

MONTGOMERY WARD CASE

Broadcast by H. H. Humphrey, Jr.

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Montgomery Ward's highly controversial quarrel with the administration got a helping hand from Congress today. The House gave overwhelming approval to a resolution authorizing an investigation of the government's seizure of Montgomery Ward's Chicago plant. The legislators approved the investigation by a vote of three hundred to sixty. The House probe will run concurrently with the Senate investigation already underway.

Only the staunchest administration supporters opposed the House resolution calling for a seven-man committee to decide whether the President exceeded his authority in ordering the seizure. Administration stalwarts say the seizure was in accordance with provisions of the Smith-Connally Anti-Strike Law.

I wish to take the liberty tonight to give an analysis of this extremely interesting episode in war-time controls by our government.

There seems to be an unusually great interest in the government's seizure of the Montgomery Ward plant in Chicago. The spectacle of Mr. Avery, manager of Ward's, being carried from his office by American soldiers is a milestone in the battle between the Company and the Government. Congress, or some members of Congress, is up in arms. The wildest sort of charges have been hurled at President Roosevelt and Attorney General Biddle. There is plenty of smoke and heat, but how about the facts. What is the record behind the government's seizure? What is Mr. Avery's record in industrial relations?

After considerable research and investigation, I have found sufficient information to be worthy of presentation. Everyone knows that there is trouble; few understand why! I feel it the obligation

of a news service to present the evidence -- that I aim to do tonight.

What is the record of Mr. Avery, President of Montgomery Ward? Way back in 1935, Ward's refused to pay a minimum wage under the old N.R.A. The firm was finally deprived of the Blue Eagle Emblem which business institutions were proud to display in those days.

In 1936, the Federal Trade Commission issued a complaint against Ward's charging unlawful price discrimination.

In 1936, the Ward plant at Denver, Colorado, was indicted for distributing Anti-Roosevelt propaganda among its employees about the Social Security Act.

In December 1936, the U. S. Supreme Court ordered Mr. Avery to pay up \$39,110 he had deducted on his personal income tax return.

In May 1941, the National Labor Relations Board and the U. S. Circuit Court of Appeals ordered Ward's to reinstate five workers illegally fired for union activity and to pay about \$30,000 in back wages.

In December of 1942, the Federal District Court in Chicago enjoined Ward's from violating the Price Control Act, charging that 454 items in its Fall and Winter catalog were listed above ceiling prices.

In September 1943, Federal Court in Chicago ordered Montgomery Ward and Company to stop violating price ceilings on women's and children's garments in 26 stores in 25 cities, the overcharges ranging from \$1.00 to \$13.25 per garment.

These are some of the highlights in Mr. Avery's battle with the government.

The fight between Sewell Avery and the C.I.O. Union is now four years old. In 1940 the C.I.O. began to organize the mail-order workers. In February of 1942, the N.L.R.B. held a plant election and certified the C.I.O. mail order, warehouse and retail employees union as the bargaining agent for Montgomery Ward's employees. The War Labor Board

ordered the company to sign a contract. Avery said he would sign only if the President of the United States so ordered. It should be clearly understood that the War Labor Board is composed of representatives from Industry, Labor and the Public. The WLB handed the issue to the President. Only seven times since 1942 has the President been asked to back up the WLB orders -- two of these seven times have involved Mr. Avery and Montgomery Ward. One presidential order was directed against John L. Lewis.

The President ordered Mr. Avery to sign the Union contract and to obey the WLB order. Again, Mr. Avery stalled. He took full page advertisements in newspapers, spending around \$400,000, to inform the public that he was signing "under duress" or under protest and pressure. Dean Wayne L. Morse of the Oregon University Law School, WLB member for the public and a Republican, called Mr. Avery's advertising a "subterfuge". Roger Lapham, president of the American Hawaiian Steamship Lines and member of the WLB for Industry said Mr. Avery's statement was "a lot of half-truths".

Mr. Avery had stalled for eleven months -- finally he signed in December 1942.

In November 1943, a month before the first contract was to expire, Montgomery Ward filed suit for libel against the Union's shop newspaper and against officials of the Union, seeking damages of \$1,000,000 and an injunction against the paper. Avery even filed a suit for \$1,000,000 against the magazine, Business Week, for its description of Gishop Haas's efforts to settle a dispute between Ward's and the Union. The judge dismissed the case as "absurd, simply absurd".

Shortly after the libel suit was filed, Mr. Avery informed the Union that it did not intend to negotiate a new contract; it was the company's contention that the C.I.O. Union no longer had a majority of the employees. The Union insisted that it had collected 10,000 membership cards during the year, with 4,000 workers eligible for



membership. In other words, the Union maintained it had kept up membership in spite of labor turnover. Mr. Avery ignored the Union's figures, and in January 1944, the Company and the Union again appeared before the WLB.

This time the WLB ordered another N.L.R.B. election and directed the company to extend the contract until a decision could be reached. Ward's refused to extend the contract. On April 12, 1944, the Union went on strike.

On April 24, 1944, President Roosevelt ordered the Union back to work and called upon the company to comply to the WLB directive. The Union called off the strike and returned to work. Mr. Avery defied the order, contending that Montgomery Ward was a non-essential business and not subject to the war powers of the President.

It is interesting to note that President Roosevelt acted under the terms of the Smith-Connally Anti-Strike Law, which was passed with the objective of cracking down on labor. The President had vetoed the Bill, but Congress had overridden the veto. He used the same authority against John L. Lewis and the coal mines -- only then, there was no complaint. This time, when the other side of the sword is used and it cuts into management, quite a howl goes out as to the "arbitrary use of presidential power".

Chairman Wm. H. Davis of the War Labor Board denies that the Company is not engaged in essential business important to the war economy. He states -

"The Company is not just an ordinary dealer in merchandise. It employs 78,000 people in over 600 establishments. It does an annual business of over one-half billion dollars; it owns four factories which manufacture farm machinery; one division of the company makes carburetors, propellers and gun mounts for military aircraft. The War Production

Board has granted the company various priorities in connection with obtaining critical materials; the office of Defense Transportation has granted certificates of necessity for trucks owned and operated by the company."

It appears that Mr. Avery can find ample justification for claiming essentiality for Ward's business when it is to the company's advantage.

There are the facts -- the background in this case -- what is your decision. The Federal Judge will give his on Tuesday.

The problem of industrial relations is and will continue to be one of our most serious issues. American labor and management must learn the techniques of conciliation and cooperation.



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