

The  
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The Tennessee Valley Authority is a federal corporation chartered by Congress in 1933 to define, plan, and implement a series of projects leading to the coordinated development of resources in the valley of the Tennessee River. From the beginning, TVA has been in the focus of controversy surrounding the proper role of the federal government in resource development and internal improvements. Additionally, TVA has been subject to continuous examination by many groups in the public and private sectors because of its unique existence as a federal organization headquartered away from Washington with solely regional authority. One area of particular scrutiny has been the establishment of a working relationship between the blue collar workers and their unlikely boss, the federal government. This paper surveys and examines this relationship with a brief background of the TVA legislation, followed by a discussion of the Employee Relationship Policy of 1935 and the roles of management, unions, and the individual worker in the first 15 years of the Tennessee Valley Authority.

The first rumblings in Congress concerning federal involvement in the Tennessee valley began shortly after World War I. A hydro-electric facility on the Tennessee River near Muscle Shoals, Alabama was proposed to be sold to Henry Ford for private development. The dam, built with public funds, was to have provided energy for the manufacture of nitrogen-based explosives during the war, but the hostilities ceased before construction was completed. Nebraska Senator George Norris - after whom a TVA dam would later

be named - led the fight to keep the Muscle Shoals facility property of the government. He championed the possibility of developing the depressed economy and standard of living in the Tennessee Valley by establishing a federal planning body to carry out flood control, power generation, and resource management on a regional basis. Norris was successful at blocking the sale to Ford, but presidential vetoes by Coolidge and even the engineer Herbert Hoover delayed enactment of the plan until the depths of the Great Depression, when Roosevelt signed the bill establishing the Tennessee Valley Authority on May 18, 1933. The overall scope of TVA is put forth in the preamble:

AN ACT to improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense ...

While the legislation goes on to deal quite specifically with the duties and obligations of the Authority, the wording remains rather sketchy when dealing with personnel policy and labor matters. The Act does specify that laborers working on TVA projects are not subject to the provisions of the Civil Service laws and must be paid not less than the "prevailing" rate in the "vicinity", but no mention of employee selection methods, training, or union bargaining appears in the law. This arose partly to allow flexibility, but mostly because it was expected that TVA would carry out its work on a lowest-bidding contractor basis, as was the custom in most federally sponsored projects. The TVA board, however, implemented a plan for the direct hiring, training, and supervising of the labor force, as well as the personnel policies and mechanisms necessary to carry it out. It was out of this strategy that the management-employee relationship in TVA developed.<sup>1</sup>

As noted above, TVA was exempted from the Civil Service laws covering most other government employees. This was intended to provide greater autonomy than available through the Civil Service framework, and to put the TVA Board and its supervisors in a position of direct responsibility for incompetent or insensitive workers.<sup>2</sup> The Board's decision to hire, train, and manage its own work force created personnel selection problems that would have to be solved in order to ensure smooth operation at all levels. The TVA Act charged the Board with the task of developing a selection and promotion system based on "merit and efficiency".<sup>3</sup> Since large numbers of workers were often required in a short period of time, a screening test was developed to separate in a rough way those applicants who possessed the required skills and those who did not. The test requirement also acted as a preliminary test of sincere interest: ideally, only those applicants with a strong desire to work would bother to take the exam. This screening was particularly important in the years of high unemployment prior to World War II. As a regional organization, TVA recruited nearly all of the required blue collar workers from the Tennessee Valley area.<sup>4</sup> This policy was adopted to minimize employee relocation, to reduce testing and interview costs, and to hire employees ostensibly possessing a strong personal commitment to the improvement plans of TVA.

Roughly following the personnel practice in private industry, the TVA Board established an "open register" system from which qualified applicants would be selected when the need arose.<sup>5</sup> TVA solicited standard application forms listing experience and references from all interested workers - even those with non-specific job requirements. On the basis of the application, response from the references, and a possible personal interview, the applicant was classified into a major job category in the

register for subsequent job action.

Unlike the Civil Service system, where much of the selection process is based primarily on Civil Service exam scores, TVA gave the major burden of employee selection and termination to the job supervisors directly. This method was intended to promote teamwork and efficiency by having the person ultimately responsible for completing a task in charge of selecting his own "team."<sup>6</sup> This was quite successful at hiring the most competent and compatible workers. However, this delegation of authority quickly led to the need for a uniform policy and administration to deal with the problems of conflicting interpretations and labor-management relations. This need was distinctly felt in the area of union representation and bargaining, which was treated with some hostility by private employers in the Tennessee Valley region at that time.

The Employee Relationship Policy of 1935 was issued by the TVA Board after considerable debate and discussion between TVA management, employees, and labor relations experts from outside. Predictably, the Policy expressed a desire for cooperation and pursuit of the common labor-management goals: grievance procedures, apparatus for wage and hours talks, and success of the TVA mission. Most significant was the decidedly neutral and open policy expressed by the Board on the question of union membership. This position was based on three assumptions established by the Board and its advisors prior to the development of the written policy. First, it was assumed that the employees have a strong knowledge of their work, and a stake in the purpose and quality of that work. In this paradigm, it was recognized that the labor unions could help in the transfer of that knowledge and spirit, thus improving the work situation for all concerned; Second, the Board asserted that employees of the federal government were as responsible and law-

abiding as their counterparts in private industry. Thus, TVA employees should be allowed the same rights of union organization and collective bargaining as employees in the private sector; and Third, no restriction on the employment status of union representatives was established , allowing the employees to select spokesmen from their own ranks or to elicit the help of outside representatives . The acceptance of union activity is expressed in these excerpts from the Employee Relationship Policy:

Sec. 3. For the purposes of collective bargaining and employee -management cooperation, employees of TVA shall have the right to organize and designate representatives of their own choosing. In the exercise of this right they shall be free from any and all restraint, interference, or coercion on the part of the management and supervisory staff ...

Sec.4. No employee of TVA and no one seeking employment, shall be required as a condition of employment, transfer, promotion, or retention in service to join - or to refrain from joining any organization or association of employees.

The establishment of a union presence at TVA sites was steady, although membership in trade unions was depressed nationwide during the 1930's - particularly in the South. Many affiliates of the American Federation of Labor, such as the International Brotherhood of Electrical Workers and the Sheet Metal Workers International Association, became active in their appropriate crafts. The large number of AFL unions and the jurisdiction problems associated with the movement of TVA work across state lines and traditional union boundaries resulted in the establishment of the Tennessee Valley Trades and Labor Council in 1937. The original group contained representatives from the 14 AFL craft unions working on TVA projects. The Trades and Labor Council was quickly recognized as the representative organization of the craft unions on the basis of majority

representation. The Council enabled effective communication, uniform action, and more clout for the unions; freedom from the necessity of dealing with each of the craft union locals separately for the TVA management.

Despite a denial of recognition by the national AFL organization, the Trades and Labor Council proceeded through negotiations with TVA on a possible written labor agreement. The denial by the AFL was due to the unusual nature of the Trades and Labor Council, which ran up against the established state and city jurisdictions. The president of the AFL at that time, William Green, did extend an offer of cooperation and support.<sup>8</sup> It is probable that the national AFL, while withholding official recognition, wished to keep the door open: Senator Norris was preparing to introduce legislation extending the TVA model to six more regional authorities, which would have a strong impact on AFL structure (all six were later defeated).

The Trades and Labor Council continued pressure for a closed shop policy throughout TVA, clarification of promotion language in the TVA Act, and a formal written agreement defining the bargaining relationship concerning wages and other work matters. During the second half of 1939, negotiations began on a document addressing these concerns, The General Agreement between the Tennessee Valley Authority and the Tennessee Valley Trades and Labor Council was the result. The Agreement was signed by TVA and all members of the Council except the recalcitrant Iron Workers union. The General Agreement's provisions included pro-union and union preference statements within the limits of federal law, procedures for bargaining and arbitration, grievance adjustments, union-management cooperative committees, and apprenticeship training programs.<sup>9</sup> The Agreement contained anti-strike clauses whereby the unions agreed not to order walkouts during negotiations, and in

return the management pledged not to change the conditions of employment before a settlement was reached. The General Agreement, signed August 6, 1940, has served as the basis of negotiations until this day (with some revisions). The anti-strike language was eventually superseded by federal employee strike bans in various statutes and the Taft-Hartley Act of 1947.

The Tennessee Valley Authority was very successful in quelling labor disputes under the General Agreement and before. There was only one work stoppage of any consequence in the first 17 years, and it arose out of a union jurisdictional dispute rather than a wage disagreement.<sup>10</sup> More than just legal pressure against strikes, TVA relied heavily on the mutual cooperation and responsibility clauses of the Employee Relationship Policy and the General Agreement. Management accepted the unions, helped build union membership and support, and followed a policy of advance communication on matters affecting the job interests of the workers. The combination of this symbiotic relationship and the bargaining mechanism described below served labor and management very well.

The Tennessee Valley Act dictated that employee wages be set according to "... the prevailing rate of wages for work of a similar nature prevailing in the vicinity ..." The apparent simplicity of that statement belies the difficulty in defining the words "prevailing rate" and "vicinity" and how the definition would be applied. Indeed, the prevailing wage statement was the starting point for most new negotiations. Under the no strike pledges and federal laws, it would initially appear that the Council had no leverage whatsoever at the bargaining table. However, union pressure did exist, as evidenced by the paucity of work stoppages or belligerent labor actions.<sup>11</sup> First, the prevailing wage statement in the TVA Act is open to diverse interpretations, but

the final determination of "vicinity" and "prevailing" did not have a drastic effect upon the final pay schedule. The wage variations encountered were never terribly divergent, and the vicinity used was agreed early on to contain the Valley itself and the larger cities of Atlanta, Birmingham, and Louisville. Both parties recognized that any other definitions would not follow the requirements of the Act or the principle of bargaining in good faith. Both sides used essentially the same raw wage data for similar work, thus imposing limits on the range of wages requested while claiming to have basis in the facts; Second, the General Agreement clauses specifying arbitration acted as a threat to keep within reasonable bounds or face the uncertain decision of the mediator; and Third, the TVA management was under substantial political pressure to make TVA run smoothly. One or two confrontations or illegal strikes would have given the skeptics in Washington plenty of ammunition at budget time. Additional pressure came from the AFL and its lobbying efforts. Suggestions had been made that the government should set a higher wage example rather than following the prevailing rate.<sup>12</sup> TVA undoubtedly preferred small concessions to the out-and-out scramble that would have occurred had the prevailing wage formula been eliminated.

The settlement of non-wage fringe benefits was handled similarly to the wage issues. Most blue collar workers were not eligible for TVA retirement plans, but they were covered by federal compensation benefits for injuries and medical care. Eventually, most employees received retirement benefits from the Social Security system. Union bargaining in the areas of health, safety, and working conditions generally met with a favorable response from management. The gains made by the unions in dealing with these issues were often used as levers in their dealings with private sector employers. The Trades and Labor Council recognized the willingness of the management to deal with most areas of

worker concern, and the Council worked to maintain the relationship through reasonable demands and actions. The strength of the Employee Relationship Policy and the General Agreement provided the foundation for the remarkable labor-management system of the Tennessee Valley Authority.

TVA and its employees all knew that disagreements would arise. This eventuality was addressed in the Employee Relationship Policy by allowing the right of employee grievances to be heard at a special hearing, if so requested, In case of unresolvable disputes over the determination of the prevailing wage rate, the Policy specified the Secretary of Labor as the final arbiter, The General Agreement extended the grievance procedure to include union representatives, and provided for voluntary arbitration in wage disputes.

This paper has considered the evolution of labor relations in the first 15 years of the Tennessee Valley Authority. The provisions of the Tennessee Valley Act and the interpretation of those provisions in the actions and policies of TVA management marked a significant step for blue collar labor/management relations. The various features of the agreements between labor and management were not individually original or radical. The leadership of TVA and the labor unions were not looking for revolutionary changes. The workers themselves were not experts in the history of labor relations. It appears to have been the shared purpose and belief in the basic tenets of the TVA idea that made successful labor-management relationships inevitable. Both sides felt a responsibility to see to it that the job got done. The importance of the Depression Era mentality in generating cooperation in a "worthy" endeavor cannot be neglected. In our present era of controversy over the environmental impact of TVA projects and their cost-effectiveness, it remains to be seen whether TVA can maintain its remarkable record of employee relations.

In conclusion, I feel that the labor policies and procedures adopted by the Tennessee Valley Authority should serve as a model for cooperative management. The special characteristics of TVA—its regional limitation, government support, and history of good labor negotiations—do not allow for direct transfer of methods to other industries, but the overriding message of establishing common goals and striving for them is the ideal that should appear at the top of any labor-management agenda. Perhaps this idea is considered naive. I imagine the TVA response would be: nothing succeeds like success.

#### FOOTNOTES

<sup>1</sup> David E. Lilienthal, TVA--Democracy on the March, New York: Harper & Row, 1953, p. 63.

<sup>2</sup> Lilienthal, p. 199.

<sup>3</sup> Harry L. Case, Personnel Policy in a Public Agency: The TVA Experience, New York: Harper & Bros., 1955, p. 9.

<sup>4</sup> Case, p. 15.

<sup>5</sup> Case, p. 16.

<sup>6</sup> Case, p. 17.

<sup>7</sup> Michael L. Brookshire and Michael D. Ross, Collective Bargaining in Public Employment: The TVA Experience, D. C. Heath and Company, 1977, p. 27.

<sup>8</sup> Brookshire, p. 39.

<sup>9</sup> Case, p. 47.

<sup>10</sup> Case, p. 51.

<sup>11</sup> Brookshire, p. 192.

<sup>12</sup> Case, p. 88.

#### BACKGROUND REFERENCES

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