of the various firms are relatively undifferentiated so that the first firm stands to lose a great deal from even a short strike. Even if the products are differentiated, a large union "war chest" and thus the threat of a long strike will cause the first employer to face serious losses if he does not readily concede.

GE's management whipsawing does not include a method of making the first union accede easily to their demands. Thus, its use is limited to those cases where either one union is more satisfied with the company's offer or where one union has so little funds or such a weak hold on its members that a prolonged strike would break the union. However, James Carey of the IUE has always been more truculent and less satiable than any of the other union leaders that the company faces. Whether this is because GE's offers are really as poor as he has often felt or whether this is because he has been trying to use the truculence as a method for increasing the union's strength, solidifying his personal position, or revenging himself for GE's distasteful (to him and many others) bargaining

method is indeterminable. In any case, the IUE is almost always more willing to strike and strike longer than the UE.

The method also requires that such a strike when the other union has settled be more disadvantageous to the union than to the company. This is true for GE because the two major unions each control enough locals that the company can keep producing even if one union is striking. Also because of the bad feeling between the two unions, the company can safely assume that neither union would refuse to work because the other is striking. Furthermore, the company because of its size can afford to withstand any losses from a strike than the union can. For these reasons a strike is fairly impractical for the union. The union could keep negotiating and keep working without a new contract and thus eventually achieve a better contract for itself, but GE manages to put a large block in even this kind of tactic.

When GE makes its offer, they are always willing to give the same advances to their non-unionized employees. If the unions appear to be very truculent, the company simply announces that it will install the new benefits to the non-unionized employees on a certain date. If the unions sign a new contract by that date, they will get the benefits starting then. If they do not or if one does not, and the employees of those or that union continue working, they will not start receiving the benefits until the new

contracts is signed and no benefits would be made retro-active. Thus, a union employee who is working after that date without a new contract is earning less than other workers either from unions who have new contracts or non-unionized employees who may be working right next to the union member. In this sort of situation a worker soon loses his desire to hold out for more. Thus, the practical possibilities open to the union are settle or strike. Faced with the fact that an employer is going to be especially unopen to demands different than those given to other unions because the company knows that all of the other union's members will be unhappy if they make such a settlement, and the company's comparative imperviousness to a strike, the most successful ploy for the union has always been to settle.

Of course, this ploy may not be as important as it might appear. It is only important if either the final settlement is better for the company or the amount of strike time is reduced because of the method. In this respect, discovering Carey's true motives becomes more important. Mr. Carey is certainly one of the most enigmatic labor leaders in the country's history. Despite his threats the only time which he actually led the union out on a strike of any length was 1960, although he wanted to strike in 1958 but could not convince most of the larger locals that such a decision was wise. Still considering his normal bargaining position and his refusal

to sign some of the other agreements reached by the parties the one strike and one abortive attempt to strike is a considerably smaller amount of labor strife than one would expect.

More of the labor strife is actually between the two unions than between the company and either. However, the company does get drawn into these fights because each union uses invective against the company as a method of convincing employees that it is the better bargaining agent. Carey is particularly fond of this practice. The company has at times become very irred at Carey's attacks on it which also occur during bargaining although usually with little effect.

Carey, of course, has some reason to be disgruntled. When he was president of the UE, the company treated the union much better than it did after the advent of Boulwarism. He was unhappy with Boulwarism as a system regardless of the treatment he received and was also unhappy because of the UE. This unhappiness in conjunction with his famous temper led to invective.

The company became quite incensed at Carey and threw invective back at him under the guise of explaining the company union relationship. GE claimed that it got along well with most union officials except a few of the leaders who persist in maligning the company. It went on to give examples of being maligned and did some **maligning** itself. The company then added praise of the other union leaders

especially the younger ones and indicated hope for better union-management relations in the future.

The invective in context has two possible interpretations. The reason for putting in the section on Carey was that everyone knew of the strained relations between Carey and the company, and thus, a statement concerning the company's ability to work with the unions would not be accepted without a separate category for Mr. Carey. Or the reason for putting in the section about union-company relations was simply so that a convenient place could be found to attack Carey. Neither explanation stands alone because the company could not publish a Year-End Review of employee relations without discussing the union-company relations and because the attack on Mr. Carey was much too vehement to be considered as a simple explanation of the departure from the normal circumstance. Obviously, the company put both things in the Review because they wanted both in the Review not because either explains or excuses the inclusion of the other. However, although the company used its opportunity to attack Mr. Carey perhaps in hopes of undermining that gentleman,<sup>40</sup> there is no good reason to presume that this sort of activity is not within the spirit of Boulwarism.

The essential factors which must be included in a statement to make it consistent with Boulwarism are honesty and an improvement of the company's public image. That the company obviously feels that Carey was so

unreasonable as they pictured him is not really open to much doubt. Carey was legendary for his unreasonable activities at the bargaining table. That such an attack improves the company's public image is more questionable. However, if the attack did undermine Carey's position, the company could well hope to face a more reasonable bargainer in the future who would not try to undermine the company's public image. Even if the company was not trying to undermine Carey but was simply trying to give its side of the story, certainly showing Mr. Carey to be unreasonable throws the company in a more reasonable light. Thus, these attacks are consistent with Boulwarism and not a deviation from the original philosophy.

Considering the lack of extra-normal strife between the unions and the company and the fact that the company does make settlements comparable to the other firms in the electrical industry and assuming Carey is rational even though temperamental, one is hard pressed to find evidence that the invective passed back and forth would lead to strikes in the absence of the above mentioned deterrents. Carey would have had his union strike in 1958 if he could, but whether it would have struck in any other year except 1960 when it did is questionable.

Moreover, the strike that did occur in 1960 did not seem to be motivated by economic dissatisfaction with the company's offer. Since the general business climate of the country was poor in 1960, and the IUE had rejected an

offer by UE to bargain together and thus lost any chance of the cooperative effort against the company, the prospects of a successful strike were very slim. The strike seems more to be a test between the union and company for the purpose of seeing whether or not the union could run a strike. The strike was also a display of Carey's control over the union, and if it had been successful would have greatly strengthened that position. Although, Carey had just won another three year term as union president, he probably felt that a show of strength was necessary because of his failure to get a strike in 1958, and because he realized that his support in the union was tenuous at best. Thus, intra-union politics may have been the cause of this strike. Besides the 1958 failure, and the recent union election, the best evidence that the strike was not on economic grounds was the prolonging of the strike after a settlement with Westinghouse that did not differ greatly from the GE offer. If the strike was economic, and the union had come to realize during the various negotiations that it was not going to achieve its economic goals and thus settled with Westinghouse, the only rational thing to do would be agree to terms with GE immediately and get the workers back on the job. Since the union did not do this, the only possible conclusions are that the union either never considered this strike as one over the economic issues or the union felt that quitting now would weaken its position even though it no longer had hope for resolving

economic issues in its favor. The former seems more likely than the latter because the faster the resolution if the union was going to lose anyway, the less the union's position among its members was likely to be weakened while the longer they held, the more they showed the company they could run an effective strike and even if they could not gain anything by a strike this year, the strike weapon would pose a greater threat in future years.

In this case, the strike was ineffective anyway because the IUE was not cohesive enough in its support of the strike. In particular, the large Schenectady, Bridgeport, and Burlington locals membership did not support the strike. The Schenectady, local's business agent, Leo Jandreau, one of the most influential persons in the union, even went so far as to urge that local to return to work. It was ineffective because the IUE did not represent enough locals or enough employees to shut the company down. In some of the locals, it did represent almost as many workers belonging to the UE as the IUE and so could not be shut down completely without the cooperation of the UE which it had rejected earlier on the grounds that the UE would only cooperate if shorter work week was an important issue in the bargaining, the IUE rejected the importance of this issue. Finally, it was ineffective because GE expected the strike because of its observations of the union temperament of the moment and the intra-union politics. Thus, the company advised its

customers to stockpile and build up an inventory of its own so that the strike would not affect the company, the company's customers, or the national economy seriously.

Given that this strike was not really economic and that one of the major reasons that it was so unsuccessful was the split in union memberships between UE and IUE, there is still no answer as to whether IUE would have struck more had the split not occurred. It is fairly obvious that Carey would rather talk about strikes than actually have them. It is also probable that had the UE not existed and the possibility of a strike being successful thus been greater, that Carey would have gotten his strike in 1958. Further, Carey's comments indicate that he would not have led the union on strike in 1955 although he did have second thoughts about the agreement later. Whether or not Carey would have asked for strikes in the other years is open to question. The evidence does not support the theory that GE has gained from having split unionism either through better settlements or less time lost due to strikes. The main affect of the split unionism has been to increase invective between the unions, unions and company, and Carey and the company.

### Chapter III: GE Literature

There is reason to believe that any change in the methods of Boulwarism would show up in the literature to the supervisory employees. At least any change in the communications program would have to be communicated to the supervisors either by direct statement or a change in the meaning of the literature sent to them. If this were not done, the change would be ineffective as the program depends upon the supervisors to a large extent. Taking the literature as the method for measuring a change in communications is feasible. The literature was in the form of a weekly newsletter usually four to eight pages long which concerned itself with GE's viewpoint on various controversies in labor economics and labor relations such as wage rounds and patten bargaining, reports on the activities of the major unions dealing with the major companies such as the UAW and GM or Steel Workers and U.S. Steel, reports on the activities of unions it faces dealing with other firms such as the UE strike against Singer in 1949, the company's policy on various issues concerning its relationship with the unions it faces, and reports on activities between the company and unions.

The objective manners of measuring the import of the content lose are not very meaningful. That is, for instance, one cannot measure the company's dislike of James Carey over time by counting the number of times he is mentioned

derogatorily in the beginning of the period and then at the end of the period and comparing the count, the issues have changed relatively over time. For instance, job security has become more important as an issue comparative to wages over the period. Thus, various viewpoints on the issues have changed over time and have changed in the literature for reasons not traceable to changes in Boulwarism. Therefore, the evaluation of any change is a highly subjective matter. This naturally reduces the reliability of the conclusions.

In the beginning of the period the information given to the supervisors, and hence information intended to be passed on to the employees was concerned with the inadvisability of continued inflation, the common interest of the employees and the workers, the company's neutrality in inter-union squabbles, the settlement of grievances, and the company's support of Taft-Hartley. The company also detailed the results of major strikes and agreements in industry. This group can be broken down into five basic subject groups which could be continued over time. These are national political policy, the defense of the company's legal position, the reasons to limit bargaining demands, the futility of demanding too much, and the reasons to trust the company's offer. Of these national political policy and the defense of the company's legal position are subjects not really applicable to bargaining and as such are unimportant to Boulwarism.<sup>41</sup> The point to be

studies is whether the other three which directly affect the bargaining are intune with the philosophy of Boulwarism and whether they have been emphasized over the whole period.

Trying to convince the employees of the advisibility of restraining demands is logical under Boulwarism. Boulwarism claims honesty and claims a fair offer responsive to employee desires. If the employees want a great deal more than the company can afford to give or a great deal more than the company can give without economic offsets such as inflation evolving, and the employees refuse to reconsider demands in a reasonable light, the result under Boulwarism would be a very prolonged and harmful strike. In other words, if the company makes a fair offer, and the workers do not think it is fair, trouble ensues. Under normal bargaining this is not as great a fear because more give and take is involved, and both sides interact enough more than unreasonable demands may more easily be modified to reasonable demands.<sup>42</sup>

The futility of demanding too much is demonstrated by showing the failure of strikes in other firms or industries. The rationale behind the demonstration is that any company is willing to give only so much to its employees; any company would also rather give the full amount it can than face a strike. Therefore, all strikes are useless because the company offered its full limit before the strike started. Furthermore, when coupled with the argument for restraining demands, the enigma of apparent union victories

in some strikes can only go hand in hand with economic affects which hurt the American economy as a whole.<sup>43</sup>

This kind of argument is consistent with Boulwarism because Boulwarism declares that no offer changes because of a strike. Therefore, a strike can only be settled if the union accedes. Any strike is going to hurt the company; the fewer and shorter strikes there are, the less the company is hurt. If employees feel a strike is futile because most other strikes fail and because Boulwarism provides an even smaller likelihood of a successful strike than other systems, the fewer strikes there would be. Without the thought that strikes in general are futile, employees would probably be more tempted to strike GE to see if Boulwarism really did ignore strikes. As argued above, a strike under Boulwarism is likely to be long because once a union strikes, it dislikes admitting total defeat of its strongest economic weapon; therefore, the union may be hesitant to settle without some concessions from the company even if it realizes that such concessions may not be worth the extra cost of a prolonged strike.<sup>44</sup>

The reasons to trust the company according to GE are the company's realization of the common interest of the employees and the company, and the company's desire to satisfy all its obligations including the one to employees. This is done through simple iteration of such statements onward and forever. This feeling is obviously the crux of Boulwarism. Boulwarism works on the principle of one

offer being made to employees. The company wishes to satisfy and can only do this through a fair offer. If the employees do not believe the company wishes to make a fair, they will naturally mistrust the company's offer and in all likelihood put up resistance which can only be harmful to both sides. Therefore, trust is not only a goal of Boulwarism but also a practical necessity for Boulwarism to work as a method.

All three of these subject matter have a common goal of reducing internal strife. In essence the company is fulfilling its philosophic goals on the principal that all the groups concerned will be happiest if warfare is smallest. Thus, all the other goals become minor as compared to making the workers satisfied with the offer and the company. The set offer is the addition to a satisfactory final agreement which makes it clear that the company and not the union is the cause and source of satisfaction. A strike against a set offer not only damages the success of the auxillary goals but also is extremely costly if it indicates a true dissatisfaction which will only be solved by a change in the offer. In this case satisfaction is impossible and the goals will be unfulfilled.

Throughout the period the company does keep all three subject matter intact. Since the result is negative, it shall not be further commented upon here but will only be illustrated by the following series of quotes from various issues at various periods. The only conclusion to be drawn

from these static situation is that the company has made no change.

"...all but 6 or 7% of the all-time peak work force of last fall is still employed at high wages..."

"The big problem is to get values big enough to tempt this buying power into the market..."

"....Anything that increased costs...."45

"The great object here is to be fair."46

"...strikers (UAW vs. Chrysler) averaged wage losses of \$1,000 each...on assumption (union's) gains...\$.10 cents per hour..., it could take them five years to make up their pay." 47

"This added burden of more than a half-billion dollars could destroy thousands upon thousands of jobs."48

"The welfare of all employees...depends on the success of the business...it is this common interest that makes collective bargaining possible..."49

"...facts clearly foretell:

---The inevitability of ...serious economic hardships for employees...

---The inevitability that employees will gain nothing from this strike.

---The inevitability...of...jobs not waiting for employees." 50

#### Chapter IV: The Case Study

There are many ways to describe the GE form of bargaining. In a sense description is inadequate in describing any form of bargaining because bargaining is a **dynamic** process in which most actions are counteractions in which seemingly innocent phrase can change the whole character of a settlement, and even more important in which each year presents new issues and thus new actions and counteractions. What is left constant may be no more than the speakers and the table they speak at and even these may change. Describing bargaining tactics, over a period is thus closer akin to describing a style in motion than describing, a fact. Since description is static, the method shall be static here. Using 1960 as a case study, Boulwarism shall be described. The more important actions and counteractions will be applied to the philosophy to test whether they reflect the fluid style or the necessities of the immediate position. Nineteen-sixty is chosen because that was the year of the strike and the year of the court action. Thus, more description exists for the year. More important, more rationale by the company is available and a broader situation existed; that is, the strike and the reactions to the strike force facets of bargaining non-existent in other years. The General Counsel has claimed that the company's practices in 1960 differed from those in the past; therefore, special care will be taken on these

points to their relation with Boulwarism as originally conceived. Thus, using 1960 also magnifies the description into the question at issue. So 1960 is the most promising year to study.

GE was in action long before the bargaining started in 1960, and so was the union. The union started with an SUD poll to test what the employees wanted in the contract. They published the results so that everyone knew what were going to be the issue in the bargaining sessions. The UE which wanted to make a shorter work week the key issue proposed a coalition between all of the unions in the sessions. However, these proposals were contingent on the other unions accepting the UE's lead on what were the main issues. The IUE which felt that job security was the main issue declined and prevented the formation of such a coalition. The IUE also began a series of attacks on the company and a movement to start the bargaining sessions early.

The company as usual was running its own attempt to form the issues. Besides listening to the SUD poll and the unions, it was running round table discussions, sending out literature particularly on issues emitting from union proposals from 1958 and from the union statement of the pre-bargaining in fighting. Also after a great deal of seemingly meaningless haggling by both sides, it was able to agree with the IUE to start bargaining, July 15, instead of August 1. The company when asked why it started campaigning as early claimed that these sessions were actually no more than an extension of the

1958 sessions which had never really closed.<sup>51</sup>

Thus, the preliminary bargaining with the IUE started July 15. The union presented its demands which included substantially job security provisions. Then the company presented its offer. GE completed this on about August 30. Then the debate continued until the end of September when the company asserted that an impasse had been reached and therefore, froze its offer and stopped bargaining temporarily.

While this was going on the UE was also bargaining with the company. Although the company presented both unions with approximately the same offer, the bargaining never quite reached the same impasse as that with the IUE. Thus negotiations continued with the UE until a contract was agreed upon October 10, 1960.<sup>52</sup> The UE had not seriously considered striking at this time because it felt that the economic climate of the country coupled with the union's minority status as a bargaining agent made a strike infeasible at the time.

At the same time the bargaining sessions were going on, the company was continuing a very strong communications program. The program mainly consisted of a report of the progress of the bargaining sessions, the company's viewpoint on all the issues at the bargaining table, and counter arguments against the unions' arguments. The communications proceeded after the August 30 offer and after the September impasse. The General Counsel claims that

the set offer and the communications combined amounted to bad faith bargaining as mentioned previously. The important consideration concerning the method is that the company claims that any new information will be considered and the bargain is not frozen.

The offer did change later but under circumstances which perhaps reflect upon the company's method and integrity. The offer did not change soon enough to avoid a strike by the IUE on October 4, 1960. From the onset of the strike, the company did several things. First of all, the company did not close down. This made them one of a very few companies, the first major company since the unions grew to significant importance to refuse to shut down in the face of a major strike. Moreover, the company increased its communications program through newspaper advertising, television commercials, and so forth. The company also used the "reverse whipsaw" tactics mentioned above in dealing with non-unionized workers and the UE after it signed a contract. Lastly, and perhaps most important, the company made offers to the Schenectady local, the Pittsfield local and others.<sup>53</sup> The changes in the offer were originally offered to these locals, and therein lies the controversy.

The company could make offers to locals because in most cases, the certified bargaining agent is the local and not the national union. In fact, the company is actually under no legal obligation to bargain with the

national about these contracts at all. The bargaining is done nationally as a convenience to both parties. The locals to which the company made these offers are among the among the older, larger locals who do not have as many reasons to strike and who were not strongly in favor of the strike in any case. The union and the General Counsel claim that these offers were made to divide and conquer and that the fact that the offers were changed, for the better according to the union, from the national offer indicates the company's lack of desire to reach a national agreement and bad faith.

The first part of the allegation actually does not reflect upon Boulwarism very much. Whether or not divide and conquer is bad faith is unimportant; what is important is that it in no way implies a deviation from Boulwarism. If the second part of the allegation is true, then Boulwarism has been at least changed. Boulwarism in affect disallows changing an offer to settle a strike and further disallows making different offers to different groups unless there is a specific economic reason to do so.

GE's defense which is in line with Boulwarism is that the new offer was shortly thereafter given to the national. Although the company does not specifically say that the offer was in response to new information, the implication is that if it is not from new information it is at least from a reinterpretation of old information. The General Counsel and the union disagree and cite the following time

series as evidence. The new offer was made to the Schenectady and Pittsfield locals on October 4. A charge was filed against the company on October 4. The company then extended the offer to the IUE national in a formal letter dated October 10. In response to this time series, the company claims that the timing was an error; it said that it had conferred with the national before and that it had extended the offer then, but that the national had misunderstood the conference. However, this conference did not take place until October 7; thus, it came after the offer to the locals and after the charge had already been lodged. In any case, the motive behind the new offer was fairly clearly to end the strike, and the offer seems to be in response to the strike and not to any new information. This is clearly in conflict with the philosophy.

Another facet of Boulwarism is put to test in this case. The company claims that it will consider any new information and make any changes in the offer that the information justifies. In order to evaluate certain of the company's proposals, the union requested information which would be helpful in evaluation of the company's cost. The company refused the request because the specific information requested could only be obtained at a high accounting cost and because it bargains on the level of benefits, not the cost. Similar information was available at reasonable cost. Hence, the company is actually trying to restrict the flow of new information. This action may not be in disaccord with the letter of

the philosophy; but it is in direct conflict with the spirit behind the philosophy.

The conclusion that must be drawn is that the company departed from Boulwarism in 1960. The particular changes involved may not be of the greatest magnitude of importance to the bargaining, but the principles that they broke were of the greatest magnitude in the philosophy of Boulwarism. Whether this was a purposeful break or an accidental one is not clear considering that the changes occurred in the midst of the first major strike that the philosophy had faced. The unfamiliar position might have led to accidental breaks.

## CONCLUSION

Since the original statement of Boulwarism, General Electric has had a philosophy of labor relations and bargaining different than the majority of companies in this country. The company has stopped worrying about union-management relations and concentrated on employee-management relations. The company has also been concerned with consumer relations, plant-plant location relations, and the duty of the company with regard to the public interest and stockholders. The goals thus involved have resulted in drastic changes in bargaining.

The changes have resulted from the conclusion that the groups mentioned above will be best satisfied if they realize that the company gives benefits willingly, and, in the case of the public interest and stockholders, if the company does not give so many benefits that inflation or too low profits results. Also, in reaction with the public interest, the company must stay within the law.

In order to accomplish the above, the company uses a set offer and a widespread communications program to explain why the company is making that offer. Thus, the employees know that the company is giving what they get willingly; inflation and low profits are avoided; and if the communications program is a success, the specified groups are satisfied.

Using the criteria that success indicates no change

in the philosophy, and failure that is not implicit in the goal indicates change, the above goals were tested to detect change in the philosophy. 1960 was used as the test period because by that time the company could have detected and reacted to any failure. Partial success was considered success because complete success is impossible in the goals, and degrees of success are not really measurable. As evidenced by the lack of strikes over the full period, the number of workers who stayed on the job during the 1960 strike, and the early settlement of that strike by some of the locals, the company has achieved some success in the goal of maintaining good relations with the employees. As evidenced by the change over time of plant location relations in Schenectady and the wide split in public opinion in Lynn, consistently good plant-plant location relations are not achievable; some success will always exist; and there is no way of telling if a different program would have been more successful. Consumer relations as a function of bargaining are not measurable. This is also true of stockholder satisfaction and the amount of inflation. There is a question about the legality of the program, but the company thinks it is legal, and therefore, GE concludes success in that area.

Success does seem to exist in the relevant categories where success can be attributed to employee relations. Unfortunately, this is only in employee-company relations and legality in which the success might be in the mind of the company and not in reality. However, given no evidence to

indicate change, the criteria suggests that the goals have remained constant.

The method in which the philosophy results was changed partially because of the advent of split unionism after the onset of the philosophy. The UE was ousted from the CIO and partially replaced as bargaining agent by the IUE in 1949. Unfortunately, this was so short after the start of the philosophy that the affect of the change cannot be tested well. However, some affects are obvious; "reverse whipsawing" became practical, and the threat of a strike was reduced. From this time to 1960 using the literature to foreman as an indicator, the method was not changed.

In 1960, two changes occurred; the company changed an offer because of a strike, and the change was not immediately universal; and the company restricted the flow of information. These changes were in the face of the first major strike against Boulwarism. This could indicate that the company abandoned Boulwarism because of the strike, or that the company officers facing a new situation erred in the use of the philosophy.

Thus, the only detectable changes occurred in 1960. Regardless of the significance of these changes, that a philosophy could blossom full grown and last twelve years without change is remarkable. Whether or not one agrees with Mr. Boulware, he would have to admit the quality of Boulware's work.

## FOOTNOTES

1. Northup, H.R., Boulwarism, pg. 7-10.
2. Ibid, pg. 53.
3. No one is quite sure whether the unions quit before or after they were expelled.
4. The only measure of consumer satisfaction is sales; so many other factors affect sales more than employee relations that this would be a ridiculous measure to use. It is interesting that company profits dropped drastically in 1960 which could reflect consumer dissatisfaction with the strike, but it more likely reflects the economic affects of the strike or the generally poor business conditions of the time.
5. In any case, the volubility does not reflect any unanimity of opinion.
6. See the later section on the company literature.
7. However, most businessmen have been pleased. Some have even tried to imitate GE's policy. They were unsuccessful.
8. Quitting also costs the employee but is also effected by too many other factors to be used as a measure.
9. Actually, there were no other major strike threats in the period.
10. The employees do the voting, but local officials naturally have a great deal of sway over the vote.
11. Further discussion of this will be found in the case study.
12. No one is sure which union made this proposal.
13. "GE Propaganda: A Study in Deception", pg. 12, reprinted from the October 10, 1958 issue of the Wall Street Journal.
14. "GE Propaganda: A Study in Deception", pg. 13.
15. "Daily Evening Item", October 6, 1960, pg. 1.
16. Of course, the company does buy a lot of advertising from the Item; this could affect the paper's policy.
17. The company does not buy as much advertising in this

- paper; this could have led to some of the dislike.
18. As stated in the Wagner Act; collective bargaining is supported and allowed to go its own way with relatively few restrictions.
  19. Parts of the Wagner Act, the Taft-Hartley Act, and the Landrum-Griffin Act.
  20. The cost of a court case is too high to fight for something that one did not believe in.
  21. At least how the company said it felt.
  22. Benetar, D.L., in persuasion before Arthur Leff, Trial Examiner. "In the Matter of General Electric Company and International Union of Electrical, Radio and Machine Workers, AFL-CIO", pg. 5040-5042, 5083-5084.
  23. Ibid, throughout pg. 5040-5158.
  24. Ibid, pg. 5084 and elsewhere.
  25. Ibid, pg. 5084-5088.
  26. Richman, H.L., Ibid, pg. 5108-5110.
  27. The Schenectady matter will be discussed in a later section.
  28. Richman, H.L., op. cit., pg. 5113-5116.
  29. Ibid, developed throughout pg. 5108-5123.
  30. Ibid, pg. 5117.
  31. For a discussion of the Plumber's tactics, see "General Electric Employee Relations Newsletter", June 19, 1950, pg. 5-6.
  32. For a discussion of the importance of the foreman, see Rudge, F., Economic Information for Employees.
  33. This seemed to be quite effective, but there is no real way to tell.
  34. Northup, H.R., op. cit., pg. 55.
  35. Ibid, pg. 19, 41-42.
  36. Although this might seem only a minor technicality, it proved important enough to tie up several million dollars for several months.

37. The IUE and the UE each won the same number of locals, but the IUE won the larger ones and ended up representing about twice as many people as the UE.
38. Some legislators feel that the company should completely ignore the UE because of its political leanings.
40. Which brings up the question, is undermining Carey equivalent to undermining the union?
41. These articles are included out of patriotism and political partisanship.
42. Actually if the overlap theory is completely correct, this is not so if GE gives its best offer first.
43. Through inflation or through downward price rigidity.
44. Politics often seem to be as much a determinant of union activity as economics.
45. "General Electric Employee Relations Newsletter", May 27, 1949, pg. 1-2.
46. Ibid, April 29, 1949, pg. 1.
47. Ibid, May 5, 1950, pg. 1.
48. "General Electric Relations Newsletter", July 1, 1960.
49. Ibid, October 12, 1960.
50. Ibid, September 27, 1960.
51. Benetar, D.L., op. cit., pg. 5099-5100.
52. The contract was not signed later because of political interaction with the IUE strike.
53. The differences seem to exist but do not seem to be very clear.
54. There is a question as to whether an offer was made to the Worcester local. If there was, it was illegal as Worcester's certification was linked to the national IUE.

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15. "Pressure on IUE" in Business Week, October 22, 1960.

16. "GE Strike Weakened as Top Local Returns", in Aviation Week, October 24, 1960.
17. "IUE Loses Its Bargaining Battle", in Business Week, October 29, 1960.
18. "GE Strike Settled With 3- Year Contract", in Aviation Week, October 31, 1960.
19. "Contrast in Bargaining Methods", in Business Week, November 5, 1960.
20. "Philadelphia Mayor Fights GE", in Business Week, November 5, 1960
21. Various issues of the following company publications:
  - a. "General Electric Employee Relations Newsletter", changed to "General Electric Relations Newsletter" in 1959, issues from 1949 to 1960.
  - b. "SAED Daily News", issues from 1960.
  - c. "Small Aircraft Engine Department Management Newsletter", issues from 1960.
  - d. "General Electric News", issues from 1960.
  - e. "General Electric Union Relations Bulletin", issues from 1960.
22. Various issues of the "IUE Local 201 Electrical Union News" from 1960.
23. "UE 201 News", November 3, 1960.
24. Various issues from 1960 of the following newspapers:
  - a. "Lynn Item".
  - b. "Lynn Post".
  - c. "Schenectady Union Star".
  - d. "Boston Herald".
  - e. "New York Times".