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TVA LABOR RELATIONS: A LABORATORY IN DEMOCRATIC HUMAN RELATIONS.

By Max M. Kampelman*

“TVA, Adventure in Planning” is the cryptic description of the Tennessee Valley Authority by one thoughtful observer:1 “... its windows seem to open so broadly on the future... it has seemed a sign in the sky... Fundamentally its contribution has been the basis it has supplied for faith in democratic institutions,”2 are the words used by another student of the TVA. “TVA and the American Dream” is what even so restrained a newspaper as The New York Times entitled one of its editorials back in 1938.3 For twelve years now people generally have become aware of the TVA as a new phenomenon in American life. To friend and foe alike it has become more than the story of a “yardstick,” more than the building of dams, regional planning, conservation of soil resources, the growth from the Muscle Shoals nitrate and power plants of the First World War into a program for the control and utilization of an entire region’s natural resources; it has truly been “an indication of the shape of things to come.”4 It is beyond the scope of this paper to tell the whole story of TVA5 or to explain why there is a tendency on the part of many writers to refer to it in terms of superlatives. We will be restricted in the following pages to a discussion of labor relations between the employees and management of the TVA. With even this limited a subject, however, it nevertheless will be possible to grasp something of the philosophy, faith, and works which have prevailed throughout the Authority’s activities and account in no small measure for the way it has been received.

The subject is of particular importance during this period because of the growth of municipal and state ownership and opera-

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*Instructor, College of the Sciences, Literature and the Arts, University of Minnesota.

1Julian Huxley, Adventure in Planning (1943).
3Ibid., 561.
4Ibid., 561, 569.
tion of essential public services, and because the federal government's functions are continually expanding to include new activities previously restricted to "private enterprise." With these developments it becomes increasingly necessary for us to define the rights of public employees and the activities of their unions. How far will government, which enacts legislation encouraging collective bargaining in private enterprise, be guided by the same principles in dealing with its own employees; particularly where it enters into fields of competition with private enterprise? Should organized labor apply different standards in its dealings with government and private managers; particularly as they compete with one another? It is suggested that the experience of the TVA has built up reserves which will help us answer these questions in the days ahead.

The TVA was created by an act of Congress May 18, 1933, as a regional agency in the form of a government corporation, headed by a three-man Board of Directors appointed by the President with the approval of the Senate. The statute charged the Authority with the responsibility for flood control and the development of navigation and power over the entire system of the Tennessee River. It was directed to use the Muscle Shoals chemical plants, built during the First World War, for the experimental manufacture of cheaper and better fertilizers and to distribute and test them under practical farming conditions. In addition, it was instructed to concern itself with the development and conservation of the resources of the Tennessee Valley as an integrated whole, to improve the general welfare of the area, and to "provide for the national defense." The area covered by the Act includes approximately 40,000 square miles, within the boundaries of seven states. Within the area there are approximately two million people engaged in agriculture, industry, and commercial pursuits. The basic needs of the region in 1933 included protection against destructive floods; a shipping channel good for year-round navigation; and inexpensive electric power to stimulate the development

6This trend, of course, was tremendously accelerated during wartime. It is reported that the United States owned 10% of the steel producing capacity of the nation, 50% of the capacity to build machine tools, 70% of aluminum, 90% of synthetic rubber, 90% of aircraft production, 90% of shipbuilding and repairs, and 96% of magnesium capacity; Economic Outlook, Congress of Industrial Organizations, No. 4, p. 5 (1945).

7Gordon R. Clapp, Principles of TVA Employee Relationship Policy and their Application, p. 2; an address before the annual meeting of the Civil Service Assembly of the United States and Canada, Oct. 6, 1937.
and processing of native forest, mineral, and agricultural resources.\(^9\)

In the course of the short period since its creation, the TVA has become in the field of power generation and distribution the second among all electric producers in the country, with a generation of about 1,500,000 kilowatts. It owns and operates about 6,000 miles of electrical transmission lines in a network serving seven states and interconnected with all the large neighboring systems in the Southeast. It serves 129 municipal and rural electric cooperatives and contractors with wholesale power, who, in turn, serve some 550,000 customers.\(^10\) By the end of 1943, when orders by the War Production Board conserving critical materials went into effect, the Authority had constructed or had under construction a total of eighteen large dams.\(^11\)

During the fiscal year 1944, with its operations directed to “provide for the national defense,” it provided more than ten billion kilowatt hours of electricity, of which three-quarters went into war production; it increased its production of phosphorus for munitions by 30%; it produced more than 100,000 tons of calcium carbide for synthetic rubber production; 130,000 tons of ammonium nitrate for explosives and fertilizer for food production; aided farmers to produce more food through improved farming methods based on phosphates distribution to 31,500 test-demonstration farms in twenty-eight states; supplied fertilizer for Lend-Lease shipment; prepared domestic and foreign topographic maps of strategic war areas; completed designs and specifications of eleven power houses for the Russian Government at the request of the Lend-Lease Administration; trained Army medical officers in malaria control methods; operated food-processing laboratories for the development of frozen foods; and brought about the reduction of electric rates to consumers by $200,000 annually.\(^12\) To accomplish this tremendous effort and fulfill its vital responsibilities, the TVA staff of employees had to expand from 9,173 at the end of its June 1934 fiscal year, to a peak of about 40,000 in the fiscal year 1943.\(^13\) That it has accomplished that expansion successfully with a minimum

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\(^10\)Gordon R. Clapp, Public Works Employee Relations, pp. 12, 13; an address before the Public Works Congress of the American Public Works Association, October 20, 1942.


\(^12\)Ibid., 1, 2.

\(^13\)Wartime Personnel Administration in the Tennessee Valley Authority, Personnel Department, TVA, 1943, p. 1.
of friction is a tribute to both management and labor in the TVA, and is part of the story of this paper.

With the above factual background to serve as an introduction, let us briefly look at the framework formulated by Congress with which the TVA established its labor relations. It is well for us to note first that Congress created the TVA as a government corporation, and thus supplied it with the flexibility and initiative of a private enterprise. As part of that pattern it was granted complete freedom from Federal Civil Service laws and it was, instead, given specific instructions to establish its own merit system suited to its own peculiar needs and its unusual responsibilities as a regional agency. The statute furthermore expressly prohibited the consideration of political tests or affiliations in the appointment, transfer, promotion, or dismissal of employees. Even the directors were subject to the unique requirement that they believe “in the feasibility and wisdom” of the TVA Act. As to wages, the Authority was instructed to pay its employees in the trades and labor classification the prevailing wages being paid in the area for similar work, with due regard for those rates established through collective bargaining by private employers and workers.

The directors of the TVA, therefore, as managers, were given by statute a reasonable amount of latitude and complete freedom to establish their own labor policies. Very early during its life the TVA made its first basic decision that its dams would be constructed by force account, the direct employment of workers, rather than by contract. With this assumption of full and direct responsibility as a government employer, it became inevitable that the Board would have to face the collective bargaining issue and establish a definite policy of employee relations. Here, too, the TVA found itself a pioneer facing new fields. In 1933, national policy toward cooperative labor relations had not crystallized. Collective bargaining was yet to be recognized by federal statute, even for private enterprise, let alone for the public service. Paternalistic welfare programs and company-dominated unions were considered the norm in labor relations, although section 7a of the National Industrial Recovery Act had just been passed, in June, 1933, and was giving impetus to the growth of unionism. The Tennessee Valley area had never been strongly organized by unions, and the small

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1448 Stat. at Large 58, Sec. 3.
15Ibid., Sec. 6.
16Ibid., Sec. 2 (h).
17Ibid., Sec. 3.
gains made by some of them in previous years had been practically
wiped out during the depresssion years 1930-1933. There were no
organizations of "white-collar" employees. In addition, it seemed
to be generally accepted that the Federal Civil Service system and
government service generally made unions unnecessary or useless,
if not actually subversive to government authority; and the TVA,
being charged with the responsibility of a new experimental venture,
was itself facing highly organized opposition, and could not be
oblivious to this background and to the severe tests it certainly was
to face in the future. Specifically, the Authority had to decide what
its attitude would be toward the right of its employees to organize,
their right to affiliate, to seek the assistance of outside representa-
tives, and to determine the form and objectives of their organization.
To do this the Board of Directors in the autumn of 1933 added an
advisor on labor relations to its staff.

Simultaneously the Board was faced with an allied, but more
important problem, that of hiring and managing a trades and labor
force of thousands of skilled and unskilled workers to carry on its
construction operations; and that of filling a range of positions
exceptionally wide for any government agency: engineers of all
kinds, chemists, fertilizer experts, agriculturists, foresters, regional
planners, architects, economists, not to mention staffs for legal,
medical, purchasing, personnel, fiscal, and other administrative
services. There was, furthermore, very little conception of the
size the agency might attain. Original estimates proceeded on the
assumption that Norris Dam would be the only large construction
project undertaken, and that the peak employment would not exceed
5,000 persons. Actually, within the first nine months 1,000 men
a month were added to the working force, so that by June, 1934,
as we have seen, the Authority employed 9,173 people, and in two
years, by June, 1936, the early peak of close to 17,000 employees
was reached; and for the next five years, until 1940 when new
responsibilities for national defense were assumed, the number of
persons on the Authority's payroll fluctuated between 10,000
to 15,000, more than three times the original estimate.

18 Arthur S. Jandrey, Employee Relations in the Public Service—TVA as
a Specific Example, p. 6; an address before the Minnesota Chapter of the
American Society for Public Administration, May 10, 1944.
19 C. Herman Pritchett, op. cit. in footnote 5, pp. 269, 270.
20 Ibid.
21 First Annual Report of the Tennessee Valley Authority, 47; U. S. Gov-
ernment Printing Office, 1934.
22 Management Services Report, op. cit., 2.
To meet this immediate problem the TVA first adopted a policy of giving preference for its trade and labor jobs to those residents of the seven states, parts of which composed the Valley. By employing local labor they thought to keep “floater” workers at home, and so mitigate the unemployment situation in outside industrial centers which formerly drew many Valley residents unable to make a living at home. It then made a broad classification distinction between the two types of employment it had to offer: the major trades and labor force who were for the most part to be paid on the basis of hourly wage rates, although provisions were made for permanent trades and labor employees in maintenance, operating, and manufacturing activities, who were to be paid on an annual salary basis; and the “salary-policy” employees, white-collar group, to be paid annual salary rates. The former group included those in dam construction work, in clearing timber from the reservoirs to be flooded, those engaged in manning the experimental fertilizer production plants at Muscle Shoals, carpenters, electricians, fitters, iron workers, machinists, blacksmiths, equipment and machine operators, painters, brick masons, and a score or more of other types of skilled and unskilled workers. The latter group were those employed in clerical, administrative, fiscal, and various professional and sub-professional services, including engineers, chemists, lawyers, land-buyers, agriculturists, foresters, and doctors.

With this preparation, the Board now set out to recruit its employees in accord with the instructions from Congress to follow a merit system of its own. Its first step, here again, was a pioneering one. It decided that to fulfill its responsibilities as well as to guarantee its freedom from political pressures and insure qualified personnel, it would hold competitive examinations, even in the selection of its craft and common labor personnel. Early in September 1933, therefore, it requested the U. S. Civil Service Commission, which had the necessary facilities, to administer an examination for non-professional positions of skilled workmen, helpers, and unskilled workers. The examination was given in 138 examination centers throughout the Tennessee Valley area. Approximately 50,000 people applied to take the examination, and 38,807 were actually examined.

Because this was the first time an examination of this type was

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23 C. Herman Pritchett, op. cit., 270.
24 Gordon R. Clapp, op. cit. in footnote 8, p. 3.
25 38 Monthly Labor Review, etc., op. cit., 1280.
used so extensively in the selection of laborers, it might be well for us briefly to look into the examination procedure and contents. The examination consisted of a mechanical aptitude test, a test of ability to follow printed instructions, and a test of ability to follow oral instructions. Part of the examination was also especially designed for those men who had not had the advantage of an education, even to the extent of not being able to read or write. The examination from the point of view of the Authority was successful. “At the present time,” according to one comment, “after there has been ample opportunity to check on the quality of the labor group selected, there is almost universal agreement that the method of selection is superior to those usually employed.” When, in 1936, therefore, additional employees were required, a second examination taken by 81,000 persons was administered by the Authority with the assistance of the Civil Service Commission again. Two subsequent exams were conducted by the TVA alone. Written examinations were used to measure general intelligence and aptitude where potential ability was a qualification, or where experience was lacking. Such exams were used to test apprentice applicants for carpenters, electricians, linesmen, and machinists; and, incidentally, also served to detect promotional possibilities among relatively inexperienced candidates. Trainees for hydro plant operations, student engineers, rodmen, medical aides, fertilizer plant operators, storekeepers, timekeepers, typists, stenographers, and clerks were given special written aptitude tests, including standard intelligence tests. Written tests emphasizing job knowledge were used for messengers, timber clearance foremen, timberjacks, trailer operators, saw-filers, axe-sharpeners, and clerical first-aid laborers. Performance tests were used for typists and stenographers, welders in the various metal trades, and draftsmen. Officers in the Public Safety Service were selected through a written test and an oral examination conducted jointly by an employment officer and a supervisor in the Public Safety Service.

For the recruitment of its professional and sub-professional “salary-policy” employees, the Authority decided that consistency with the merit provisions of the statute made it necessary that it avoid artificial restrictions on the extent of competition for the

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27 It had previously been used with considerable success in the selection of trained personnel for the Navy shipyards.
28 Monthly Labor Review, etc., op. cit., 1280.
29 Ibid., 1281.
positions available. Eligibility requirements were therefore kept at a minimum. Residence requirements, considered an abridgement of the merit principle, were generally avoided. Candidates in order to be considered had to be citizens of the United States, pass a physical exam prior to appointment, and meet the terms of the Authority's policy against nepotism. To fill many of the first vacancies the Board used, and continues to use, the graduating classes of colleges and universities. A policy was established which sought applicants in terms of anticipated openings, and even though an open application procedure was used to permit continuous recruitment for those classes of positions in which placement opportunities were currently active, applicants were and have been discouraged from making applications where no predictable opportunity for appointment existed.\(^3\)

With its personnel recruitment procedure established, the Board of Directors was now ready to deal with its labor relations policy. Recognizing the inevitable growth of unions among its construction workers with the advent of section 7a of the NIRA, it accepted the report of its special advisor on labor relations, that labor unionism be thought of "in its affirmative and positive character." "As soon as the union is thought of," he said, "in terms of a technical instrument for increasing and improving production; as soon as the whole philosophy of union cooperative management is grasped, all the negative values of unionism drop away and a new scheme of industry appears." He, therefore, recommended that since one of TVA's functions "is to teach American industry that there are better ways to do things than those adopted in the past... We believe that the TVA has a great opportunity in pointing the way to the development of a new type of unionism within its structure, just as it has a great opportunity in leading the advance in industrial development and in community and social development."\(^2\)

The office of Director of Labor Relations was next established, headed by Clair C. Killen, a former member of the International Brotherhood of Electrical Workers. The office was to act as clearing house for all labor questions, including research matters, engineering practices, cooperatives, complaints, grievances, workers' education, and union representation.\(^3\)

\(^3\)Ibid.

\(^2\)Labor Relations on TVA Projects, 37 The Journal of Electrical Workers and Operators 227 (May 1938).

\(^3\)Ibid., 228.
The Board now set out to draw up an official statement of policy which would govern its relationship with employees. William Leiserson, of the National Mediation Board, was employed as outside counsel to aid the Directors and the staff members in drawing up such a statement. In a year and a half no less than thirty drafts of the proposed policy were drawn, submitted to the employees and their organization for study, discussion, and criticism. In August, 1935, conferences with management and representatives of bona fide employee unions were conducted at all major work sites, under the direction of Otto S. Beyer, then director of labor relations for the Federal Coordinator of Transportation. After final conferences between union representatives, the Personnel Department, and representatives of management, the policy was presented to the Board in revised form. On August 28, 1935, in a final conference, the Board approved the policy and authorized it to be published as its "Employee Relationship Policy."  

It is interesting to note that in the very process of adopting its employee policy, the Authority was putting into practice the principles it would establish. Its first Annual Report for the fiscal year ending 1934, noting that approximately 85% of the skilled workers of its construction projects were members of trade unions, stated:

"The management has at all times evidenced a willingness to negotiate with groups of organized workers in connection with wages, hours of work, and working conditions . . . Councils of representatives of all local unions having members employed by the Authority have been established at each major center of activity and the management cooperates with those Councils in carrying on recreational, educational, and cooperative workers' programs. The Councils have operated most successfully as media for the transmission of grievances requiring adjustment, and as channels for constructive suggestions which in many cases have resulted in improvements in management."

Broadly, and in brief summary, the Board's Employee Relationship Policy based on the realization that "it will undoubtedly require modification from time to time, and it shall be regarded not as fixed and unchangeable, but as subject to growth and change in the light of experience," recognized the right of employees to organize, affiliate as they choose, designate representatives, and bargain collectively with management. It established machinery for the settling of grievances, trying as far as possible to have

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34Gordon R. Clapp, op. cit. in footnote 8, p. 9.
36This will be henceforth referred to as "ERP."
them adjusted by the supervisor on the job. Provisions were made for establishing rates of pay, hours of work, leave privileges, methods and standards of employee selections, and general employment conditions. During periods of marked unemployment it was provided that the hours of work would be cut as low as is consistent with efficiency in production and reasonable minimum income. Section 13 had the unique statement that where an employee "who is doing the best work he can in good spirit, is found to be unsuited for the task to which he is assigned, an earnest effort shall be made to place him at other work for which he is better suited." In addition, while recognizing the right of supervisors to terminate the employment of any worker "for just cause," section 16 requires the supervisor to state the cause for his action in writing, supply a copy of it to the Personnel Division and to the employee upon request, who in turn has the right "to a fair hearing if requested by the employee or his representative within ten days." A provision was also included that "No discrimination in occupational classification or in rates of pay shall be made on the basis of sex or race." Finally, the ERP's "concluding statement" called for a series of employee-management conferences "for the purpose of systematic employee-management cooperation" and the deciding of major policies.

Here, then, was a unique instrument, and truly a landmark in government labor relations. In addition to the obstacles described above, the background of labor relations in the heavy construction industry was not a very encouraging one on which to attempt to build a program of labor-management cooperation. Furthermore, there was not much precedent for attempting to invite the cooperation of clerical and professional employees through a policy that granted without reservation the right to organize and participate in the formulation of working rules, wages, hours, and personnel policies and regulations. Nevertheless, the Board saw the need for stating a clear policy and did so. Giving the basis for the Board's position, Gordon R. Clapp, then Director of Personnel, and now General Manager of the TVA, in an address before the 1937 Annual Meeting of the Civil Service Assembly pointed out that the TVA looked upon itself as representing a willingness on the part of the federal government to assume new responsibilities in dealing

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38 Ibid., Sec. 11, p. 5.
39 Ibid., p. 6.
40 Ibid., p. 7.
41 Ibid., Sec. 8, p. 4.
with major, long-neglected problems. Here, it said, was a good reason to use the same approach in a field long characterized by disagreement, misunderstanding, strife, and violence. Furthermore, it appeared to the Board that the personnel being assembled measured up with regard to quality and ability to assume leadership and responsibility in a cooperative enterprise. The rank and file of the carefully selected labor force seemed eager to cooperate in carrying on a project in which they not only had a stake as taxpayers, but in which they had a peculiar interest because of the Authority's objectives. They, therefore, determined to take advantage of an unusual opportunity to establish new standards of employee relations and test the application of fundamental principles of industrial and administrative democracy.

The assumptions on which the ERP was founded, therefore, can be stated as follows:

First, that employees not only have a stake in the enterprise in which they are engaged, but they also have a contribution to make to the development of policies and the creation of conditions which affect the environment and situation in which they work. Not to accept this assumption prevents a responsible contribution from employees, and leads to indifference and the reduction of morale. Its positive acceptance and implementation with machinery is evidence of management's good faith and creates positive responses.

Second, that employees who belong to employee associations such as unions include those most concerned about problems of the service and should, therefore, be accepted as the ones with whom management should deal in studying and working out solutions to problems relating to the improvement of the service. Other employees, if they become concerned, will join or will find the means of contributing individually. Using the political analogy, those who do not exercise their franchise or use the machinery for expressing their convictions relinquish their opportunity to be represented except in a nominal way.

Next, even while recognizing the existence of a distinction between government and private employment, it is reasonable to assume that government employees, just as management, can be counted upon as responsible, law-abiding citizens to be as much interested in preserving their government's integrity as the average citizen. Assuming wise discretion and good judgment on the part of

43Ibid., pp. 5-8.
the employees, emphasizing the "negative restrictions" of possible employee and union action only hinders harmonious labor relations.

Finally, having decided upon a policy of non-interference with employees in their own affairs, there should be no reservations, and employees should be free to choose and designate representatives, whether or not TVA employees, and TVA would deal with them in good faith. If the relations are to be successful, management has the obligation to trust its employees to make mature decisions as to their choice of leaders.

"In many respects the union representative is the personnel administrator of the union groups," said Mr. Clapp. "Self-contained employee groups in their direct contact with management tend to over-emphasize the little irritations that are inherent in human relationships as we are now constituted. Frequently these self-contained groups jeopardize broader objectives by their insistence upon making big issues out of little ones. The outside representative frequently understands broader objectives because the issues he is confronted with transcend the little irritations that develop from day to day. We were prepared to welcome him as the point of contact with employee groups."44

A summary striking a similar note was made by David E. Lilienthal, then a director and now Chairman of the TVA, in an address before the 1936 Annual Convention of the American Federation of Labor, when he said:45

"Organization has progressed among the working forces of the TVA because the management specifically has removed those all too common obstacles to the natural desire of men to associate themselves for mutual benefit. Thus the TVA labor policy recognizes the right of employees to organize and, in the exercise of this right, assures them that they shall be free from any and all restraints, interference, or coercion on the part of the management and supervisory staff: Channels are established so that an employee, through his representative, can present his claim or grievance in an orderly way. He can be assured a fair review, not only by his immediate superiors, but, if he is not satisfied, by a properly constituted appeal authority as well. The door is wide open for him and his associates to bring their difficulties, criticisms, or suggestions to the attention of the management as a normal, legitimate expression of the employees interest in the job. The management and supervisory staff welcomes this method of facing job problems directly with employees and dealing with them frankly."

In spite of this picture, however, it should not be considered that all was always harmonious. As was to be expected, there were

44Ibid., pp. 7-8.
45David E. Lilienthal, Labor and the Tennessee Valley Authority, p. 7; an address before the Annual Convention of the American Federation of Labor, November 17, 1936.
difficulties and misunderstandings, especially in the early days of the ERP’s establishment. Most of those were traced to the fact that a number of foremen who were taken from private industry had brought over into their jobs attitudes of suspicion against unionism. Charges and countercharges began to fly back and forth. There were a few instances of strong union advocates being discriminated against by supervisors, and a few militant union leaders began talking in terms of strike even before the first wage conference under ERP, which was to be held in January, 1936. Commenting on these events, the International Brotherhood of Electrical Workers said: “Fully to understand the drama that lay in that first experiment of collective bargaining it must be seen against a background of intrigue and aggressive attack upon labor unions directed by the supervisory force of engineers.”
Fortunately, however, the first wage conference went off harmoniously and resulted, in fact, in the settling of many minor irritations and in wage increases.

By the following year when the second wage conference was held, the trades and labor employees who were represented by fourteen American Federation of Labor international craft unions, in turn representing approximately 85 local unions of TVA employees, had established a Tennessee Valley Trades and Labor Council, to act for the workers at the annual wage conference and on numerous joint committees and otherwise play a major part in formulating TVA labor relations.

A word of explanation might be given here about the annual wage conference. We have seen how the statute creating the TVA provided that laborers and mechanics shall be paid the prevailing rate of wages for work of a similar nature prevailing in the vicinity. To implement this section the ERP provided for conferences to be held not more than once a year to consider requests for revisions in rates of pay, and to define the area that constitutes “vicinity,” as well as “prevailing rate,” and figure out how to apply rates to types of work not found elsewhere in the Valley. In preparing for these conferences, labor and management at first each separately prepared detailed wage surveys. Soon, however, by the third conference it was agreed to make the surveys cooperative,

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46 Labor Relations on TVA Projects, 37 The Journal of Electrical Workers and Operators 271 (May 1938).
48 48 Stat. at Large 58, Sec. 3.
49 Op. cit. in footnote 37, Sec. 21, p. 8.
and accept them as a preliminary to negotiations, for the task of their application to the two hundred odd trades and labor classifications was sufficiently complicated and time-consuming in and of itself. This collective bargaining procedure was, on the whole, with a few exceptions, effective and recommended wage schedules drawn up by preliminary conferences between supervisory officers, personnel technicians, and employee representatives were usually accepted without too much further discussion.

It would be interesting here to look at the report of one such conference, held during November 1939 - January 1940, for an idea as to the type of matters discussed and taken up in those collective bargaining negotiations. We note that in addition to the work done in connection with the Annual Wage Conference, collecting data on prevailing rates of pay, the Conference developed machinery of four joint sub-committees for the handling of special problems all of whom reported their conclusions at the end of the session. Appointments to the sub-committees were made at the first session and they met throughout the sessions. Their work dealt with: Negotiations and Agenda; Classification; Disabled Employee Problems; and Miscellaneous Problems, dealing with hours of work, leaves, and conditions of work. In addition to the sub-committees, a number of permanent joint-committees were created to deal with those problems requiring continued joint attention throughout the year and they included a Central Joint Council on Apprenticeship, and a Central Joint Committee on Rehabilitation. Both groups reported to the Annual Wage Conference, but in other respects functioned as though autonomous. A number of other problems were deferred for further exploration and negotiation by a special joint conference held subsequent to the general conference and included: Adjustments in Classification and Rates of Pay of Trades and Labor Employees Transferred From the Tennessee Electric Power Company; Special Conference on General Wage Request; Social Security Coverage for Hourly Rated Employees; Grievance Procedure, and Jurisdictional Disputes; and Written Agreement Between the Authority and the Council.

Specific details as to the workings of these various sub-committees, permanent joint committees, and special joint conferences, even to the extent of how they dealt with and decided hundreds of requests from local unions, can be found in the Report distributed to "local representatives of labor and of management who are re-

Report of the Fifth Annual Wage Conference, Personnel Department, Tennessee Valley Authority, 1940.
sponsible for putting into effect these conclusions in specific situations," with the expectation that they "will thoroughly familiarize themselves with this report." Suffice it for us merely to quote from a portion of the Report for a flavor of the spirit to be found in it: "The sub-committees have tried to set forth accurately the conclusions reached and the bases therefor. In many cases they were not entirely satisfactory to either management or labor because they represented compromises. That is the essence of collective bargaining."

The ERP, however, did take into account situations where collective bargaining on wage schedules would fail, and section 19 followed the statute in providing that where conference negotiations failed, the matter should be referred to the Secretary of Labor for determination, whose decision should be final. One such difficulty did arise between the International Association of Machinists and the Authority. The first wage conference in 1936 had increased the hourly wage for machinists from $1.00 to $1.10. In 1937 an additional increase to $1.12 1/2 was agreed upon. In 1938, however, even after a survey of the area, the parties could not agree on a definition of "prevailing" wage, with the TVA refusing to grant an increase beyond $1.17 1/2 an hour for journeymen machinists on construction projects. Finally the matter was referred to the Secretary of Labor, who sided with the Union and on June 24, 1939 established a rate of $1.25 an hour, retroactive to January 16, 1938. Each worker involved, therefore, received back wages of 7 1/2 cents an hour for about six months' work. It is a commentary on the rapport established by the Authority with its employees that Fred D. Laudeman, General Vice-President of the I.A.M., in reporting to the union membership on the decision, reiterated that "throughout this long controversy relationships between the TVA and the International Association of Machinists has remained on an exceedingly friendly basis."

As to the matter of adjusting grievances, we have seen how the ERP sought to adjust as many as possible at the lower immediate supervisory level, providing at the same time that appeals could be taken by either the employee or his representative as far as the chief supervisory officer in the department concerned, with final appeal to the Director of Personnel. To implement this policy and

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52 Ibid., 1.
53 Ibid., 21.
55 Op. cit. in footnote 37, Sec. 16.
improve the process of informal settlement, local representatives of the Personnel Department were made available at all times to advise employees, union job stewards, and supervisors regarding the interpretation of procedures and the application of rules of employment. In large departments where uncertainties might arise, this line of appeal was announced and publicized in writing. The results of these efforts show that during the first six years following the adoption of ERP, only 37 grievance cases were appealed to the Personnel Department. One was rejected as being within the scope of the wage conference rather than grievance procedure; and of the remaining 36, 26 substantially upheld the action of the supervisors, 7 sustained the appeals of the employees, and 3 recommended modifications of the action taken. The majority of appeals resulted from employee terminations. Others related to classification, rates of pay, and discrimination against union workers. It would appear that the number of cases appealed during that period was small enough to indicate that the point-of-origin settlement procedure was effective, and that the number was large enough to suggest that the appeal provisions were more than a theoretical safeguard for the workers. Summing up its grievance procedure, the Board has reported: "...While adjustment of grievances after they arise is considered a normal part of personnel administration, removal of the causes of disputes is the ultimate objective. This the TVA attempts to achieve through preliminary negotiations, careful dissemination of information about policy decisions, and cooperative administration."

In such a framework of cooperation it was inevitable that an increasing part of the collective bargaining relationship at the annual wage conferences and in the more frequent local and central meetings should extend to matters other than wages and grievances, and closer to the practice of true cooperation.

One such extension came about as a result of a request by the International Brotherhood of Electrical Workers, that TVA employees should not be deprived of social security benefits merely because they were federal employees. An IBEW panel brought the matter up to the Authority, which in turn acted upon the suggestion and learned that due to the President's reorganization program, its attorneys could not give an opinion as to whether TVA workers could come under Social Security. Associated with this

57 Ibid.
problem was the fact that TVA employees were excluded, too, from participation in the U. S. Civil Service Retirement and Disability Fund which was restricted to employees who had acquired civil service status. A joint labor-management committee, therefore, began a study of possible retirement plans in 1937, which lasted for two years. Finally, a retirement system open to practically all annual employees was recommended to the Board of Directors and approved effective November 1, 1939.59

Another example of union-management cooperation was demonstrated in a plan developed at the Muscle Shoals fertilizer works, calling for review every three months of each employee's work by his supervisor, who, at the same time must discuss his evaluation with each worker. In cases of union members this is done in the presence of the job steward of the union involved. The plan was designed to improve the skill and versatility of the worker, and not to build up a case for possible discharge. To guarantee the latter, the forms used were prepared by the various unions and consisted of a detailed breakdown of the work performed, requiring the supervisors to comment specifically, thus necessitating closer observation and knowledge by the supervisor, as well as utmost candor in discussion.60

Running through the collective bargaining procedure provided for by the ERP, therefore, is a stress on decentralizing as many of the procedures as possible by solving as many of the problems on the local level as is feasible, and by keeping the local personnel completely informed. We have seen how copies of the Annual Wage Reports, for example, were distributed at all work sites, enabling supervisors, employees, union representatives, and members of the personnel staffs to make uniform interpretations of wages, classifications, and work rules. This resulted in parallel structures being developed for cooperative dealings at the various levels of responsibility. At Kentucky Dam, for example, the job stewards set about organizing a project wage council to consider general matters of concern, call problems to the attention of management, and act as the recognized medium of communication between the Tennessee Valley Trades and Labor Council and its local unions. At the fertilizer works of Wilson Dam a systematic program of foreman-steward in-service evaluation was inaugurated. At Cherokee Dam a monthly meeting was regularly scheduled with the job

stewards of all crafts. "By keeping open the channels of consultation between labor and management, differences of interpretation are reconciled before they become disputes."\(^{61}\)

As part of this approach it was but a logical and a small next step for the Authority to attempt to implement its collective bargaining machinery at the local level with education and training designed to perfect that machinery. We find its *Annual Report* for 1938 stating: \(^{62}\)

"It has been realized, however, that when procedures have been established there is still need for thoughtful planning and promotion of the cooperative program. It is recognized that unless continuous attention is given to the educational opportunities presented, the results of the program may be comparatively meagre."

The Personnel Department, was, therefore, given the responsibility of preparing educational materials helpful to a wider understanding of the problems involved, and was instructed to work with union representatives in organizing union discussions, all of which resulted in "a new interest in training opportunities on the part of employees, and an expansion of in-service training activities."\(^{63}\)

An excellent opportunity for this kind of employee education, by making use of employee interest in a current problem directly affecting them, was afforded by the Ramspeck Bill.\(^{64}\) The Bill reported favorably out of Committee at the regular 1939 session of Congress, authorized the President to extend the Classified Civil Service by "executive order" and was so drawn that the TVA could be included within the scope of the order. The TVA Board of Directors, by resolution of February 16, 1937, had gone on record favoring the continued operating autonomy of its personnel system, although it did recommend that Congress provide by statute for periodic review and appraisal of its personnel policies and practices by members of the U. S. Civil Service Commission. Now, in 1940, it appeared as if a change might be taking place, and the Board, still in favor of its autonomy in personnel matters, cooperated with some of the labor organizations interested in acquainting its employees with the issues and a ballot was distributed to determine their preferences. A pamphlet was, therefore, drawn up as part of a study undertaken by the United Federal Workers of America, and distributed throughout the Valley "designed to assist

\(^{63}\)Ibid.
\(^{64}\)House Resolution 960 (1939).
employees to voice a studied and discriminating preference in the forthcoming poll. The material set forth reasons for and against the extension of the classified service to the Authority, and referred readers to additional materials for further study.

The uppermost question in the minds of the workers, of course, was the extent to which they were affected by the proposed legislation, and the pamphlet in clear, concise language set forth the major effects. It might do us well to look at the major differences between TVA and Civil Service personnel policies ourselves:

**Recruitment:** The TVA maintains a register of persons who are eligible for appointment, and gives few written exams except for typists and stenographers, skilled and unskilled labor, and candidates for public safety service. Applicants are assigned to preparatory occupational groups and are rated upon the level and quality of their experience by an employment officer.

The Civil Service Commission, on the other hand, makes use of nation-wide announcements of vacancies and then gives "assembled" and "unassembled" examinations. The disadvantages of the latter system include: Extended delay, infrequent exams, inflexibility, and undue emphasis on formal qualifications. Since future needs of the Authority are relatively few, however, continues the author, the Civil Service Commission might best be able to fill them.

**Appointment:** Under Civil Service the appointing officer is limited to the three highest names on the list, while TVA plans allow personal or professional acquaintanceships to influence the decision of the supervisor. Merit is interfered with, it is pointed out, under Civil Service, by a ten-point veterans' preference.

**Classification:** Since the plans are substantially in accord, loss of personnel autonomy would only affect the speed of shifting from one position to another, since the Commission's approval might require a non-competitive exam.

**Transfer:** The advantage of acquiring Civil Service status in transferring to other agencies is pointed out by the author as being of particular importance with the curtailing of TVA construction.

After pointing out further that differences would be negligible, if at all, in the matter of hours, leaves, working conditions, health provisions, training program, and removals, the pamphlet states:

"In summary, it seems that were the Classified Civil Service extended to TVA, the Authority would probably not surrender enough control or independence to harm its operations to any important degree. Individual employees will gain certain advantages, such as the right to transfer and the privileges of reinstatement;"

[66]Ibid., 14.
these, while potentially available to all will actually be used by only a part of the employees. The individual employee will lose certain advantages of the TVA system, as more liberal salary increases within grades, possibly more generous retirement plan, and freedom from the veterans' preference provisions."

The pamphlet, furthermore, making full use of its educational opportunity, does not rest with a discussion of the "bread and butter" policies. It goes on to give a background of the growth and progressive development of the movement for a merit system from the Pendleton Act of 1883 and its aim to "Keep the spoilsman out," the initial emphasis on recruitment and replacement, the gradual change from a "negative" approach to a positive one of personnel functioning via the Retirement Act of 1920 and the Classification Act of 1923, the rapid strides in employee-representation and training during the 1930's, the Executive Order of June 1938, and finally, the appointment of the Reed Committee by the President. TVA's Personnel Department functions are then summarized to demonstrate "that a real merit system is possible in the government service without the detailed basis being codified into law," and to point up that the very nature of its multi-purpose program, especially in the early days, required flexibility and autonomy.

With the above information in the hands of the employee, the pamphlet concludes:67

"that neither TVA nor Civil Service are constant formulas unmodifiable by time . . . If the necessary managerial flexibility can best be served by retaining the opportunities for experimentation as well as the final jurisdiction in personnel, then TVA had best remain outside the Classified Service. On the other hand, if drastic employee reduction awaits in the future, Civil Service status for employees, extending the right of transfer and advantage in reinstatement, would seem highly desirable. Moreover, if Civil Service is progressive, it is more than likely that the necessary latitude and flexibility to carry out the program of the Authority will remain . . . The fears of those who, because of a changed status, anticipate the worst for the Authority as an organization, as well as the hopes of those who, for the same reason, anticipate the best for themselves, are each equally unfounded."

The actual benefits to the employee of the type of instruction and training just described are not, of course, to be measured by the concrete, demonstrable results that appear to follow. Let us merely record without comment, therefore, that the employees, after receiving the ballots and pamphlet, voted by a large majority against the extension of Civil Service to their jobs,68 and that the Ramspeck

67Ibid.
68C. Herman Pritchett, op. cit. in footnote 5, p. 309.
Bill as finally passed, excluded TVA by name from the agencies which might be brought under Civil Service by executive order.

It does seem in order, nevertheless, at this time to observe that the TVA is the only federal corporation exempt from the Classified Service; even such a purely business activity as the Inland Waterways Corporation having been brought under Civil Service. With the Civil Service Commission becoming a constructive and developmental force for improving personnel administration in the federal service, it may very well be that the TVA, too, will soon come within the Civil Service system. The chances of that happening will become especially strong with the coming years as its construction program nears completion and as it becomes a relatively small and stable operating and planning organization.

The general picture of the ERP program of collective bargaining which we now have is one of cooperation. Applying the acid test to that cooperation, namely, the extent to which the parties resort to coercive procedure, i.e., strikes, lockout, and punitive discharges, we find somewhat of a record established. Only four work stoppages occurred during the first eight years of the program, none of which were authorized by the Tennessee Valley Trades and Labor Council, and only one of which was approved by the international union involved. The longest lasted from three days to a week at various projects, and was called in July, 1939 by a single craft union to protest a jurisdictional assignment. The second resulted in December, 1940 from racial antagonism at the Kentucky project, and the men were back to work after three and one-half days. Each of the other two were confined to one trade at a single project. One was based on a jurisdictional dispute and was over in forty-eight hours. At the other, a group of men stopped work for forty minutes due to their misunderstanding the cause for the dismissal of one of their members.

An excerpt from the general wage brief submitted in 1938 by labor to the Annual Wage Conference can perhaps best provide the motive behind this record of harmony:

"Collective bargaining actually is a process and not a phrase ... What we have done here and what we do here is not merely for this project or for this time and hour. We have taken a position repeatedly in the past that we are trying to create a pattern for other great government projects of comparable nature."

Labor relations in the TVA still had one basic defect, however,

70 Judson King, The TVA Labor Relations Policy at Work, p. 21.
which hampered maximum utilization of a cooperative relationship. The ERP was a unilateral document bearing the recorded approval of the Authority only. As Gordon R. Clapp, General Manager of the Authority, said in an address before the Public Works Congress of the American Public Works Association: "... it was soon apparent that something was missing." We have already noted that one of the items on the agenda of the 1938 Annual Wage Conference was a proposal by the Tennessee Valley Trades and Labor Council that the ERP and the understandings, correspondence, joint committee reports, and other statements short of a signed agreement, be supplemented and formalized by a signed agreement to be negotiated and formally executed by employees through their organization and by the Authority.

The Authority was here at the crossroads and faced with a problem. Does the TVA have the legal authority to sign a contract with its employees? In a letter dated August 16, 1937, President Roosevelt had written: "All government employees should realize that the process of collective bargaining, as usually understood, cannot be transplanted into the public service." Did that mean that organizations of government employees could never enjoy the right of other labor organizations to the security of a contract, because of the peculiar position and responsibility of their sovereign employer? The question legally and administratively had never been adequately answered, and much of the discussion of its feasibility had been characterized by confusion in both the eyes of the public and the "experts." There was first the contention that scientific techniques of personnel administration made unions in government service unnecessary. Furthermore, government employees did not need collective bargaining because Civil Service laws provided ample protection. That was often followed by the argument that to formally recognize collective bargaining rights in government employees would encourage strikes in government service, and that such a step was, therefore, illegal. The latter was the position of a report by the International Institute of Municipal Law Officers, which purported to analyze on a strictly legal basis the legality of collective bargaining between municipalities and their employees and which assembled and annotated a number of court decisions and opinions of state attorneys and municipal law officers bearing on the matter.

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22C. Herman Pritchett, op. cit. in footnote 5, p. 303.
23Power of Municipalities to Enter Into Labor Union Contracts—A Survey of Law and Experience, Report No. 76.
To provide the answer for itself, the Authority first made itself aware of the proposition that "Public employees, like private employees, are human beings and American citizens. They believe in the democracy of which they are a part. The place of unionism in a democracy has been established by law in private employment. Public employees are coming to believe they should have a parallel status."  

They next found that abstractions and discussion notwithstanding, "Unionism among public employees is no longer an interesting theory—it is a fact," for unionism among public personnel was increasing. They saw that as of 1939 approximately 15% of all public employees, including those in public education, were members of unions. Among federal employees union membership constituted some 34% and was approximately 13% among state, county, and city units. Furthermore, a survey recorded some twelve or more actual union agreements between employees and municipal, county, and state governments, excluding agreements claimed by unaffiliated unions and agreements covering municipal utility services. And this trend, they correctly foresaw, was increasing.

Taking up next the theory that unions meant illegal strikes against the government, the Authority satisfied itself that "nowhere has any substantial evidence been found that unionism in the government necessarily means strikes against the government. As a matter of fact, the record of strikes in the public service supports the theory that strikes are less likely to occur if employees are organized into responsible unions."

A close analysis of the legal arguments against the contract also indicated that almost all the court cases cited dealt primarily with the narrower issue of a closed shop and failed to make a distinction between collective bargaining agreements on wages, hours of work and working conditions, and the specific issue of a closed shop as a provision of such agreements. Furthermore, the General Council of the TVA advised that the

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75Ibid., p. 3.
76Employee Relations in the Public Service, Civil Service Assembly of the United States and Canada, 1942, pp. 16-17.
77The September, 1942, issue of Public Management reported some forty-two cities with contracts or working agreements with AFL or CIO unions, excluding agreements covering foremen and public utility officers.
Authority could legally contract with labor unions provided the terms of the contract did not relieve the Board of Directors of its administrative responsibilities under the Tennessee Valley Authority Act and were consistent with other applicable legislation. As to the question of a closed shop, a variation of which the unions asked to be incorporated in the contract, the attorneys advised that union membership could not be prescribed as a condition of employment or retention of employment unless a factual showing could be made to support the proposition that lack of membership in a union was \textit{prima facie} evidence of lack of merit and efficiency in the employee or prospective employee.\footnote{\textsuperscript{80}Gordon R. Clapp, Collective Bargaining in a Federal Regional Agency: The TVA as an Example, 15. An address before the Convention of the International Brotherhood of Electrical Workers, October 28, 1941.}

Upon the basis of these understandings of its legal and practical position, in turn founded on its belief that "an element of faith in the ultimate good sense of employees is absolutely essential if relations with them are to produce constructive results,"\footnote{\textsuperscript{81}Gordon R. Clapp, \textit{op. cit.} in footnote 74, at p. 188.} the Authority went forward with negotiations which lasted eighteen months, and upon labor’s indication that the closed shop provision was not of exclusive importance in its request for a signed agreement, a contract known as the \textit{General Agreement between the Authority and the Tennessee Valley Trades and Labor Council} was signed by the international presidents of the fifteen unions affiliated with the Council, and by representatives of the Council and the Authority. The Board of Directors approved the contract to become effective August 6, 1940.

The signing of the contract, of course, had its effect both in and out of TVA. An editorial in the \textit{American Federationist} referred to it as a "history-making labor agreement."\footnote{\textsuperscript{82}C. Herman Pritchett, \textit{op. cit.} in footnote 5, p. 302.} Marion H. Hedges, Research Director of the International Brotherhood of Electrical Workers, one of the signing unions, said: "It is the finest contract ever entered into with any branch of the government, federal, state, or local . . . the most significant thing about the document is that it is predicated on the recognition that unions have a vital contribution to make to management."\footnote{\textsuperscript{83}TVA and Unions Sign, 22 \textit{Public Ownership of Public Utilities} 16 (October 1940).} The Public Ownership League of America, after pointing out that the agreement was in line with similar agreements at municipal projects in Seattle, Tacoma, and Los Angeles, stated that it was "one of the most striking and
significant examples of the advantages of organized labor under public ownership.”

Management's reaction was expressed by David E. Lilienthal, Chairman of the TVA Board of Directors, who said that the arrangement "furthered the cause of industrial unity and welds labor and management together to maintain the terrific pace made necessary by the national defense program. I wouldn't trade the contract for one of our big dams." Finally, it is worth noting that President Roosevelt, who in 1937 had seemingly denied the possibility of collective bargaining for public employees, at the inauguration of the Chickamauga Dam in 1940, after the agreement was entered into, praised TVA labor relations as the "productive partnership between management and labor." In spite of all these comments and praise, however, it should be reiterated that the TVA in signing the contract did not act without precedent. In addition to the example of the First World War when the U. S. Shipping Board and the U. S. Railroad Administration operated under contractual relations with unions of their employees, both the Inland Waterways Corporation and the Panama Canal, in the Federal government, as well as the city and county governments we noted above, had done likewise.

The General Agreement formally recognized the Tennessee Valley Trades and Labor Council and the fifteen unions then affiliated with it, as representing for collective bargaining, all employees in the trades and labor classifications except those represented by the International Association of Bridge, Structural and Ornamental Iron Workers.

The unions involved were:

- Brotherhood of Painters, Decorators, and Paperhangers of America;
- International Brotherhood of Boilermakers, Iron Shipbuilders and Helpers of America;
- International Brotherhood of Blacksmiths, Drop Forgers and Helpers;
- International Association of Machinists;
- International Brotherhood of Electrical Workers;
- International Hod Carriers, Building and Common Laborers Union of America;
- International Union of Operating Engineers;
- Sheet Metal Workers' International Association;
- International Union of Wood, Wire, and Metal Lathers;

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84Ibid.
85TVA Signs with AFL, Business Week, August 17, 1940, p. 37.
86C. Herman Pritchett, op. cit. in footnote 5, p. 304.
87C. Gordon Clapp, op. cit. in footnote 80, p. 8.
Operative Plasterers and Cement Finishers International Association;
United Association of Plumbers and Steamfitters;
United Brotherhood of Carpenters and Joiners;
Bricklayers, Masons, and Plasterers' International Union of America;
International Brotherhood of Teamsters, Chauffeurs, Stablemen and Helpers; and the
International Association of Heat and Frost Insulators and Asbestos Workers.88

The basis of the Agreement is the acceptance by the parties of the ERP subscribed to in its entirety, except for two specific modifications which need not be discussed here. In addition to the general statement, the bulk of the document deals with machinery for handling five major problems of collective bargaining:

1. Questions involving jurisdictional disputes to be settled by the unions themselves without interference. Where an agreement cannot be reached, however, the TVA's right to assign work as part of its responsibility for performing the duties assigned to it by the federal statutes was recognized.

2. Additional machinery for handling grievances was set up. As a first step a joint conference between union representatives and the Director of Personnel or his representatives, was provided for. As a next step a Board of Adjustment was established, composed of two Council and two Authority members. Finally, in the case of continued disagreement, the dispute was to be referred to an impartial referee designated by the Board of Adjustment.

3. The Annual Wage Conference was recognized.

4. To promote better understanding and improve cooperation, joint cooperative committees at the various TVA local projects were called for, with joint Valley-wide cooperative conferences meeting at least semi-annually to review Board action. The committees were directed to consider matters involving elimination of waste in construction and production; conservation of materials, supplies and energy; improvement in quality of workmanship and services; education and training; correction of conditions making for grievances and misunderstandings; courtesy in relations of employees with the public; health; safety; improvement of employment conditions; and the strengthening of morale.

5. The Central Joint Council of Apprenticeship, established in 1938, was recognized.

Our discussion of TVA labor relations to this point, it is to be noted, has involved primarily the trades and labor employees of the Authority. This is a reflection primarily of the fact that these employees have constituted the largest proportion of TVA's total

88This union withdrew from the Council in the summer of 1944.
employment, for obviously the Authority's construction projects have required large numbers of skilled, semi-skilled, and construction workers. Our stress, however, is also a reflection of the fact that employee interest in union organization and collective bargaining in TVA was not uniformly distributed. Like their counterparts all over the country generally, the so-called "white-collar" or "salary-policy" employees of the Authority, including office workers, administrative personnel, research specialists, technicians, and professional employees, were late in availing themselves of the opportunity offered them by an enlightened management. There were exceptions to this, however, and in the Knoxville office, for example, there was strong union organization as far back as 1934.

After repeated early attempts by federal employee organizations to organize all the salary-policy employees in an all-inclusive bargaining unit with very little success, a trend developed toward the establishment of individual bargaining units of more limited scope. This resulted in a series of jurisdictional difficulties in regard to the representative rights of the various unions seeking recognition. To meet this problem, the general practice of the National Labor Relations Board in defining bargaining units, was followed. This policy looked to both the wishes of the employees involved, as well as to the suitability of a proposed unit for collective bargaining purposes from the standpoint of common problems and interests.

In spite of the slow early progress, however, substantial development has been made in union organization, especially at the various local levels, and it has been estimated that more than eighty per cent of the "white-collar" employees were organized into various unions by 1943. All three of the principal federal employee organizations, for example, the American Federation of Government Employees, the National Federation of Federal Employees, and the United Federal Workers of America, have various local unions at the different TVA projects. In addition, with the development of a trend toward individual bargaining units of more limited scope after the failure of earlier attempts at all-inclusive bargaining unit organization, the Authority recognized seven organizations of salary-policy employees as collective bargaining agents for definite bargaining units. These organizations are:

The Public Safety Service Employees Union;
The American Federation of Office Employees;
The Chemical Workers Union;

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Hotel and Restaurant Employees International Alliance; Building Service Employees International Union; Tennessee Valley Authority Engineers Association; and the Tennessee Valley Authority Association of Professional Chemists and Chemical Engineers. The last two organizations were unaffiliated, while the first five are affiliated with the A. F. of L.

Of interest perhaps would be a glance at one such contract, that with the Public Safety Service Employees Union. The three general types of union-management relationships provided for concern the formation of local and area committees to discuss "matters of mutual interest involving job efficiency and morale . . . It is generally recognized that such informal, yet mutually informative discussions, play the largest part in strengthening union-management relationships;" grievance procedure based on the ERP; and negotiations of new or modified understandings. The contract further provides for the creation of a Central Joint Training Committee to develop and supervise training programs and accrediting examinations incidental to this program, and to submit to the Employment Division the names of trainees eligible for promotion; and for periodic service evaluations jointly made by the Union and the Authority.

A step similar to the formation of the Tennessee Valley Trades and Labor Council was made by these seven "white-collar" organizations, when the Salary-Policy Employee Panel was formed in 1944, and was recognized by the Authority as authorized to bargain collectively for all salary-policy employees. The Panel now provides a channel for dealing with mutual problems as units. An example of such activity was an extended study of TVA’s compensation classification and service rating policies and plans jointly launched by the Authority and the Panel.

The absence of any agreement with labor unions affiliated with the Congress of Industrial Organizations has probably become obvious by this time. In accordance with its program originally stated in section 3 of the ERP, that "employees of the Authority shall have the right to organize and designate representatives of their own choosing . . . free from any and all restraint, interference, or coercion on the part of the management and supervisory staff," TVA itself kept hands off all threatening AFL-CIO conflicts. There were very few such difficulties, however, primarily because
the AFL put on a vigorous membership campaign as soon as TVA began operations, and organized about 80% of the workers of all crafts before the CIO was founded on November 10, 1935. The one serious attempt of the CIO to gain an inroad into TVA failed in October 1938, after the International Union of Mine, Mill, and Smelter Workers (CIO) and the International Hod Carriers, Building and Common Laborers Union (AFL) jointly requested the TVA to conduct an election at the Muscle Shoals fertilizer works. The IUMMSW was recognized as representing the operating employees of the Chemical Engineering Department and with its expulsion from the A. F. of L. in 1936, ceased functioning as a member of the Council. The election was held under the supervision of the Personnel Department on October 27, 1938, and resulted in an AFL victory of 124 to 98. It is reported that there have been no difficulties at the plant since.  

Turning now to some of the particular aspects of labor-management relations other than the matter of wages, which, as we have seen, is reconsidered annually and is subject to the statutory requirement as to “prevailing wage” and is, during wartime, limited to conform with stated national policies, we find them broadly listed under categories of: Social Security, Health and Safety, Education and Training. The Social Security program consists of both an unemployment insurance system, initially formulated and instituted when the General Agreement went into effect in August 1940, and a retirement plan which was adopted by the Board of Directors on November 1, 1939. At the October, 1939, Annual Wage Conference a joint committee was created by management and labor to secure social security benefits for TVA employees. As employees of a government corporation they were not covered by the Social Security Act, and as employees not under Civil Service they were not included in the latter’s program. The committee chosen met frequently among themselves, and with A. J. Altmeyer, Chief of the Social Security Board. Finally an actuary was employed and a plan quite limited in scope, and considered to be an

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93 Judson King, op. cit. in footnote 70, p. 19.

94 A National War Labor Board order of December, 1942, delegated to the Authority power to approve or disapprove applications for adjustment in wages and salaries of TVA employees in accordance with national policies, subject to review by the War Labor Board. Similar authority over salaries above $5,000 annually was delegated to the TVA by the Commissioner of Internal Revenue. In December, 1942, TVA policies were adjusted to conform to Congressional legislation placing federal employees on a 48-hour work week with overtime compensation. See Wartime Personnel Administration in the Tennessee Valley Authority, op. cit. at footnote 13, p. 3.
interim one until the Social Security Act would be broadened to cover government employees, was proposed for paying unemployment benefits. Since no actuarily sound plan could be devised, however, the plan was never put into effect.95

The retirement plan adopted by the Board automatically covered all annual employees except those eligible for participation in the Civil Service plan. It is supported by joint contributions from employees and the Authority, and provides for the following benefits:96

(a) Service retirement optional at sixty years of age, and compulsory at seventy.
(b) Disability retirement for total disability after five years of service.
(c) Lump sum death benefit of one-half year's salary.
(d) Return of employee's contribution with interest at the termination of his employment for whatever cause before retirement.
(e) Deferred annuity to employees whose employment is involuntarily terminated after ten years of service, unless the employee is discharged for cause.

Actuarily, the plan calls for a rate of employee contribution deducted from the worker's pay check varying in the case of men from 4.28% to 7.87%, depending on age. Payments of from 0.5% to 1.0% more are required of women employees who were shown to live longer than men after retirement. The Authority's contribution by annual appropriation was found to equal approximately 3.75% of the subscribing members' payroll. On the basis of these contributions, retirement allowances are calculated as 1.5% of the member's average compensation multiplied by the number of years of employment, which after 33 years of service it has been estimated would approximate one-half salary.97

The principle upon which the Authority's program for the health and safety of its employees is based was well-expressed in a memorandum to the Surgeon General, dated April 25, 1938, which stated:98

"It is our belief that the Tennessee Valley Authority is much more than a navigation, flood control, and hydroelectric project. It is probably the greatest social experiment in the world today, and is developed under a law which allows the greatest freedom of endeavor. The position of health in such a program . . . is the bedrock on which such an experiment must be built."

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95TVA Workers Sign Notable Agreement, 39 The Journal of Electrical Workers and Operators, August, 1940, p. 448.
96Management Services Report, op. cit., in footnote 9, p. 27.
97David E. Allen, op. cit., in footnote 65.
98Health and Safety for TVA Employees, Health and Safety Department, Tennessee Valley Authority, 1944.
Under the program, all applicants selected for employment are given complete physical examinations which are followed by periodic health and safety interviews and safety committee meetings. The latter phases of the program are usually jointly sponsored on the local level by both the union and management. Periodic physical exams are also available to annual employees at least once every two years. The extent to which the labor-management cooperation committees recognized an intelligent health program to be an essential part of their activity is indicated by the experience at Wilson Dam in 1942, where a study of the absenteeism problem indicated that actual illness of employees or members of their families was a major reason for absences. As a result the local committee set machinery in motion to establish a visiting nurse service plan for preventive medicine and assistance in case of illness.99

The eleventh Annual Report of the Authority for 1944100 reported a continued decrease in accident frequency during the year to 11.6 injuries per million man hours of work, as compared with 11.9 for the previous year. The accident severity rate, however, although still relatively low, increased from 1.86 days lost per thousand man hours to 2.33 days lost. The Report also recorded a significant development in the use of a mobile X-ray laboratory, which in twenty months of service visited all the major concentrations of employees, gave more than twenty thousand examinations, including 1500 to non-employees, most of whom were dependents of employees at the Fontana and Watts Bar projects, where special medical care programs were in effect. The latter, incidentally, reflects the responsibility felt by the Authority for the disturbances caused families of its employees and communities as a result of its huge dam building and flooding of thousands of acres of valley lands. Where a local committee exists, the Authority's policy is to lend technical assistance and encourage the organization of a public health department, the burden of supplying health service resting in the community itself.101 Where, on the other hand, a construction site is not associated with an established local community, the Authority provides direct health assistance to the families of its employees.

99Tenth Annual Report of Tennessee Valley Authority, op. cit. in footnote 89, p. 56.
100Eleventh Annual Report of Tennessee Valley Authority, op. cit. in footnote 11, p. 60.
101E. L. Bishop, R. F. Leonard, and M. G. Little, Community Education Improvement under the Impact of the Construction Program, 15 Jour. of Educational Sociology 154.
One of the outstanding accomplishments of the TVA employee relations policy has been its program of job training and education; and that, too, reflects an area of real union-management cooperation. We have seen that the establishment of joint training program committees to administer job training and apprenticeship policies has been an integral part of the collective bargaining process. William J. McGlothlin, Acting Chief of the Authority's Personnel Department, Training Staff, writing in 1943, gave the rationale for this stress when he said:¹⁰²

"Unions may have a negative approach to employee training if they look upon it as a threat to job security or other legitimate interest of their own. When, however, they participate in the administration of training, not only does the negative approach transform itself into positive assistance, but the unions contribute significant information on what the jobs are, how they may best be learned, what qualifications are required to do them, and what are the best methods of performing the work. Furthermore, they accept responsibility for explaining and justifying training policies and procedure to their membership. These all contribute to the success of training programs."

It is interesting that the job education and training program has gone through two phases, and it is significant that the basic pattern of cooperation established permitted enough flexibility so that the changeover was made without the necessity of changing that pattern.

A paragraph from the fourth Annual Report of the Authority for 1937 supplies the purpose of the training program during its first phase:¹⁰³

"In view of the fact that construction employment in the TVA program is necessarily temporary, while a measure of federal responsibility for unemployment and relief is likely to be permanent, the Authority has provided a job training program to render the employees better able to look out for themselves after the job is finished. Mechanical workers are offered apprenticeship training in carpentry, steel work, electricity, etc. Farmers engaged in part-time work on clearing reservoir sites are offered training in agricultural science to improve their permanent farm incomes. There are also general adult education classes and lectures on a broad array of subjects, from simple vocational work to regional planning problems."

To carry out this program it was agreed to provide classes whenever a sufficient number of employees individually or through their unions requested appropriate instruction. The classes were

¹⁰²William J. McGlothlin, Employee Training in TVA During Wartime Expansion, 4 Public Personnel Review, No. 4, p. 253. (October 1943)
informal, with no awards or credits, except for a simple record of participation which was made a part of the employee’s personnel records. The variety of classes included: blueprint reading; practical electricity; use of steel square; foremanship training; personnel management; aerial mapping; and engineering geology.

Although the values derived from this type of program are often intangible, and cannot be measured, an indication of the interest they evinced on the part of the employees can be gleaned from the attendance figures. During the fiscal year ending June 1937, according to the Annual Report for that year, employees spent a total of nearly one-quarter million man hours in these voluntary educational activities. This included a total attendance of 53,167 in 6148 meetings; and 5333 meetings of non-technical adult education classes with an attendance of 93,251. The latter figures, taken together with the last sentence from the 1937 Annual Report quoted above, indicate that as in its training and safety program activities, the TVA considers that it has a responsibility to its employees, their families, and to the surrounding communities in matters of education not directly related to “bread and butter” pursuits because of the disruption its program has caused those individuals and communities. Hence its general program for adult education included recreation, dramatics, athletics, library service, discussion groups, forums, and motion pictures. It also established schools for the children of its employees who were on construction sites away from communities, and through financial assistance and technical advice in the initial stages, helped develop rural schools and local community libraries where there were none.

Soon thereafter, however, the TVA was in the midst of feverish preparation for “national defense” and along with industry throughout the nation was concerned over the apparent lack of skilled manpower for the job ahead. Its training and education program now shifted to building up a pool of skilled craftsmen who would be prepared to take over jobs in TVA immediately. With the cooperation of the Tennessee Valley Trades and Labor Council, therefore, the apprenticeship program, particularly as regards the training for skilled electricians, iron workers, carpenters, linemen, bricklayers, painters, steamfitters, and machinists, was ac-

105 Fourth Annual Report of Tennessee Valley Authority, op. cit. in footnote 103, p. 56.
celerated. Upon the award of TVA's 200th skilled-craftsman certificate for the completion of such a program of training, in 1941, *Business Week* briefly described the training undergone by its recipient, one John Crosby, a former sharecropper, over the past five years from the time he went to work at Chickamauga Dam near Chattanooga as an outside machinist's helper at 60 cents an hour, to his then job as an outside journeyman machinist at $1.25 an hour at Cherokee Dam, near Jefferson City.\(^{106}\)

The joint apprenticeship plan which Crosby participated in called for a 54-month or 9000-hour program of actual training in a variety of practical work experiences, plus 144 hours a year of related technical instruction at Chattanooga Vocational High School. At the time of the writing of the article there were a total of 284, or one out of every twenty eligible TVA employees engaged in such trades, taking advantage of similar apprenticeship training. By 1943 there were, in a typical month, March, 126 classes in engineering, physical sciences, management, health and safety, plant production, stenography and clerical work, custodial work, craft theory, chemical plant operation, laboratory technician, drafting, public management and personnel, and even such general subjects as effective writing and political science; all designed to meeting specific needs of the employees and of the Authority. These classes were being attended by 1487 TVA employees.\(^{107}\) During the fiscal year 1943-1944, according to the Authority's *Annual Report*, more than 5,000 employees participated in a similar program.\(^{108}\) Furthermore, plans for the formulation of additional specific training were announced for assisting TVA employees injured in the Armed Forces or in TVA work, so as to qualify them for continued employment.

From what we have seen in this necessarily brief study of collective bargaining in the TVA, the key to any summary of the policies pursued would revolve about the words "cooperation," "conference," "mutual faith," which are repeated over and over again in deed and in words by those who have lived through this experiment in democracy. Labor is clearly participating in the management of TVA. The apprenticeship system is operated jointly. Grievances are handled jointly. Questions of classification are handled jointly. Wages are determined jointly. When the TVA

\(^{107}\)William J. McGlothlin, *op. cit.* in footnote 102, p. 249.
hurriedly had to construct 250 homes for workers in the vicinity of Wilson Dam, labor was consulted and, instead of friction arising because of the delicate problems of building trades jurisdiction involved in the use of pre-fabricated housing, a plan for assembly line methods of demountable construction was readily agreed upon, and the job was handled in accordance with the established standards and craft jurisdiction lines. When, in 1943, the TVA Board of Directors began to be concerned about the post-war problems it would face, labor was again consulted and in mid-September the Board met in an all-day session with the Executive Committee of the Tennessee Valley Trades and Labor Council, at which wages were not even discussed. On the agenda were problems of post-war demobilization; the intricacies of the freight-rate differentials between the southeast and other interior regions of the country and the east; and the future fertilizer and land program of the Valley—not strictly "labor issues," perhaps, but certainly problems of interest common to labor as well as to management and farmers.109

With this background and understanding it becomes easier for us to understand why one labor leader, typical of many, could say "We in the labor movement in the Tennessee Valley area look upon the TVA development as something that belongs to us; our children will enjoy a higher standard of living than we have enjoyed because of the TVA development,"

"a fitting tribute not only to the legislative wisdom which created such an instrument of democracy, but to the management which nurtured and developed it. It likewise becomes clearer for us to appreciate the spirit and energy which went into a statement such as the one made by David E. Lilienthal, Chairman of the TVA, when he said:"

"Management in the TVA takes but small credit for enlisting the active participation of organized labor in the job of harnessing the river. It was labor almost from the beginning of the project that saw in the TVA an opportunity to prove that the worker of the South is worthy of his hire, that he can master new skills, that good wage standards and working conditions arrived at among free men through the process of conference and collective bargaining are democracy's key to efficiency, low costs, and quality workmanship."

Does the story of collective bargaining in the TVA hold any

109Management Services Report, op. cit. in footnote 9, p. 40.
110Stanley Rounds, Labor Relations with the TVA, 43 American Federationist 1157.
111David E. Lilienthal, TVA, Democracy on the March, p. 92.
meaning for us as we face the challenge of meeting the vast social and economic problems of a complicated society with methods that are consistent with democratic principles and philosophy? It would appear that it does; for the TVA record of accomplishment seems to be one of efficiency combined with both the faith and the works that are the basis for a democratic way of life. The experience of the TVA may well provide democracy's answer to its critics who tire of its slow processes and complain of its inability "to get things done." Whether our society successfully meets the challenge it certainly faces in the difficult days ahead may well depend on whether it comes to accept the TVA experience as "the shape of things to come."

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