Labor Hall of Fame

George W. Taylor: industrial peacemaker

A scholar and a realist, ahead of his time, Taylor was a man who did not believe in "non-negotiable" demands

Edward B. Shils

Dr. George W. Taylor, who died in 1972 at the age of 71, left behind a legacy of leadership in the field that he had founded as a young scholar in his late twenties, namely labor arbitration, mediation, and other sophisticated forms of alternative dispute resolution. These alternative policies and procedures for peacemaking, which in Tay-lor's time were directed to labor-management relations, today hold promise for the solution of other pressing social problems as well.

A staunch believer in the equality of the parties in collective bargaining, Taylor served for more than 40 years as professor of industrial relations at the University of Pennsylvania's famous Wharton School, at the same time playing an overriding role as the Nation's "Father of American Arbitration." Despite his often quoted statement that he "had chalk in his veins" and hated to leave the classroom, Taylor nonetheless served as labor advisor to five U.S. Presidents—Roosevelt, Truman, Eisenhower, Kennedy, and Johnson—and, professionally, as a counselor and advisor to numerous U.S. Secretaries of Labor. Over his long career, he repeatedly left the campus to resolve more than 2,000 labor-management disputes in the auto, steel, aircraft, defense, and apparel industries, to name only a few.

On January 5, 1995, the Nation and the Federal Government honored the memory of Professor Taylor by inducting him into the U.S. Labor Hall of Fame in a ceremony at the U.S. Department of Labor attended by former U.S. Secretaries of Labor, academicians, arbitrators, lawyers, and leading dispute resolution professionals.

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Apparel, for a start

It is not at all surprising that George William Taylor should achieve eminence in a career of mediation and arbitration. He was born July 10, 1901, and reared in the Kensington section of Northeast Philadelphia, where an uncle owned a textile mill in which his father, Harry Taylor, was superintendent. So, when George Taylor graduated from Frankford High School in 1919, he was expected to enter the family business. But his school principal, George Alvin Snook, encouraged him to go to college, and, after earning a Mayor's Scholarship, he entered the University of Pennsylvania's Wharton School of Finance and Commerce.

Choosing college was, perhaps, a sacrifice; while young Taylor was going to school, his friends in the hosiery mills were making as much as $13,000 a year, which, he later commented, was a lot of money then. But many lessons from his childhood years had been well learned. As a center of the textile and hosiery industries, Philadelphia was the right place, and the 1920's was the right time to make an impression on the youthful observer. In the textile and hosiery industries, Taylor had already seen much violence—street fighting, trolleys overturned, even killings—and mutual distrust among and between labor and management, so that

his studious, sensitive nature surely led him, even as a young man, to know that there should be better ways to settle differences.

During his college years, it seemed that Taylor was again in the right place at the right time. The Wharton School, which has as its symbol the anvil, had been established at the University of Pennsylvania in 1881 by Joseph Wharton, member of a family of ironmongers who founded Bethlehem Steel. As the first university school of business in the country, Wharton had created its Industrial Research Department to carry on scientific investigations of industrial organization, management, labor, and other economic factors in several important industries, much in the same way that scientific research up to that time had been associated—almost exclusively—with the medical and physical sciences. In 1927, the department undertook a study of the hosiery industry in Reading, PA, which was to follow a revised plan of economic research: rather than focus on one economic factor separately as it operated in various industries, the goal was to concentrate on the interplay of all the factors in a single industry or group of related industries.

Taylor took full advantage of the opportunities presented by Wharton and by the new directions in economic research, and they in turn molded his adult life. He chose for his Ph.D. thesis a subject then of concern in Reading and in his hometown of Philadelphia, and one in which, given his background, he was especially interested—the overdevelopment of the hosiery industry and the virtually certain deflation that was foreseen even at the time by manufacturers and union leaders alike. Following the publication of Taylor's thesis, and the awarding of his Ph.D. in 1929, the university appointed him a research associate in the Industrial Research Department, and asked him to undertake a study of the interplay of economic factors in the hosiery industry, with particular emphasis on the Reading situation. Results of the study were so valuable that it was extended to national scope in the hosiery industry, and similar studies were instituted in other industries.

Having already served as umpire for the hosiery industry in eastern Pennsylvania, Taylor continued to be closely involved with the apparel industries after taking his doctorate, first in the role of a scholar, and later as the industry regional arbitrator. As the result of his mediation of the Apex Hosiery strike in Philadelphia in 1932, he received national recognition, and, at the early age of 31, became impartial chairman for the full fashion hosiery industry. This office, which had been created under the terms of a 1931 agreement between the Full Fashioned Hosiery Manufacturers of America and the American Federation of Hosiery Workers, became a model for the creation of similar posts for "permanent" arbitrators in the Nation's most important industries. Over the 10 years of his chairmanship—a position he viewed as being one of arbitrator, mediator, counselor, and "chaplain"—Taylor helped establish industry minimum wages to which labor and management agreed on a national basis.

In 1933, Taylor received two important appointments: as chairman for the Philadelphia district of the National Labor Board under the National Recovery Act (NRA), and then as NRA assistant deputy administrator in Washington. These postings lasted until 1935, when Taylor left Federal service to become impartial chairman for the Men's Clothing Manufacturers' Association and the Amalgamated Clothing Workers in Philadelphia, a chairmanship he held until 1961, except for leave during World War II and the Korean Conflict. The 1930's also saw him serve as advisor for the National Fair Labor Standards Administration.

Taylor's continued involvement with the Nation's apparel industries brought him into contact with fellow Labor Hall of Fame honorees David Dubinsky, president of the International Ladies' Garment Workers Union, and Sidney Hillman, president of the Amalgamated Clothing Workers of America, who respected him as a source of leadership in introducing labor peace in their industries through his application of the principles of grievance procedure, arbitration, and "no-strike" clauses in labor contracts. By 1940, Taylor had settled some 1,400 labor controversies without a strike; his leadership was acknowledged throughout the United States, and he had served as impartial chairman for apparel industry contracts covering around 300 employers and tens of thousands of workers. Under these agreements, strikes and lockouts during the period of the contract were virtually eliminated, because the parties agreed to submit their differences to Taylor for arbitration. Despite the fact that "wildcat" strikes, or unauthorized walkouts, did occur with some frequency, he had helped formulate a new "common law" in the field of voluntary arbitration during the years 1929–40. Under the new procedures, disputes could be settled on a basis of both reason and informality, without resort to costly court action. Industrial justice was quickly expedited, and labor and management leaders began to study the consistency of these decisions.

The war years

Taylor's record of service to five U.S. Presidents began in 1942, when President Franklin D. Roosevelt named him as vice-chairman of the National War Labor Board. The purpose of the Board was to ensure that labor strife would not harm the war effort; its tools were mutual agreements by management, labor, and the government to freeze wages and prices and to bar strikes. Taylor came to this new appointment fresh from more than a year of service as impartial umpire for the national contract between General Motors Corp. and the United Automobile Workers. (It was in this latter capacity that he worked closely with Walter Reuther, who ultimately became the head of the Auto Workers and, later, a Labor Hall of Fame honoree.)

Early in Taylor's tenure at the War Labor Board, of which he would become chairman in 1945, he wrote the July 1942 "Little Steel Formula," so named because it gave the "little" steel companies a fighting chance to compete against the major companies. To combat inflation in wartime, this formula curbed general increases in wages, but permitted modest pay increases and developed criteria for adjustments related to the cost of living, increased productivity, market developments, and so on. In later life, Taylor would consider this to be one of his most significant policy contributions. It was also one of the most far reaching: the concepts embodied in the "Little Steel Formula" became the pattern for future settlements and the textbook materials for new courses in labor relations.

At the end of World War II, Taylor returned to Wharton to teach, but he also continued to serve as secretary of the President's National Labor-Management Conference under President Harry S Truman. Truman, who admired Professor Taylor and enjoyed his company, also named him chairman of the Advisory Board of the Office of War Mobilization and Reconversion during 1946–47. Taylor was subsequently honored to serve as consultant to former President Hoover on his Commission on Reorganization of the Executive Branch of the Government during 1948–49.

Soon, Taylor made additional contributions to the Nation when, in 1951, President Truman called him to Washington to become Chairman of the Korean War National Wage Stabilization Board, an 18-member group of experts representing industry, labor, and the public. His prior experience in wage control during World War II stood him in good stead in the effort to fight inflation and maintain labor-management harmony.

During the war years, Taylor cemented relationships with other major players in the field of labor relations, many of whom also are Labor Hall of Fame honorees: Frances Perkins, a great lady who had become U.S. Secretary of Labor during the Great Depression; Cyrus S. Ching, a brilliant industrialist who was appointed by President Truman to be the first director of the Federal Mediation and Conciliation Service; and such labor leaders as George Meany, president of the AFL-CIO, Philip Murray, former head of the United Steel Workers Union and president of the CIO, and John L. Lewis, president of the United Mine Workers.

An important aspect of the wartime phase of Taylor's public career was his training of and association with many of today's most renowned figures in government, academia, and labor relations. Such leaders as George Schultz, John Dunlop, and W. Willard Wirtz have acknowledged and appreciated the training and inspiration they received from Professor Taylor. They, in turn, have developed younger specialists in the labor-management profession. All of them have inherited something of the George W. Taylor wisdom and philosophy. It is difficult in other professions to find an equal influence on the part of only one man.

Labor peacemaker emeritus

Upon the completion of his Korean War appointment, Taylor was named as arbitrator of internal CIO jurisdictional disputes in 1952. It seems that the labor movement had recognized his fairness, even in the midst of the struggle by individual unions to expand their jurisdiction to more companies and industries. Taylor was quite successful at handling the interunion disputes, which, if not settled within the movement itself, would have had to be taken before the National Labor Relations Board. It is significant that the unions abided by Taylor's decisions, and his early work served as the model for handling union internal disputes after the AFL and CIO reunited in 1955.

President Dwight D. Eisenhower appointed Taylor as Chairman of the Presidential Board of Inquiry for the national steel strike of 1959, a disastrous work stoppage that had resulted primarily from the inability of labor and management to communicate. Following that difficult assignment, Taylor became involved with another future Labor Hall of Fame honoree, Henry J. Kaiser, through Kaiser's brother Edgar, in the establishment of a long-term labor relations plan for Kaiser Steel.

Henry Kaiser had contributed to winning World War II by building great numbers of ships. His productive results had been facilitated by Taylor's creative management of labor problems as chairman of the War Labor Board. It therefore was not hard for Edgar Kaiser, president of Kaiser Steel, to turn to Professor Taylor in the wake of the 1959 steel strike for assistance in preventing similar occurrences in the future. Upon acceding to Edgar Kaiser's request, Taylor became chairman of the Long Range Committee for Kaiser Steel Corporation and the United Steelworkers of America, assisted by such colleagues as Professor John Dunlop, a future U.S. Secretary of Labor; David Cole, a former director of the U.S. Federal Mediation and Conciliation Service; David MacDonald, president of the United Steel Workers Association; and, of course, Edgar Kaiser himself.

It was fairly obvious to the participants in the Kaiser Long Range Committee that the Nation's steel industry needed to improve its technology to be competitive. Such improvement would require the support of labor, and so the panel worked to develop a profit-sharing plan to stimulate the productivity of Kaiser workers. The resulting Kaiser Tripartite Long Range Sharing Plan was created on October 26, 1950. Today, joint committees on human relations in various companies are largely based, whether deliberately or not, on the spadework done by George Taylor and his colleagues at Kaiser Steel.

In 1961, President John F. Kennedy appointed Dr. Taylor to an 8-year term as member of the President's Advisory Committee on Labor Management Policy, to serve with such notables as James Reynolds, Walter Reuther, Ralph McGill, Clark Kerr, Arthur Burns, Henry Ford II, David MacDonald, Stuart Saunders, Joseph Block, David Cole, George Meany, Walter Heller, Luther Hodges, and W. Willard Wirtz. President Kennedy and President Lyndon B. Johnson also would use Taylor's mediatory talents on many critical occasions. Under President Kennedy, he became chairman of the President's Board of Inquiry in the Aerospace Industry in 1962, to settle problems with nonunion shop arrangements that had been dragging on since World War II. Taylor became a presidential mediator under President Johnson during the 1964 national railroad dispute and during the railroad-shopcraft unions dispute of 1967. In 1968, he served as chairman of the presidential panel in the copper dispute, which saw one of the longest national strikes in history. President Johnson further honored Dr. Taylor with the Presidential Medal of Freedom in White House ceremonies on December 3, 1963.

Preserving Taylor's name is the famed "Taylor Law," developed during his work for New York Governor Nelson Rockefeller as chairman of an advisory Committee on Public Employment Relations: in 1966, Taylor accepted an invitation from Rockefeller to head a five-member panel to study the State's Condon-Wadlin law, which, in a limited way, governed labor relations for New York's State and local government employees. New legislation proposed by the panel was christened the "Taylor Law" by Governor Rockefeller when he signed it into law on April 25, 1967, and is currently regarded by labor experts as a model for public sector labor legislation on the State and local levels. The law recognized the right of public employees to organize and provided procedures for resolving bargaining impasses, but did not permit public sector strikes. Professor Taylor's sense of humor was in evidence when he would say that "the reason it was known as the Taylor Law was that its provisions were so controversial that the politicians didn't fight to have their own names on it."

Throughout the 1960's, Taylor could be expected to shuttle off to Washington to settle a steel, copper, or airline strike after a desperate midnight call from a U.S. President. However, he would plan to return, perhaps the next day, to meet his classroom at his beloved University of Pennsylvania or to counsel with the Mayor of Philadelphia or the Governor of Pennsylvania, each of whom might have had pressing labor problems. He returned during this period to traditional roles as impartial chairman in the regional contracts in clothing and women's apparel. He also made a major contribution to collective bargaining in public education, serving as chairman of a special commission to determine whether collective bargaining might work for school teachers in New York City.

After retirement in 1971 as the Gaylord P. and Mary Louise Harnwell Professor of Industry, which the University of Pennsylvania had named him in 1964, he returned often, as professor emeritus, to lecture in multi-section classes and to speak to student groups. To the end, he displayed enormous loyalty and love for his wife Edith, his Nation, and his university.

Taylor on issues

On capitalism and democracy. Throughout his career, Taylor emphasized his belief in American capitalistic democracy. As early as 1938, in an address before a round table conference of the Wharton Institute, he asserted, "Collective bargaining. . .can only work within the framework of a capitalistic economy. Our governmental policy is obviously to raise collective bargaining to the status of a social institution, in accordance with the belief that this process provides the best democratic procedure for eliminating the basis of employee grievances as distinct from treating mere surface symptoms." And shortly after being named War Labor Board vice-chairman, before the annual convention of the Pennsylvania Federation of Labor on May 5, 1942, Taylor said, "To those doomed dictators who talk of the selfishness and softness of democracy, the procedures leading up to the creation of the National War Labor Board give a portentous answer. The Hitlers can never understand the strength of free people."

The importance of teaching. Perhaps it was the fact that he was a man with a message that led Taylor always to think of himself primarily as a teacher, even in his public service role. For instance, while still involved as chairman of the War Labor Board, and having been recently appointed to a full professorship, he wrote the following on July 10, 1944, to Dr. C. Canby Balderston, Dean of the Wharton School:

> I shall ever be appreciative of the constant cooperation of the University in permitting me the opportunity to do so much work in the field of my interest. . .It is my sincere hope that, after completing my present assignment here in Washington, I will be able to carry a full program of teaching and research. That is a life to which I look forward with great anticipation. I also have hopes that out of the experiences of the past ten years there will develop a significant contribution to industrial relations and to economic theory as well. There is no place I would rather undertake this work than at the University of Pennsylvania.

The proper approach to problem solving. The present account of George W. Taylor's life does not touch upon one of his most admirable qualities—a quiet, sometimes self-deprecating sense of humor. Dr. John H. Willits, a former dean of

the Wharton School, was a prime mover in the Taylor career, having offered him a research job during his student days. On April 1, 1973, Willits offered the following remarks as part of a memorial address for Taylor before the American Philosophical Society, an organization of which Taylor had been an honored member:

> He liked people, enjoyed them and quickly understood their problems. . .And because he understood people, and had a sense of humor, he spoke interestingly and persuasively. His energy was unlimited; he spent it generously. Perhaps his early death (at 71) was in part the consequence of the free spending of himself. Beneath all his work there lay a strong long-run moral purpose born of his complete honesty. He used to advise students: "Never let failure go to your head." Likewise, Dr. Taylor never let success go to his head, either.

William E. Simkin, formerly director of the Federal Mediation and Conciliation Service, viewed George Taylor as his teacher, counselor, and friend. Not only was he Taylor's graduate student, but he also worked with him as an associate impartial chairman on several major apparel contracts. Simkin believed that Taylor's greatest attribute as a teacher was his ability to illustrate a point by referring to one or more actual events or occurrences. An incident in a different context can be illustrative. At a hearing during Taylor's chairmanship of the Steel Mediation Board during the 1959 steel strike, a corporate labor lawyer insisted, "Let's not get bogged down with details." Taylor replied, "On the contrary, let's not get bogged down with generalities."

As Simkin describes Taylor's concepts of mediation, they seem to hold great promise for resolving local, national, and international conflicts. Of particular importance to the process is planning, and, Simkin said, George Taylor was a planner.

> [Taylor would say:] "Don't take steps one, two, and three before you have thought about steps four, five, and six." He would emphasize the importance of obtaining the best possible grasp of a problem in its entirety before initiating moves towards a resolution of that problem.

According to Simkin, Taylor likened the development of a labor agreement to a story about a sculptor who had just finished an imposing elephant and was asked how he did it. "The sculptor said: 'Oh, it's quite simple. You start with a big block of stone and chip away everything that doesn't look like an elephant. Finally, what is left is the elephant.' "

Obviously, negotiation, mediation, and all forms of alternative dispute resolution require not only skill and experience, but also a latent competency that is part personality and part integrity, as well as sincerity and great personal warmth. George Taylor had all of these attributes, plus a generous dose of humility. His effective leadership in wage and price control during World War II is best illustrated in Simkin's evaluation of Taylor's ingenuity:

> Every time one put a seemingly intractable problem to him, he would respond almost immediately with not just one, but many ideas of how to deal with it. When he was in high gear, his thoughts fairly exploded in such marvelous profusion and brilliance that one felt completely overwhelmed. . .George was always an experimenter. When one solution was found to be inadequate, he calmly turned to alternatives until a satisfactory solution was found.

Federal labor laws. By 1933, Taylor had become an important advisor in the Roosevelt administration, especially with his leadership role in the construction of the National Industry Recovery Act. Having witnessed the disastrous competition in the hosiery, apparel, and textile industries, he was philosophically prepared to support emergency legislation that would lead the country out of what would become the Great Depression. In addition, he longed for a more concrete expression of the implications of the Clayton and Norris-LaGuardia Acts that moved toward the rights of employees to organize and bargain collectively.

Prior to passage of the Wagner Act (1935), the securing of organization and union recognition rights by employees generally depended on having enough economic power to win a strike. Under the Wagner Act, this system was changed, and employees were assured those rights as a matter of law. This was a source of great satisfaction to Dr. Taylor, who was particularly delighted with that section of the act that met his philosophical value judgment, namely, that representation elections were better than organization strikes.

What was Taylor's attitude toward the Taft-Hartley Act of 1947? It was Taylor's belief that this act had been passed as a result of large corporate employers' fear of the excessive power of unions, especially during the inflationary postwar period. Taylor viewed the act as a deprivation of the rights of workers to have free unionism, and he thought that collective bargaining was impaired as a result. Whereas the Wagner Act had sought to facilitate union organization, in this instance, Taylor saw government policy as deliberately attempting to diminish union power.

Wartime wage policy. How did Professor Taylor view the control over collective bargaining exercised by the War Labor Board, which he chaired during much of World War II? He agreed that the Wagner Act needed to be "mothballed" until the war was over. Instead, the tripartite board afforded a means by which the parties to a dispute were kept informed of each plan under discussion to solve particular problems and were kept aware of the gradual de-

velopment of the plan. Notices of defects and proposed solutions often were brought into board discussions by the representatives of labor and industry, and modifications and improvements were constantly made by the public members. As a result of this process, it was usually possible to work out a decision to which the parties would acquiesce even though they might not embrace it enthusiastically. Where unanimous acquiescence of the parties was not possible, their awareness of what was going on and their knowledge of the reasons underlying the board's actions removed the element of shock from the final decision, and thus contributed to the settlement process. In summary, the strengths of the National War Labor Board derived from its establishment by voluntary agreement of labor and industry, from its tripartite composition, and from the emphasis upon the mediation approach in all major cases and in all policy-making cases.

The wage policies of the United States have been greatly affected by the wage stabilization programs of World War II and the Korean Conflict. From the days of Taylor's "Little Steel" formula through the late 1960's, Taylor supplied the rationale for these major programs, the leadership, and the team approach involving gifted individuals and administrators. The criteria used by Taylor have passed into the everyday bargaining patterns of today's collective-bargaining system, and such terms as "tandem," "escalator clause," "productivity improvement," "interplant inequity," and "ability to pay" are now part of the labor-relations literature.

Use of the strike. According to Professor Walter J. Gershenfeld, currently president of the Industrial Relations Research Association, and a former student of Dr. Taylor's, Taylor made his support of the role of the strike in private sector bargaining very clear in a 1954 speech delivered during a Sidney Hillman Memorial Lecture at the University of Michigan:

> They [the strike and lockout] insure that the conditions of employment will be imposed upon neither employees nor employers. The term "no contract, no work" is a popular expression of the conviction that men do not work except at terms voluntarily accepted. The avoidance or the termination of a work stoppage is the inducement for negotiators to modify extreme positions to the extent necessary to bring about a meeting of minds. The right of strike and lockout constitute the ultimate pressure for agreement-making and cannot be outlawed without vitiating collective bargaining. When strikes and lockouts turn out to be unsatisfactory methods for resolving certain differences, therefore, their use can be restricted, in conformance with our ideals and convictions, only by a voluntary relinquishments by those who possess the rights of strike and of lockout.

Taylor's position also was in accordance with his opinion that the strike helped maintain grass roots democracy, and thus helped to preserve the private enterprise system.

However, as Professor Taylor told this writer, his experiences in observing America's race with Russia in the space program obstructed by a small group of unionized electricians at Cape Canaveral during the early 1960's turned him away from support of public sector strikes in which the Nation's future or a city's safety and welfare were concerned. Many of Taylor's professional associates who admired and supported his views on the role of the strike in the private sector did not agree with his stand against the use of the strike by public sector workers.

TODAY'S GLOBAL SOCIETY appears to be truly fragmented by non-negotiable demands. We sense an inability to solve national and international problems involving changing social values, economic dislocations, ethnic clashes, and myriad other issues. At the same time, leadership to secure consensus to help our citizenry seems to be in short supply. The United States and the international community of nations could certainly benefit from the wisdom and example of George W. Taylor, "Father of American Arbitration," a true humanist, and a renaissance man. □

The Labor Hall of Fame

The Labor Hall of Fame, an activity of the Friends of the Department of Labor, posthumously honors Americans who have contributed most to enhance the quality of lives of American workers.

The 18 persons elected to the Labor Hall of Fame are Samuel Gompers, John R. Commons, Frances Perkins, Cyrus S. Ching, George Meany, John L. Lewis, A. Philip Randolph, James P. Mitchell, Henry J. Kaiser, Eugene V. Debs, Robert F. Wagner, Walter P. Reuther, Mary Anderson, Philip Murray, Sidney Hillman, Mother Jones, David Dubinsky, and George W. Taylor.

A panel composed of national leaders from unions, industry, academia, and government makes the selection to the Labor Hall of Fame. Friends of the Department of Labor is an independent membership organization established in 1987 "to support the traditional programs and goals of the U.S. Department of Labor, and to generally support the cause of improved labor-management relations."

The Hall of Fame is housed in the north lobby of the Frances Perkins Building, 200 Constitution Avenue, N.W., Washington, DC 20212. Friends of the Department of Labor invites Hall of Fame nominations. They may be submitted to Friends of the Department of Labor, Box 2258, Washington, DC 20013.