

LIBERAL DEMOCRACY AND INDUSTRIAL ORDER:
AUTOWORKERS UNDER THE NEW DEAL

by

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Submitted to the Department of Political Science in partial fulfillment of the requirements for the Degree of Doctor of Philosophy in Political Science.

ABSTRACT

The relationship of the industrial relations system to the state is a crucial variable in the responses industrial nations are making in the face of changing international markets and persistent unemployment and inflation. No less in the United States the labor system created during the early New Deal era is undergoing the most significant revision since its formative years.

The crisis in mass production is characterized by increased world competition, stagnation of market growth and shifting market demand for new products. The continued volatility and uncertainty of markets has put a premium on flexible production processes. Flexibility is sought in product, ability to shift product and process technology with shifting market demand, and reorganized work to achieve productivity gains, better quality and competitive prices.

Successful competition from nations with different policies and work organization suggests that there are various ways to shape industrial relations. In contrast, in the traditional American model of industrial relations worker-employer relations are shaped by technological developments and market opportunities. The latter are seen as given and continually expanding, feeding-back incentives for interorganizational cooperation between unions and managers within a self-regulating subsystem. The traditional labor literature assumed U.S. institutions which expressed and shaped the politics of work and the relationship of work to the larger society represented optimal solutions to problems of work in modern society and, therefore, were likely to endure into the future.

Hence the crisis has led to the realization that U.S. industrial relations institutions were much more contingent upon certain background conditions and were more the result of a balance of forces than a rational search for efficient

solutions to problems.

The research focused on the United Autoworkers Union and the relationship between worker-management relations in the American automobile industry and liberal Democracy. This study investigated the strategies of auto labor and management to gain advantages at work and the actions of government in shaping them under the New Deal. It reveals the emplacing of the pieces of the American system and the consequences for work organization in later decades. I argue that production rigidity resulted from interests created with the institutional rules and procedures established to settle previous forms of conflict. These rules accomodated the existing balance of political forces among labor, management and government and ratified current thinking about production, the role of labor and the state.

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Chapter One

The New Deal As System and Project

There is near universal recognition that the New Deal system of politics has broken down. The coalition of unions, reform organizations and Democratic Party leaders, and the institutions to which they were once linked, no longer deliver the goods of economic growth and political consensus. Unemployment has been stuck at historically high levels for almost ten years and the official rate of poverty has been climbing for five years. Collectively bargained wages are stagnant and the extent of union membership has shrunk to 18% of the labor force. The balance of trade is chronically negative and major manufacturing industries have broadly lost markets to foreign firms. At the same time, Democrats have not been able to capture the Presidency in four of the last five elections.

But if there is broad agreement regarding the defining facts of current political life, there are only the vaguest of theories to explain the breakdown of the performance of New Deal politics. Mostly these theories root the demise of the old system either in the peculiarities of American pluralism or in the general operation of capitalist democracy. Typically they tend to combine abstract

characteristics of American politics with extremely detailed but fragmentary accounts of the shifts in the balance of power and operations of political institutions. Some have argued that the high value which American culture places on equality led to a hyperpluralism in which special interest group demands became expressed in inflation and uncontrolled government spending, underwritten by the Constitutional weaknesses which encourage political entrepreneurs to go into business for themselves. Others have pointed to inherent conflicts between democratic politics and free market economies: new economic pressures from low-wage countries require state actions to enhance American competitiveness which undermine the resource base of the welfare state. (1)

Yet, if these explanations share a common theme, it is the centrality of labor. Although it seems almost incredible that trade unions were a major force for much of the postwar period in American politics, all agree that organized labor once played a crucial role in the system of politics which emerged from the New Deal. The AFL-CIO was directly able to influence the outcome of Presidential elections and powerful enough to command broad attention in the Congress. Unions negotiated with employers for twenty-five years for steady increases in wages and benefits. But the world which labor inhabited is clearly in ruins. The AFL-CIO even was unable to win labor law reform from a Democratic administration and Democratic majorities in Congress in the late 1970's. Yet there is nothing like

general agreement as to the causes of labor's success and the reasons for its fall. Indeed there is now even debate over whether labor had the power it indubitably seemed to have a generation ago. At the same time labor unions are commonly criticized for blocking American adjustment to new international conditions.

The idea of this thesis is two-fold: first, to look clearly at what labor's role really was and close the gap between near unanimity regarding labor's centrality to politics from the 1930's until the 1980's and the complete disagreement regarding labor's exact role in the American political system; and secondly, through examination of one core element within the system, to illuminate the transformations of the broader system of politics.

The thesis is a study of the United Auto Workers Union and the relationship of worker-management relations in the American automobile industry to liberal Democracy since the 1930's. Auto labor and management have been at the forefront of political and economic life throughout the 20th century. In the 1930's and 1940's, the UAW became a champion of a social-democratic welfare state and was a strong Democratic constituency in the 1950's and 1960's. Moreover, the "Fordist" system of manufacturing in automobiles was once the paradigm of modern economic efficiency and auto industrial relations were the epitome of mature labor-capital relations. (2) But, whereas for 70 years the U.S. auto industry was a model for other

industries in the U.S. and around the world, by the late 1970's they came to be seen as rigid and lumbering bureaucracies. And, in the last decade, the UAW has experienced some of the greatest losses of membership among unions and has made substantial wage and job security concessions to employers. Not only has the UAW lost about a third of its 1.5 million members, but the U.S. automakers have lost 25% of their domestic markets and fallen behind the Japanese in total production. Both the union and American companies have been challenged by foreign firms with different business strategies, labor-management relations and roles in national political systems.

The unifying theme of this study is a dialectic of flexibility and rigidity. What begins to explain auto labor's and management's apparent economic fates are the ways in which they shaped and were shaped by an on-going system of regulation associated with the New Deal. I will argue that U.S. institutions and thinking about labor became frozen in patterns promoting rigidity. The American form of conflict resolution brought social peace at the price of blockage of institutional change. The crisis of the automobile industry has revealed the fragility of the American system for organizing work and forced people to think of replacing it with a flexible system of work rules and political negotiations. I will argue, however, that traditional practices entwine with important strands of labor and management ideologies and modes of political representation which obstruct attempts to weave a new

pattern.

The conception of politics which this thesis challenges is that the structures and processes which are said to characterize modern societies virtually compel them to converge on liberal capitalism. (3) Liberal and Marxist writers alike have employed this idea, even when coming to different conclusions about its ultimate fruition in social integration or polarization. Thus, the deep explanations of the accomplishments and innovations of the New Deal era--economic recovery and sustained economic stabilization at high rates of employment and low inflation, the creation of an industrial union movement, national social welfare programs, business regulation, free trade--are the relative strength of class forces, the degree of development of the technical means of production, the conflicts among industrial sectors, the channeling of new forces through American political institutions which organize elections and the policy process and even ideological consensus. Similarly, the breakdown of the terms of New Deal politics is based on changes in markets and technology which underlay the balance of power.

Undoubtedly changes in the economy are of utmost importance, but these explanations are often mechanistic and discount the reciprocal influences of politics on society and economy. My argument joins criticisms levelled at the standard conception at two points. The first point is epistemological: real actions by real people with ideas

about what they are doing are needed in explanations. The structure-functionalism of traditional views is a legitimate type of social science explanation only if it clearly fulfills two obligations. (4) One is that a system of regular practices has to be set-up by some process other than what is described; otherwise arguments would be left with the assertion that outcomes of the system are the cause of its establishment. Thus, an explanation needs something more than technology and markets acting autonomously, even if less than total voluntarism. The second obligation is that the feedback mechanism which helps sustain the system must be specified. As I agree later, the standard view does better on this score: economic growth can be used to win support for a system of regulation, although growth itself is typically taken for granted. Indeed the second point is that the assumptions of the underlying processes appear bound by the historical juncture at their birth, which was highly optimistic about the power and direction of technological change and economic growth. They have been challenged by detailed historical and comparative studies of labor and product markets, corporate organization, the autonomy of state officials and the persistence of "archaic" groups. These studies suggest the importance of political influences on "economic development" as well as the shortcomings of pluralistic ideas about the representative and policy processes. (5)

Consider more specifically what the standard model predicted for modern society. The key assumption involves the actions of private groups in a modern economy characterized by increases in productivity through the specialization of resources and mechanization of the production process. Thus producers rationally focus on a single product or line of related products while the production process itself is divided into component parts. Capitalist entrepreneurs and workers both come to concentrate on a narrower range of tasks and more readily perfect them. By breaking-down traditional craft labor into simple tasks and motions, machines are designed to perform them. Specialization and mechanization increase expertise and productivity and thereby lower unit costs of producing goods. Lower unit costs make available a greater array of goods to lower-income consumers and expand the market. This process is automatic and autonomous: broader markets in turn encourage both greater production (including competing firms attracted to the strong market) and further specialization and mechanization which further reduce costs and expand the market. (6)

On this technological-economic path large corporate enterprise arose, labor unions were organized and interest-group forms of politics emerged. It is also in this direction that future development lies. Thus the preeminence of giant enterprise in the U.S., it has been argued, was a necessary outcome of a need to organize and

finance the large investments to achieve production economies of scale and to reach geographically far-flung markets. (7) The 19th century revolutions in production techniques made great volume production possible at unit costs generally lower than those of craft producers, dooming the latter to marginality. Yet the new technologies also resulted in cycles of overproduction, profitless price competition, and depressions. An early step toward modern corporate organization was made at the turn of the century in the wave of mergers of competing firms to stabilize production and profits. Then these newly consolidated corporations "integrated forward" into marketing, credit and consumer service, and "backward" into raw materials. With the subsequent onset of slower market growth in the 1920's, industrial managers pursued diversification into dissimilar products whose production processes and/or distribution networks were compatible enough to keep existing facilities occupied. World War Two and the postwar boom spurred the trend already underway. Moreover, the internal organization of industrial firms was patterned to efficiently reflect markets and technology. The new large diversified, integrated firms adopted forms of bureaucratic hierarchy which separated the functions of planning and strategy, administration and execution. The first was localized in the "general office" housing the top corporate leaders; administration was lodged in separate product divisions and support staff; while execution of production was the task of the blue collar workforce, who

were divorced altogether from planning and administration.

The rise of national trade unions has been interpreted similarly as a reflection of both the emergence of national markets and the surpassing of craft production in the rationalization of labor in the enterprise and the progressive integration of workers into liberal capitalism.

(8) Once mass production and capitalist-directed manufacturing won out in the late 19th and early 20th centuries, the argument goes, conditions had been created in which both labor and capital could prosper. Mass markets and standardized production initially undermined workers' craft skills, but the expansion of markets sustained employment, national organizations of labor and high wages. The new division of labor was the basis of mass production unionism--all workers in an industry would belong to the same, single union--as well as for cooperation among unions and employers. The union organizations which survived the historical transition to modern manufacturing based themselves on resolving conflicts over wages directly with managers and coordinating labor and technology.

This standard picture of the motor of American development was so authoritative that even socialist and many Progressive critics of the emergence of industrial capitalism in the U.S. did not gainsay the need for large, authoritarian economic organization nor did they agree with Euro-socialists that workers and unions were bearers of a

more just future. (9) Instead the imminent logic of technology and markets seemed to entail only government regulation in the public interest to prevent the abuse of concentrated economic power by corporate leaders such that the production system could operate efficiently with the necessarily large scale operations. Thus the New Deal reflected public concern with economic disequilibrium and brought public-interested expertise to bear on the economy by regulation of monopoly, financial institutions and labor and by macroeconomic stabilization policy. The conception of "industrial pluralism", which came to dominate thinking about labor-management relations after the 1940's, underlay the major political science studies of labor in politics. Labor and management organization were given; electoral and pressure politics faithfully reflect their distributive interests. (10)

In sum, the assumptions of such studies are that markets and technology transmit a universal logic of social organization and that government policy is a reflection of the demands of autonomous social and economic groups. But the assumption that the Fordist configuration would lead to optimal outcomes is challenged by the poor industrial performance in the last decade. And my initial research seemed to confirm the doubts of other studies about labor in the liberal model. For example, Michael Piore and Charles Sabel have underlined that there are important variations in the configurations of product markets, technology and industrial organization. (11) The

organization of work is closely linked to product market conditions and the balance of political power. That is, added to the traditional conception of modern work organization, in which specialization of tasks and mechanization become feasible with extensive product markets, are the political conditions and government policies which ensure those markets and those labor relations. In fact I claim that labor's role in the New Deal system was characterized less by economic adjustment to market demand and ideological consensus on liberalism than by political stalemate and bureaucratic rules and less by union loyalty to Democrats than by political-structural opportunities and leadership strategy.

Historically American unions did not simply reflect the technical organization of the companies and industries which they organized. They had their own agendas and some exerted great influence on the paths their industries took. One need only note that the AFL building trades, the Amalgamated Clothing Workers and the United Mine Workers in the 1920's literally organized employers as well as workers to realize that accommodative unionism does not adequately convey the character of the accommodation sometimes asserted. Moreover, the latter two unions were the political and financial core of the CIO industrial union movement in the 1930's. Newly-organized unions like the UAW-CIO asserted an ambitious social-democratic agenda for the reorganization of the auto industry and the

industry's relation to society.

The "functional specialization" of unions is not adequately explained by liberal industrial relations. Recall that liberals expected that the steady development of the division of labor and the interdependence of employees performing specialized tasks would encourage reciprocal obligation and peaceful economic exchange between employee and employer. But Marxists (and institutionalists) justly argue that this social exchange at work is unlikely since it seems to contradict the assumption at the root of the division of labor between a strata of rational, calculating capitalist-managers and relatively powerless workers. Instead, workers are as likely to learn that work is a zero-sum game of control over the means of production and the material surplus. (12) The apparent acquiescence of workers to hierarchical forms of work, Marxists have argued, is due to political force and economic necessity. Under mass production, the minute technical division of craft skills controls labor and harnesses individual workers to machine-paced production flow. This is reinforced by the "drive system" in which the ranks of supervision are expanded in order to bully and cajole workers into working harder to achieve the productive potential of the technology. But there is a contradictory process in "homogenizing" the workforce, which became apparent to employers in the 1930's, and they halted this integration. Then, the argument goes, capitalists purposefully split-up the job structure inside

their plants to create objectively differentiated interests and inter-worker competition and hence to stabilize the operations by divide and conquer techniques. The new form of control combined the older machine-pacing of work with artificial job hierarchies and complex, highly stratified reward systems.

These insights into labor "segmentation" are valuable, but many writers collapse them back into modernization explanations in which integration and segmentation are "required by" capitalist development and in which labor's possibilities are two: subordination or revolt. Thus they conclude that bureaucratic labor management is the final solution to class conflict given that workers' consciousness depends directly on an individual's place in the division of labor. But this skirts the problems of times when employers need the flexibility of workers' skills and involvement, as well as the evidence of "segmentation from below". (13) Thus extensive and growing markets may well encourage great division of labor and use of specialized machinery. But economic uncertainty is a brake on production rationalization; a state of permanent flux is an incentive to plan shorter product runs and employ less specialized production techniques and labor. Moreover, in each case, the expertise involved in production planning is not necessarily tied to the authority of the management. Much depends on the political conditions for labor and managerial action.

Thus in the 1930's the union movement was strikingly powerful and egalitarian. The new unions made major efforts to mobilize submerged ethnic groups and to incorporate blacks. The UAW challenged arbitrary work authority, demanded fewer job categories and equal pay, and argued for new products. The confounding question has been why this thrust seemed to die-out and even reverse in later decades, even though the agenda was unfulfilled. As I will argue later, the New Deal industrial relations system itself was a settlement of political conflict over the organization of work. Major indications of this are the persistence of Catholic and socialist influence on unions and their extensive regulation in the workplace and their internal operations. Collective bargaining is influenced by government economic policy, broadly conceived as those policies which directly and indirectly affect labor supply, monetary policy, consumer demand, investment, taxes and trade.

The perception that the economy does not send clear marching orders about appropriate political behaviors has led many writers to investigate the influence of the state--its officials' actions and institutions--on policy and society and to re-focus on labor's beliefs. Even the United States, with its reputation for liberal government and as an exemplar of flexible economy, now appears as one of a set of political economies, with Britain as an example of a liberal case and Germany and Austria as social-

democratic ones. (14) In each case the national details are diverse and special experiences have a very important bearing on responses to economic crises. But both liberal and social-democratic regimes are faced with similar hurdles of representing domestic economic interests and reforming strategic consensus. Social-democratic regimes have created broad representative institutions and have established more comprehensive menus of state intervention, which seem to enable their economies to more smoothly adjust to new international conditions. Liberal regimes like the U.S. are not without their own institutions of intervention and coordination, however disaggregated they may appear in comparative perspective. As Theda Skocpol notes in a review of recent work, the basic factors which characterize "state autonomy" and yet which vary among democratic states are the "international orientation" of these states, their "order-keeping functions" and the capacity of state officials to formulate and pursue their own policy preferences. (15)

Studies of the United States which have directly focused on the state regard it clearly as having limited capacities, although more capacity in foreign than domestic issues. (16) The "weakness" of the American state is located in the federal system, separation of powers and territorial catch-all electoral and party organizations. Yet even a weak state can provide opportunities for officials to formulate strategies and to influence policy. This capacity can vary across policy areas and across time

and does not necessarily result in the intended outcome. As important is the influence of state structures on the perception by social groups of the possibilities of politics.

The form of state intervention has been precisely identified by neo-Marxists and others as the explanation of the rise and decline of American labor. Thus an early argument was that capitalists monopolized the state even in the 1930's and coopted labor leaders from class struggle. (17) The argument was that employers enforce the inequality at work via the greater resources available to them to influence government policy and by direct staffing of government posts by businessmen. At the same time, a modern "highly bureaucratic and statist corporate capitalist machinery" required pliant state-regulated unions. Union leaders were only too willing to comply with the policy designs of "sophisticated corporate employers" in exchange for union security and government patronage. "Together with men from the corporation community, the union leader worked with government spokesmen and made the key decisions that kept corporate capitalism intact". The value of this sort of highly instrumental argument is to point out that the forms of New Deal economic regulation are rooted in problems of economic organization and political power and were not direct reflections of electoral demands.

Yet the argument far overstates the thesis of a

corporatist state. State policy has not always been pro-business nor is the American government notable for centralized policy intervention. And the massive growth of industrial unions with social-democratic goals in the 1930's and 1940's was hardly an indication that employers were convinced that unions were "responsible, conservative institutions, useful in terms of guaranteeing continuous uninterrupted production". "Sophisticated corporate employers" were few, as Howell Harris has amply documented. (18) Even sophisticates opposed the Wagner Act and actively supported the Taft-Hartley Act which, however, was a major spur to the rigidifying of industrial relations. Third, unions were not integrated into state policy councils. Even the supposed value for corporate managers of AFL-CIO foreign policy intrigue was not enough to ensure collective bargaining moderation in the 1960's and 1970's.

A more sophisticated argument has been made by Adam Przeworski about the decline of specifically social-democratic politics. (19) He argues that the social-democratic goals of western labor movements after the 1930's were undermined by reason of state interest in capitalist growth. Przeworski suggests that workers' reform struggles in a capitalist economy are structured by their need for immediate material gains and argues that reform efforts are bound to compromise with capitalism as unions act rationally to get these. Thus persistent popular demands for consumption will overtax investment funds and throw the economy into crisis, thus undermining

pragmatic reformism.

The valuable part of the argument is the suggestion that reform movements can be dis-organized by policy strategies. But it adopts too narrow a conception of interests and resources. Much depends on the capacity of reformers to sustain a movement for future struggles with ideas and organization which can go beyond the concern for short-run gains. For this reason unions in some European countries and some unions in the U.S. precisely restrained wage militancy to better prosecute their larger reform goals. Beside labor's own actions, reformist politics will depend on political allies, especially parties, and government policies which can bolster union authority at work and in the labor market. Little has been written about the affect on labor reformism of liberal Democratic economic management policy and most of what has appeared focuses on the 1930's and 1940's. (20)

The focus on the state is a positive contribution to modifying traditional theories of American workers' politics as a function of their job-conscious ideology. Writers in the liberal tradition have argued that American workers responded to the late 19th century political-economic transformation by developing a scarcity consciousness and new forms of unionism which emphasized "job control", viz. union control of access to jobs. (21) Workers joined unions because they were insecure about their personal worth. Unions cannot increase wages beyond

what market conditions allow; collective bargaining simply is a pass-through for technical and economic realities. In politics, workers sought security, by voting as their peers and parents do, by loyally supporting the party and by voting their pocket-books. The very narrowness of labor's aspirations is said to explain its willingness to accede to liberal capitalism and the two-party system. On the one hand it is a useful step to avoid problems arising from general presumptions about the determinants of labor politics and from overly aggregate political observations to re-focus on how particular unionists themselves perceived specific problems arising from economic uncertainty and the potentials of political power to resolve them. This helps bridge the gap between theory and observation while preserving the assumption that what unionists thought about what they were doing (and thought about what they had done) shapes their future reactions to new situations.

On the other hand, like the Marxists discussed earlier, these arguments tend to collapse back into functionalist assumptions. As already noted, unions like the UAW had a social-democratic perspective, not a "job conscious" one. But, even granted the historical claim of the traditional view, since the harshness of workers' experiences are said to have taught unionists to retreat to defensible borders, this suggests that consciousness is contingent: did learning about the labor process and politics stop in 1900? How can "job control" unionism

explain the massive mobilization in the 1930's of unskilled mass production workers into the CIO? Could class consciousness really be the same in 1950 as in 1925 or 1985 and equally so for highly unionized industries as for disorganized sectors? What we need to investigate is the changing role of labor groups through time in the system of politics on "both sides" of the relationship: the influence of state structures and processes on the organization of work, labor consciousness and demands and the influence of labor over state activities.

The following chapters are organized into three parts which discuss the rise of the New Deal labor system, some consequences of its stabilization for the internal politics of the UAW and the attempt to manage the system in the face of changing international economic conditions. In the first part, chapters two and three focus on the creation of the labor system. It is explained as a response in part of the ideologies of labor and managements which organized their perceptions of the problems of work and the possibilities of political action. The UAW and CIO in particular articulated a broad plan for the reorganization of production and the relationship of industry and society. The pieces of the system which emerged in the postwar 1940's were a refraction of this vision through political struggles and historic forms and patterns of political mobilization, especially party alignments, elections and policy-making. One characteristic of the new system was

that it established a macro-political role for labor unions while leaving their micro role at work politically undefined.

The second part discusses the restructuring of the UAW's politics after the postwar settlement by focusing on the changing politics of skilled autoworkers (chapter four) and the union's response to the crisis at Studebaker Corporation (chapter five). In brief, the postwar settlements created institutional incentives for union and company managements to cooperate in national collective bargaining while leaving the organization of work to be shaped by both managerial designs for rationalization of production and workers' defensive strategies which relied on contractual restrictions on management and pressure tactics. A consequence of this new politics of work was to transform skilled workers from articulate advocates of flexible work organization into militant defenders of existing job designs. In the case of Studebaker, a more flexible model of work had already taken root before the postwar settlement. But in the 1950's when a financial crisis struck the company, the political incentives of the labor system led company and workers alike to a major clash over work organization and eventually to Studebaker's closing.

Part three consists of two chapters which investigate attempts to make the system continue to work in the 1960's as international economic conditions begin to change and

the consequence of failure. Chapter six focuses on UAW and AFL-CIO actions to prosecute their macro role in collective bargaining and the Democratic Party even as they acquiesce in Kennedy-Johnson policies to more explicitly manage the economy. The UAW was central to these developments. The failure to successfully concert a reformed national strategy is explained by the difficulties of overcoming the continuing incentives of the New Deal system at work and in politics. Chapter seven discusses the implications of this legacy for responses to rapid and qualitative changes in international conditions in the 1970's and early 1980's. Then neither micro nor macro practices lent themselves to political restructuring to meet competitive challenges. A concluding theme is that whether or not there are still opportunities to reshape the incentives of labor politics is bound to the lessons learned during the previous decades.

Notes

1. The literature on crisis in American politics continues to grow after more than ten years. Eg. Samuel Huntington et al., The Crisis of Democracy (New York University Press New York 1975) pp 59-118 and Walter Dean Burnham, The Current Crisis in American Politics (Oxford University Press New York 1982). Examples of the voluminous discussions of Congressional and/or Presidential responsibility for fiscal and tax problems are James Sundquist, The Decline and Resurgence of Congress (The Brookings Institution Washington, D.C. 1981) and Paul Peterson, "The New Politics of Deficits", in John Chubb and Peterson eds., The New Direction in American Politics (The Brookings Institution Washington, D.C. 1985) pp 365-97. Cf. James O'Connor, The Fiscal Crisis of the State (St. Martin's Press Baltimore 1973). Adam Przeworski, Capitalism and Social Democracy (Cambridge University Press London 1985). The New Deal as a system of politics is familiar from the party systems literature. Cf. William Nisbet Chambers and Walter Dean Burnham eds., The American Party Systems: Stages of Political Development (Oxford University Press New York 1975) and Paul Kleppner et al., The Evolution of American Electoral Systems (Greenwood Press Westport 1981).

2. Fordism refers to a historical form of political-economic regulation associated with the system pioneered by Henry Ford for the coordination of productive output of a society with its consumption. That is, it is not just a system of manufacturing but a form of politics or a regime. Cf. Charles F. Sabel, Work and Politics (Cambridge University Press Cambridge 1982); Michel Aglietta, A Theory of Capitalist Regulation: The US Experience (NLB New York 1976); and Steven Tolliday and Jonathon Zeitlin eds., Between Fordism and Flexibility: The International Automobile Industry and Its Workers (Basil, Blackwell London 1986).

3. Clark Kerr, John Dunlop, Frederick Harbison and Charles Myers, Industrialism and Industrial Man: Problems of Labor and Management in Economic Growth (Harvard University Press Cambridge 1960). Andrew Shonfield, Modern Capitalism (Oxford University Press London 1965). Daniel Bell, The End of Ideology (The Free Press New York 1965). John K. Galbraith, The New Industrial State (Houghton Mifflin Boston 1967). Theodore Lowi, The End of Liberalism (Norton New York 1969). Cf. Richard Scase, Social Democracy in Capitalist Society (Croom Helm London 1977) and Peter Doeringer with Peter Gourevitch, Peter Lange and Andrew Martin, Industrial Relations in International

- Perspective (Holmes and Meier New York 1981). The sole major political science study of American labor until recently was J. David Greenstone, Labor in American Politics (Vintage New York 1969).
4. Phillipe Van Parijs, Evolutionary Explanation in the Social Sciences (Rowman and Littlefield Totowa 1981).
 5. Suzanne Berger and Michael Piore, Dualism and Discontinuity in Industrial Societies (Cambridge University Press New York 1980). Peter Lange, George Ross and Maurizio Vanicelli, Unions, Change and Crisis: French and Italian Union Strategy and the Political Economy, 1945-1980 (George Allen and Unwin London 1982). Wolfgang Streeck, Industrial Relations in West Germany: A Case Study of the Car Industry (University of California Press Berkeley 1979).
 6. Summarized in Charles F. Sabel and Jonathon Zeitlin, "Historical Alternatives to Mass Production: Politics, Markets and Technology in Nineteenth Century Industrialization", Past and Present 108 (1985) pp 134-37.
 7. Alfred D. Chandler, Jr., Strategy and Structure (MIT Press Cambridge 1962).
 8. Lloyd Ulman, The Rise of the National Trade Union (Harvard University Press Cambridge 1955).
 9. See Robert Weibe, The Search for Order, 1877-1920 (Hill and Wang New York 1967); Ellis Hawley, The New Deal and the Problem of Monopoly (Princeton University Press Princeton 1966); and Morton Keller, "The Pluralist State: American Economic Regulation in Comparative Perspective 1900-1930" in Thomas McCraw ed., Regulation in Perspective: Historical Essays (Harvard University Press Cambridge 1981).
 10. John Dunlop, The Theory of Wage Determination (St. Martin's New York 1957) and idem., Industrial Relations Systems (Southern Illinois University Press Carbondale 1958). Greenstone, Labor in American Politics, op. cit.
 11. Michael Piore and Charles Sabel, The Second Industrial Divide: The Possibilities of Prosperity (Basic Books New York 1984).
 12. Harry Braverman, Labor and Monopoly Capital (Monthly Review Press New York 1974); Craig Littler, The Development of the Labour Process in Capitalist Societies (Heinemann London 1982). Michael Burawoy, Manufacturing Consent (University of Chicago Press Chicago 1979). Richard Edwards, Contested Terrain (Basic Books New York 1979). David Gordon, Richard Edwards and Michael Reich, Segmented Work, Divided Workers (Cambridge University Press

New York 1982).

13. Perhaps the last word on the subject of objectively defined consciousness is Eric Olin Wright, Class, Crisis and the State (NLB New York 1980). Cf. Walter Dean Burnham, "United States: The Politics of Heterogeneity", in Richard Rose ed., Electoral Behavior (Free Press New York 1974) and Marcia Freedman, Labor Markets: Segments and Shelters (Allenheld, Osman Montclair 1976).

14. Recent restatement of the flexible model, Nathan Rosenberg and L. E. Birdsall, Jr., How the West Grew Rich (Basic Books New York 1986). U.S. as a liberal case, see essays by Robert Koehane, Charles Maier and David Cameron in John Goldthorpe ed., Order and Conflict in Contemporary Capitalism (Oxford University Press London 1984) and Andrew Martin, "The Politics of Employment and Welfare in Advanced Capitalist Societies: National Policies and International Interdependence" in Keith Banting ed., The State and Economic Interests (University of Toronto Press Toronto 1986).

15. Peter B. Evans, Dietrich Rueschemeyer and Theda Skocpol eds., Bringing the State Back In (Cambridge University Press Cambridge 1985) pp 11, 17. Bob Jessup, The Capitalist State: Marxist Theories and Methods (New York University Press New York 1982).

16. Samuel Huntington, Political Order in Changing Societies (Yale University Press New Haven 1968). Grant McConnell, Private Power and American Democracy (Knopf New York 1966). Theodore Lowi, The End of Liberalism (Norton New York 1969). Stephen Krasner, "United States Commercial and Monetary Policy: Unravelling the Paradox of External Strength and Internal Weakness" in Peter Katzentstein ed., Between Power and Plenty: Foreign Economic Policies of Advanced Industrial States (University of Wisconsin Press Madison 1978). Theda Skocpol and Kenneth Finegold, "State Capacity and Economic Intervention in the Early New Deal", Political Science Quarterly 97 (1982). J. David Greenstone ed., Public Values and Private Power (University of Chicago Press Chicago 1982).

17. Ronald Radosh, American Labor and U.S. Foreign Policy (Random House New York 1969). Cf. Christopher Tomlins, The State and the Unions (Cambridge University Press New York 1985). Thomas Ferguson, "From Normalcy to New Deal: Industrial Structures, Party Competition and American Public Policy in the Great Depression", International Organization 38(1) Winter 1984. Ferguson adopts a sectoral focus, but essentially sees politics as the intersection of economic vectors.

18. Howell John Harris, The Right to Manage: Industrial Relations Policies of American Business in the 1940's

(University of Wisconsin Press Madison 1975). Cf. Jim Heath, John F. Kennedy and the Business Community (University of Chicago Chicago 1969).

19. Adam Przeworski, "Social Democracy As An Historical Phenomenon", New Left Review 122 (July-August 1980). Cf. Alan Stone, America's Impasse (South End Press Boston 1981) and Samuel Bowles and Herb Gintis, "The Crisis of Liberal Democratic Capitalism: The Case of the United States", Politics and Society 11(1) 1982.

20. Walter Korpi, The Working Class in Welfare Capitalism (Routledge and Kegan Paul London 1978). Winston Higgins and Nixon Apple, "How Limited is Reformism?", Theory and Society 12(5) September 1983. Harnell Rodgers, "The American Welfare State in Transition", in Norman Furniss ed., Futures for the Welfare State (Indiana University Press Bloomington 1986) pp 297-319. Michael Goldfield, "Labor in U.S. Politics: Its Current Weakness" (Unpublished paper, Government Department, Cornell University, 1984). Francis Castles ed., The Impact of Parties (Sage Beverly Hills 1982) Cf. Joel Rogers, "Divide and Conquer: The Legal Foundations of U.S. Labor Policy" (Unpublished dissertation Princeton University 1984) and Mike Davis, Prisoners of the American Dream (Verso London 1986).

21. Among the traditional sources are Robert Hoxie, Trade Unionism in the United States (Appleton and Co. New York 1919); Selig Perlman, A Theory of the Labor Movement (MacMillan New York 1928); and Charles Walker and Robert Guest, The Man on the Assembly Line (Harvard University Press Cambridge 1952).

Some such psychological assumption underlies the standard voting studies of the 1950's and 1960's. Many studies of political representation emphasize further links in the process of voter behavior and policy, such as problems with the presentation of alternatives, Congressional seat swing, committee changes and the like, not to mention problems of collective irrationality. Moreover, electoral-economic cycle explanations have increasingly been criticized for ignoring national and industrial patterns of employment and employment policy intervention. See Douglas Hibbs, "Political Parties and Macroeconomic Policy", American Political Science Review 71 (December 1977) and David Cameron, "Social Democracy, Corporatism, Labour Quiescence and the Representation of Economic Interests in Advanced Capitalist Society" in John Goldthorpe ed., Order and Conflict in Contemporary Capitalism, op. cit.

PART ONE

The ability of trade unions in the 1940's to lay the basis for twenty-five years of substantial improvements in workers' incomes and an elaborate system of shop floor control will tell us a great deal about the extent and limits of political influence on the labor system established after the early New Deal. Under broad pressures from manufacturing managements and the Truman administration and with prodding from labor experts and judges, CIO leaders adapted their vision of industrial democracy to collective bargaining formulas to guarantee worker income and autonomy and to contribute to national economic growth. The apparent success of these formulas in the following decades led industrial relations experts to reconceive them as inevitable and rational accommodations by labor to modern industrial conditions.

The next two chapters show that the labor system which emerged in the 1940's was more a response to the balance of power and modes of state intervention and to ideological traditions of management and labor than a rational search for efficient solutions to problems of work. CIO leaders such as Walter Reuther of the United Auto Workers (UAW) and Clint Golden of the Steelworkers (USW) drew upon American reform traditions and their own experiences to argue in the 1940's for a kind of "cooperative commonwealth" in which

explicit political negotiations ensured full employment, a union role in industrial decision-making and labor-management cooperation in the shops. Yet, in the immediate postwar years as political support for this social-democratic scheme rapidly disintegrated and manufacturing executives won legislative and judicial controls on labor participation in order to reassert their traditional managerial prerogatives, top union leaders shifted gears to stave-off reabsorption in management's sphere. Although these labor leaders still advocated democratic control of basic economic decisions such as prices and investment and a full-blown welfare state, they focused on strategies to protect their organizations and to bring economic leverage to bear on corporate and government leaders.

To a significant degree labor leaders were successful. The UAW used collective bargaining to win agreements from corporate leaders which recognized the permanent rights of workers and unions in resolving disputes on the job and established wage rules in 1948 and 1950 which tied worker income to increases in the national cost of living and the national rate of productivity. Shop-level productivity was explicitly defined in terms of new technologies and managerial efficiency, not worker effort and cooperation. Moreover, the unions won "welfare" programs directly from employers to "supplement" public provision of health and hospitalization benefits, pensions, unemployment insurance and the like. These agreements included provisions which gave incentives to corporations to behave "more

responsibly" according to the unions.

Yet in following this strategy union leaders accomodated themselves to large degree to the institutional incentives of political power rooted in historic American patterns of elections, political party support, and government decision-making and, in the process, adopted a more rigid form of unionism. Although political action was crucial for the stabilization of unions as organizations, as well as basic to the conception which CIO leaders had of the need to democratize industry, I will argue in later chapters that labor's broad vision of reform became tied to these particular political and industrial relations institutions. The seeds were sown in the 1940's for union preoccupation with administering collective bargaining contracts and on supporting Democrats who favored labor's organizational interests. Labor leaders came to pay less attention to reform goals, which undermined their strategic flexibility and exposed the unions to new difficulties when it appeared that neither corporations nor government leaders would perform according to union expectations.

Chapter Two

Continuity and Innovation in Labor Politics

Labor's exact place in the New Deal system is confounded by disagreements about whether labor was well-served by New Deal Democracy or whether the new movement was coopted by it. The debate has been confused in part by overemphasis on the events of the 1930's and unfavorable comparisons of the apparent heroic radicalism of that period with what came later, and by over-aggregating "labor" to mean the AFL and/or the CIO. Recall from the previous chapter that much of the debate is rooted in assumptions of the imminent rationality of the division of labor which is reflected in politics. Thus either American workers readily adapted themselves to the superior efficiency of a Fordist system of large-scale manufacturing, low-skill mass production and relatively high wages or labor's leaders compromised radical aspirations and helped employers manage the workforce in order to gain material benefits. (1)

Yet the 1930's and 1940's were years precisely in which patterns of economic behavior were disrupted and politics was preoccupied with economic dislocation, war and reconstruction. The logic of industrialism was at best partially operative. Rather than a single political uprising of labor in the 1930's, the new movement went

through several phases, during each of which union activists re-thought the purposes of the political alliances they made, their tactics and the requirements for pushing ahead. Although rank and file enthusiasm for industrial battle was (and is) an important element of union effectiveness, it was not an end in itself, except perhaps for old Wobblies. Union organizations had to remake and remold tactics and ideas as new circumstances demanded. Nor were the forms which unionism took uniformly stamped in the industrial process. Different unions had different goals, which of course were partly embodied in the split between the AFL and CIO, dominant ideologies and internal structures for decision-making, which were reflected in how they allocated responsibilities for militant action, affirmation of labor goals and immediate bargaining demands.

This chapter does two things. First it looks closely at what the United Auto Workers and much of the CIO in fact believed about the organization of work and the possibilities of politics. It shows that the new union movement did accept the technical division of labor and did favor a new public management of the economy. But labor did not accede to the division of authority at work and the distribution of economic advantage. The unions did not perceive themselves as economic interest groups, but as part of a broader political tradition favoring economic democracy.

The second purpose of this chapter is to show that this democratic aspiration was not merely organizational effervescence in the 1930's and was not readily overtaken by the apparent bureaucratic realities of maintaining enormous national organizations. Although there is clear evidence that some labor leaders put bureaucratic interests first and were political conservatives, managerial ideologies, historic patterns of political representation and international events counted heavily in the late 1930's and the 1940's in shaping the politics of social-democratic labor. At the end of the war major issues of work organization and regulation were unresolved and, as the next chapter shows, what these unions ultimately settled on was a result of power struggles and a strategic reassessment by labor leaders in the postwar 1940's.

The CIO unions, which have figured so prominently in accounts of the innovations of the New Deal, only became organizationally viable in the late 1930's on the eve of World War Two and it was then that big unions like the Autoworkers, Steelworkers, Electrical workers and others could re-focus some resources on the role labor could play in the larger society as well as on some of the stumbling blocks to reform in national politics. In 1940, the UAW and other CIO unions mapped out a plan with generous doses of both liberal and Catholic corporatism and old-left socialism. It called for joint labor-management committees in the shop, industry councils, and national planning. As

late as the 1951 CIO convention the scheme was proclaimed as a "permanent" part of the federation's longterm goals. Not only did the CIO demand the organization of workers in mass production industries--left largely untouched by the pre-1930's AFL--but they argued that democracy and the perfection of large-scale production went together. They echoed themes associated with the Knights of Labor, Debsian socialists and Progressives of the material "abundance" within reach of society and the "cultural lag" which prevented Americans from breaking old habits of thought and forming the institutional means to grasp it. In one sense they were pragmatists who argued that political power should adapt to the potentials inherent in the organization of the economy. But in another sense just what that implied was a major change in the relationships of economy and polity. (2)

The broader reform movement, which stretched beyond organized labor and back to populism and Progressive liberalism had abandoned much of the traditional popular American criticism of government "interference" in "private" affairs in favor of a mix of "anti-monopolism" and "new nationalism", each of which considered government planning a vital tool for democracy. Reformers argued that "business" dominated government and society and that oligopolies dominated industry. Although the two streams of reform clashed over whether government should re-establish a competitive economy or directly manage the new nationalized scale of industry, they agreed that the state

should democratize decision-making which, in the hands of corporate leaders, had skewed the distribution of income, stifled individual initiative and circumscribed the value of expertise and public participation. (3) What the labor movement of the 1930's added to the broad stream of analysis was truly popular organizations of citizens which directly challenged management control of economic decision-making and helped make possible the establishment of a reform government. CIO leaders made clear that they were less concerned than the anti-monopolists with the sheer scale of industry and government. The high degree of development in productive forces with the advent of mass production technologies had outstripped the capacity of current social and political relationships to make use of them. They wanted to change the social relations of production which had turned factories into absolute dictatorships and industrial employment into a fate rather than a project. CIO leaders argued that to ensure democracy and economic security the public had to participate in directing the economy at all levels: in the shops and plants, in industry and among industrial sectors. (4)

The basic idea was that labor participation in work would increase productivity by engaging workers' knowledge and initiative. Union leaders had made such arguments earlier, before World War One and in the 1920's. Managers in contrast had come to define productivity almost solely

in terms of reducing labor costs and had adopted several means to this end: specialization of task and standardization of methods, mechanization and detailed supervision of workers by foremen. Union leaders charged that such managerial habits robbed workers of their skills, turned them into enemies of work and led to unequal distribution of the gains from productivity. Union recognition was prerequisite for constructive labor-management relations. This was necessary to shore-up the imbalance of power between individual employees and corporations and to make real cooperation based on equality in production possible. Once workers had the protection of a secure union organization behind them they could begin to consider the ways of improving the production process free of suspicion of managerial motives. Yet unlike earlier claims, now government would guarantee equality of bargaining power between workers and employers in the labor market and at work by sanctioning collective labor action.

The Wagner Act of 1935 seemed to fill this need. The goals of the Act were to achieve industrial peace through recognition of workers' rights to freely associate, choose representatives, bargain collectively with employers, and strike to back up demands. Although the Act sought peace, in 1935 it was clear that in the short run the Act's redressing of the industrial balance of power through sanction of employee organization would lead to increased strife as workers exercised their new power and employers resisted. But the Act clearly placed at the root of

industrial relations a belief, close to the hearts of Progressive liberals and democratic socialists, that the new rights would create the basis for bargaining among equals and a rational search by labor and capital for solutions to problems of work. Moreover, the Act tied these forms of industrial democracy to national goals of economic stabilization through enhancing the ability of workers to directly negotiate with employers which ceteris paribus would bolster mass purchasing power.

This new union power in mass production industry at a basic level got the supervisor off the worker's back as well as protected worker's earnings. But unions sought an even more substantive role and demanded changes in managerial practices which bound together the whole authority structure at work and the relationship of work to society. For example, workers in industries like autos, steel and rubber were paid by their individual output--a price per piece or tonnage, or piece rate--which routinely varied even among those doing the same work according to whatever the foreman or plant superintendent decided. There were over 45,000 wage rates in the steel industry in 1945, a virtually unending source of worker complaints about inequity which steelworkers demanded be changed. The UAW demanded the abolition of piece rates in the auto industry and the substitution of a more equitable "day rate" according to which all workers would receive pay based on hours worked. And the UAW sought to flatten the

wage structure by negotiating equal increases for all job categories. (5)

Closely related to the method of payment was that workers sought to control standards of production which determined the sheer individual effort required to hold on to a job and earn a living as well as influence total employment. Ford Motor Company, for example, had become notorious among autoworkers as the "speedup king". In the pioneering days of the moving assembly line before World War One Ford had quickly discovered massive resistance to the mechanical pacing of jobs; worker turnover reached 370% until the company announced its famous \$5-a-day wage in 1914 and, even then, soon resorted to an increasingly brutal plant regime in which workers were "driven" to keep up with the pace of automatic machinery by threats and intimidation. The authority of plant management over wages and production standards was reinforced by their power to hire and fire and to determine who shall be layed-off, recalled to work and promoted. Once the UAW was organized, a major demand was job security based upon workers' rights to help determine production standards (which they succeeded in winning in several auto plants); that job rights be based upon seniority (and not management-determined "merit" qualifications); and that local plant managers negotiate directly with workers to resolve conflicts. (6)

Autoworkers and union leaders perceived that solutions to all problems of standards, pay and job

assignments could not be found through negotiations in the shop or even company. For example, shop-level bargaining over wages in the late 1930's led to bidding competition in individual plants, which the UAW tried to discourage. A major UAW demand was company- and industry-wide standards and union participation in business planning. Workers and unions were well aware of the integrated character of their industries and realized that production standards disputes and workplace authority had major ramifications for industrial performance.

Automobile plants in particular were organized into continuously moving lines, with workers stationed along and among machines stamping, bending, grinding, assembling, painting and transferring parts. Ford's integrated operations were famous for transforming iron ore and rubber from the company's own mines and plantations into finished automobiles and then marketing and financing consumer sales. Industry leader General Motors, though it did not match Ford's integration as epitomized by its mammoth River Rouge complex in the Detroit suburb of Dearborn, which employed over 100,000 people, nonetheless was closely interlocked with industrial giants DuPont (which had a monopoly on tetraethyl lead gasoline and captive markets for motor vehicle paints and industrial chemicals) and U.S. Rubber Company. It was a major supplier of auto parts (to itself and competing companies) and a producer of consumer appliances and credit. Indeed, to make GM and other

similarly complex organizations in autos and other industries feasible, top corporate leaders in the 1920's had devised elaborate internal financial controls to reduce unit costs of production and to supply the market with carefully priced products designed to achieve a "standard volume--normal profit", as GM managers called their goal.

(7)

Management hierarchy and norms of efficiency equally had major effects on workers' livelihoods and on labor involvement in work. As a leader of the International Ladies Garment Workers' Union wrote to the UAW's Walter Reuther, union influence in production standard setting was the "key to participation in every level of management by the union". (8) The UAW insisted in the 1930's and 1940's that the auto companies re-plan the production process to stabilize employment; completely change their payment systems; curb supervisor power; and change their price and product policies. Perhaps the key demand was that competition among companies in the industry should not include wages and direct labor costs and should instead focus on products and methods. The guarantee for this was industry-wide bargaining between a secure national union and the various firms. The UAW and CIO urged creation of "industry councils" as the forum for participation in which "multipartite" memberships drawn from unions, managements, government, farmers and consumers would make basic decisions about prices, profits, products and investment. Reuther proposed that "technical commando units" of skilled

labor be organized-- non-competitive "pools" of engineers, draughtsmen and designers; tool and die workers; and maintenance trades--to service all companies in a region and to guarantee "flexible production". Moreover, to enhance labor's participation the CIO and the AFL advocated a federal Labor Education Extension Service--modelled on the Agricultural Extension Service--to finance shop steward and rank and file training in good industrial relations practices, economics and history. Steps in this direction were taken in Michigan in 1944 through an agreement between the UAW and the University of Michigan and in 1946 the U.S. Department of Labor established a Labor Education Service with AFL and CIO advisors. Finally, the UAW and CIO plans tied the industrial councils to a National Planning Board. Reuther's proposal called for "economic democracy" in which the National Planning Board, again with "multipartite" membership, would set "social priorities" for production and distribution. It would help transform "a formless, anarchic economy into a rational industrial society". (9)

The basic conception of national economic management relied on analyses of underconsumption argued by traditional American institutionalists and the newer ideas of American Keynesians. (10) They perceived that the economy was based on mass production--high volume manufacturing of standardized goods at a low unit costs and stable prices--and that profits and wages both could be

high as long as the market was extensive, thus allowing small profit margins to aggregate into great masses of financial surplus. This conception was also held by conservative manufacturers, but what distinguished these reformers was their conclusion that capitalists could not keep such a system operating. Top corporate managers would either over-accumulate profits and not expand capacity to meet new demands or they would drive down wages relative to profits and thus undermine mass markets. Either way individuals were made economically insecure and were excluded from crucial decision-making. The solution was to "compensate" for the short-fall in investment or mass purchasing power by government spending for social insurance (for example, unemployment benefits, pensions) and investment (plant, education and training), coupled with high taxes on the wealthy and a strong labor movement to directly redistribute income.

The Reuther plan also foresaw a government research agency to license and spread scientific and technological information and to plan industrial modernization, including public ownership of "life and death" industries (for example, utilities), high-risk experimental production and "yardstick" plants in highly-concentrated industries to promote technological change and price stability. The CIO also lobbied for "nationalization" of the U.S. Employment Service in order to tie national economic planning to local job creation.

Finally, they argued that industry should be

responsive to foreign policy goals based on international cooperation and the reconstruction of Europe. (11) The CIO in 1945 had a full international agenda, including international labor cooperation to raise work standards, support for the creation of the International Monetary Fund, World Bank and the United Nations; transfer of capital to Europe; and, in the short term, an imbalance of exports, especially of manufactured goods, which would rebuild Europe and boost American employment. Although some important Roosevelt administration advisors stressed export market expansion and using government regulatory powers to ensure competition among industrial sectors as prerequisite for full employment in the U.S., others, including much of organized labor, focused on government intervention in the financial and industrial structures of the economy and emphasized that domestic full employment was prerequisite to U.S. foreign policy goals.

These social-democratic and liberal nationalist ideas were prominent but not hegemonic in the CIO and broader labor movement. There were both more conservative and radical strains of thinking, all of which did not fit together as a piece. The success of the initial upsurge of new unionism in the mid-1930's however had helped ensconce the "progressives" (Socialists, Communists and other who shared the social-democratic agenda) in positions of potential power, although the political status of their reform aspirations was still anything but settled at the

end of the 1930's. In addition to ideological diversity and division among the union federations, social-democratic leaders in the CIO had to compete intensely with newly active AFL rivals for working class allegiance and they faced resurgent political challenges from employers and conservative members of Congress and state legislatures. In fact political and industrial conditions worsened in the late 1930's and what most of the CIO leadership did between 1938 and 1946 was to form a popular front of progressive organizations to hold-off reaction and to back liberal Democrats. This popular front strategy in turn had major consequences for the internal politics of trade unions.

Problems for the unions were related to the drift of the Roosevelt administration toward stalemate, brokering and traditional approaches to economic policy as economic recovery was dashed in the "Roosevelt recession" of 1938. The ups and downs of general economic conditions in the later 1930's had differential affects on employers, workers and the Congress. For example, when conditions improved in 1935 and 1936, GM increased employment, made more money and paid out its standard dividend. The previous failure of the NRA ensured more competition and GM reacted by deepening its business strategy: more differentiation of models (especially the beginning of the annual model change in 1935) and renewed investment in more capacity and labor-saving process technology. It also teamed with Standard Oil of California and Firststone Tire to buy up and close

down competing interurban rail transportation in 1936. GM helped finance the American Liberty League, Landon's 1936 presidential campaign and the Special Conference Committee's fight against unions. It waged a violent campaign against the UAW in 1935-37, but lost when Michigan Governor Frank Murphy tipped the scale to the union when he refused to deploy National guard troops against strikers in Flint. Yet in the renewed depression in late 1937 and 1938 GM promptly laid-off workers and failed to cut prices. At the time the UAW had only partially organized GM and Chrysler while Ford was not organized at all. (12)

The national government in turn lost the unity of purpose it had showed after the Democrats' massive victories in 1932 and 1934. 1936 was big electoral year as well, but first the rise in the economy and then the steep fall contributed to loss of faith in the President's program among Congressmen. This was compounded by institutionally divisive issues, such as the Court-packing plan and Congressional prerogatives in taxing and spending. The 1938 Congressional elections brought together a bipartisan "conservative coalition" in the Congress, led by southern Democrats, which balked at fully continuing Roosevelt's proto-Keynesian policy. Also Congress rejected Roosevelt's first executive reorganization plan, preserving the fragmentation of regulatory agencies and its own autonomy from the executive. It structured the unemployment compensation and employment service programs

to preserve the state's powers and not incidentally to prevent establishment of national standards and the administrative capacity to implement them. Internal fragmentation was lessened a bit by the 1939 executive reorganization bill, but major regulatory agencies were exempted, including the NLRB. On the other hand, in the recession of 1938 conservative Congressmen were pleased to spend on rural relief and agricultural price supports. (13)

The Congressional conservatives also teamed up with employers and the AFL to try to amend the NLRA in 1939. (14) Despite the apparently clear enunciation of new national industrial policy in the Wagner Act, there were many outstanding questions of interpretation concerning government's involvement in determining the substance of collectively bargained contracts and the primary goals of national economic policy. For example, the Act had created the National Labor Relations Board to implement the Act's injunction that management desist from disrupting workers' associations and bargain with unions, but it was not clear what issues companies had to bargain over and whether the government would go further than the Fair Labor Standards Act of 1938, which established substantive terms of minimum wages and maximum hours, to mandate specific agreements. Moreover, it was unclear whether workers had rights to participate in management--in what sense were they made "equal"?--or simply to be represented by unions in negotiations with company officials over the terms of labor

market exchange. According to one legal scholar it was

clear that there was no coherent or agreed-upon fund of ideas or principles available as a conclusive guide in interpreting the (Wagner) Act. The statute was a texture of openness and divergency, not a crystallization of consensus or a signpost indicating a solitary direction for future development. (15)

Corporate managers, the labor federations and state officials continued an intense battle over these questions long after the Act was passed. The AFL had allied in 1938 with employers and Congressional conservatives to weaken the administrative powers of the original FLSA and they now attempted to amend the NLRA in order to prevent policies which they claimed favored the CIO. Although they failed to amend the NLRA, Roosevelt appointed new members to the Labor Board over CIO objections to reduce its autonomy from contending parties.

The political drift of the late 1930's toward reaction and tepid Presidential support for the CIO's continued industrial advance placed the question of effective political action more prominently at the center of labor's attention. Although many labor leftists advocated formation of a labor political party, most CIO leaders were unwilling to take the short-run losses this would necessarily entail in a two-party, single-member district electoral system in which workers voted Democratic if at all and in which the AFL was certain to be in opposition, as its prohibition of cooperation by AFL regional councils with the CIO in 1938 testified. Indeed, the short-run losses resulting from lessened political

leverage could be severe, as the Michigan-GM sitdown suggested. In this situation CIO leaders more than ever firmly backed Roosevelt and liberal Democrats. John L. Lewis' bid to play-off Wilkie Republicans against Democrats in 1940 had logic to it, especially considering the paltry role accorded labor during the war by Roosevelt, but it was quixotic at best and was virtually unanimously rejected.

The consequences of seeking a broader basis for the labor movement--after all both CIO and AFL could vote Democratic, not to mention the professional and middle classes, without direction cooperation--nonetheless were decidedly mixed. As the economy and the Roosevelt administration geared for war in 1940 and 1941, labor's role and especially the CIO's role improved. A new CIO organizing drive led to major successes, such as at Ford in 1941. Hillman became co-chairman (with GM's Knudson) of the federal Office of Production Management, the key government agency directing the early defense effort. The CIO won public approval in comparison with industrialists who resisted the effort and were more interested in the new opportunities for profit-making. And, during the war, government support of peaceful labor-management relations and collective bargaining helped boost union membership tremendously.

But commitment to Roosevelt Democrats and war mobilization did inhibit the reform program in its popular, legislative and social aspect. A big straw in the wind was

that Hillman in his role at OPM rejected arguments by some unionists that he was labor's representative and that the war mobilization should be decentralized into the hands of unions and industries. Instead he envisioned that the proper role of government was to direct the mobilization and he backed the suppression of an organizing strike by the UAW in California aircraft plants in 1941. Moreover, OPM authorized a policy of loosely applying the NLRA to defense employers. (16) But then, after Pearl Harbor, the OPM set-up and Hillman himself were abruptly scrapped by Roosevelt. The hostility this generated among labor leaders eventuated in new agencies with tripartite representation of management, unions and government.

Yet labor's role in production planning soon was sharply limited again by intense managerial opposition to war plans which might act as a "wedge" for social reform and by acquiescence in this by government leaders who put greater value on wage stability, increased production and maintenance of political support for the war. (17) As labor was increasingly squeezed-out or by-passed in national policy-making, it sought new forms of leverage. But labor leaders (with the spectacular exception of John L. Lewis and the UMW) were constrained to preserve industrial peace by the "no-strike pledge" which they had made to the country after the Japanese attack on Pearl Harbor and by repeated Congressional threats of a "labor draft". What made this new "union responsibility" for social order especially trying for labor leaders was the

growing impatience of rank and filers, who had great potential power to win concessions from employers due to wartime full employment, and accumulated grievances over the lag of wages behind the cost of living. During the war the War Labor Board eased the union leaders' predicament somewhat by, on the one hand, absolutely insisting on legal, company and union discipline of rank and filers to preserve the no-strike pledge and, on the other, rewarding compliant unions with contractual "fringe" benefits; new means of security for their organizations against both employers and insurgent memberships; and by helping set up grievance procedures so problems in the shop could be settled without strikes. But ultimately the rank and file movements to break the no-strike pledge were held in check by a solid popular front coalition among labor leaders.

The UAW was one of the focal points in the CIO for many of these developments. The top UAW leadership had emerged from the intra-union struggles of the late 1930's when a coalition of Communists, Socialists and "pragmatic" unionists ousted then-president Homer Martin and took over the union. In 1939 this group successfully carried out a disciplined rank and file organizing assault on GM and Chrysler, where Martin had allowed the union to crumble in the preceding year. After the union coup d'etat, R.J. Thomas became president, George Addes became secretary-treasurer, and Walter Reuther became a vice-president and director of the union's GM Department. Although the UAW

leadership coalition still was rife with ideological tensions and disputes over how to respond to the clear business domination of the war effort and wartime attempts by companies like GM to undermine the union's presence in the plants, it held together against rank and file direct action tactics. The issue came to a head when the rank and file movement organized to have the UAW renounce the no-strike agreement at the union's convention in September 1944 in Grand Rapids, Michigan. This movement was only deflected at the convention by a decision to hold a union-wide referendum on the question in early 1945--the pledge was reaffirmed--but the partial defeat of the official position reflected the readiness of the rank and file to assert a major role in industrial politics.

The real locus of union leverage was the creation in 1943 of the CIO Political Action Committee and the allied National Citizens-PAC. Hillman was its director and he sought both to establish an autonomous labor political organization which could put friendly pressure on Roosevelt and intervene in elections and to preserve the popular front by forestalling pressures for a labor party. The PAC achieved some notable successes in the Congressional and Presidential elections of 1944, temporarily stopping a rightward lurch. (18)

The changing balance of power during the war helped create a more bureaucratic style of unionism and this was to a large degree an outcome of managerial control of

production and its designs for the labor system. Ideologically rightwing and managerial resistance already had been evinced in the appearance of a bi-partisan "conservative coalition" in Congress in the late 1930's. To most industrial managers the New Deal had been a revolution which called for drastic measures to fight-back against labor and "socialist" government. Yet during the war, even the holders of this peculiarly American managerial reaction to liberal reform discovered that government power could be an effective stimulant to economic expansion. After all, business managers had taken in hand the reins of planning and control of the "total war" domestic mobilization, side by side with the Army, and they claimed the largest credit for its obvious successes in sheer production and new wealth.

Nonetheless, management's postwar position seemed anything but assured. Most experts predicted re-newed depression with reconversion to a peacetime economy, citing World War I experience to buttress arguments that the vast increase in industrial capacity created conditions of over-supply. Also, business leaders claimed war conditions (including cost-plus government pricing) undermined their internal cost structures and insisted that to survive and profit in a postwar competitive buyers' markets, government should end all price controls and managers should regain mastery of production costs by increasing standards, lengthening hours of work, and dismissing the less productive workers. Labor costs loomed most threatening

because the Labor Board had enhanced the political security of union leaders and vastly expanded the rolls of union membership. Employers were threatened by the breathtaking scope of the CIO reform agenda. Leaders of large manufacturing corporations organized a broad business coalition to shape the balance of power and thus to re-set the substantive terms of work organization and business regulation.

Despite important variations among business associations and industries when it came to specific economic policy initiatives, they could unite behind broad and often extremely bitter opposition to unions. Thus although U.S. Steel in 1937 had made a dramatic about-face when it agreed to bargain with the Steel Workers Organizing Committee in order to gain a valuable share of the surging steel market as Britain prepared for war, this pragmatic response hardly proved the beginning of cooperative relations between the corporation and its employees. Moreover, some corporate leaders, such as Alfred P. Sloan, Jr., chairman of General Motors, made clear that the need for policies (private and public) to stabilize their operations did not entail loss of control over their companies to unions and government. And while the wartime U.S. Chamber of Commerce, parts of the Business Council, and the newly created Committee for Economic Development largely had abandoned laissez-faire rhetoric and had adopted a conservative version of Keynesian macroeconomic

analysis, the "little steel" companies, most of the auto industry, and farm equipment manufacturers represented by the National Association of Manufacturers, local Chambers of Commerce and the Automobile Manufacturers Association, provided the backbone of reaction to reform and vehemently opposed federal assumption of responsibility for economic performance. Both of these wings of employers' opinion were intent upon maintaining their authority to set wages and prices and preventing unions from using the state to restructure the economy and raise taxes. Manufacturing leaders, argued Sloan, had to broaden their claims from control in the arena of production to political and social leadership in order to prevent the "socialization of enterprise" which would come about from "non-business" influence on government planning. (19)

The Committee for Economic Development was probably the most liberal group of businessmen, if not the most influential. Organized by Studebaker president Paul Hoffman and William Benton in 1942, with encouragement from U.S. Secretary of Commerce Jesse Jones, CED grouped together the heads of mostly very large corporations who also were members of the Commerce Department's Business Advisory Council, in order to make plans for the postwar economy and to proselytize small business. The group wanted to use the tax code, monetary policy and trade to achieve "high" rates of national employment and to smooth out business cycles without redistribution of income or infringement on traditional management prerogatives. These

policies, they argued, could be achieved relatively "passively" and without much popular participation through the new powers for macroeconomic management which the federal government had acquired in depression and war. For example, existing mildly progressive taxes and the introduction payroll withholding made possible automatically increasing revenue with economic growth which, in turn, would act to slow down demand-push inflation on the high-side of the business cycle. Moreover, export demand from Europe would absorb the productive "surplus" made possible by the enormous expansion of plant capacity during the war without redistributing income and recasting the composition of production. Herbert Stein reports that CED favored "automatic stabilizers" like the tax code because it did not believe the government had the capacity for hands-on, timely execution of a more interventionary policy, but CED, with the National Association of Manufacturers and the Chamber of Commerce, made sure the government did not develop such a capacity. (20)

The wartime U.S. Chamber of Commerce under Eric Johnston, a building construction executive, also accepted a role for the Federal government in stabilizing the business cycle. Like the CED it preferred to keep this role as limited and as politically insulated from popular influence as possible. Its primary goal for labor-management relations was stability based on recognized

spheres of managerial and union action. In this spirit Johnston co-sponsored with the CIO president Philip Murray and AFL president William Green a "Charter for Industrial Peace" in the spring of 1945 which would extend war-time labor-management cooperation during reconversion of the economy to civilian production. The Charter endorsed "free enterprise", existing union rights to organize and bargain collectively and also tied management rights to a union no-strike pledge and government regulation of prices and wages. However, neither the AFL Executive Council nor the NAM, behind the resistance of Chrysler executives, would join the agreement and it died. (21)

In fact liberal businessmen differed little from the hardliners when it came to issues of control inside the enterprise and, in any case, they were politically outweighed by them. (22) Most employers, regardless of ostensibly broad business agreement on "free collective bargaining" and use of grievance procedures and conciliation methods, wanted to restore management control in the firm which they believed had drastically declined during the war due to aggressive union demands and government meddling. The voluntarism of the labor-management Peace Charter and the reliance on evolving Court decisions and Democratic administration policies were rejected by the NAM and in particular by the Big Three auto manufacturers who wanted new statute law to control labor.

The essential vision of these hardline mainstream managers was that production was best organized as an

efficient bureaucracy with a single line of command from the executive office to the shop floor. The corporation was not pluralist and corporate leaders like G.M.'s Sloan explicitly rejected "cooperation". Management hierarchy was necessary for efficient operations and management control was based on property rights and delegation of authority to managers: managers had sole control of the disposition of the economic surplus and responsibility to increase revenues and profits. Automobile Manufacturers Association spokesmen in 1945 opposed even the "job conscious" unionism long associated with the AFL which focused on wages, hours and working conditions: rights to hire, fire, assign, promote, discipline and classify workers, not to mention decisions about investment, products, technology, production standards and scheduling were well beyond the proper scope of union concern. At best unions could express their opinions and grieve ex post facto management decisions. (23) As GM president Charles E. Wilson claimed, collective bargaining had to be contained in its proper sphere. Otherwise, "the border area of collective bargaining will be a constant battleground between employers and unions, as the unions continually attempt to press the boundary farther and farther into the area of managerial functions". GM's labor strategy was to firmly and decisively resist a union role in business planning with whatever resources were necessary. (24)

In 1945 the social-democrats were weakened but resilient. Once the war was over the apparent necessity for labor cooperation on the old basis was gone. The CIO and AFL at first acted cautiously, fearing a collapse of the postwar economy--as had happened after World War One--and with it a collapse of union economic power. The first measures of what had changed in labor's political status were made by the legislative defeats of the 1945 Full Employment and Murray-Wagner-Dingell "welfare state" bills and in the Labor-Management Conference in November. These reflected the cooperative and legislative tactics of reformers which, however, were rejected by employers and Congressional parties. The employers set their immediate task as the modification of the Employment bill introduced in the U.S. Senate in May 1945 and backed by liberal Democrats and social-democratic labor. (25) The bill proposed that full employment was the goal of national economic policy. It required the President to present an annual budget which would estimate the "gap" (expected by Keynesian analysis) between private investment and the investment needed to ensure full employment. Then a plan would follow to fill the gap through incentives to private investment and, since that was expected not to be forthcoming in sufficient quantities, public investment and "compensatory" spending.

The Senate passed the bill virtually as proposed in September 1945 and the House became the scene of intense

opposition led by auto manufacturers as part of an increasingly massive business coalition. Many argued that full employment and government spending would create inflation without price controls. Sympathetic southern conservative Democrats in the House re-wrote the bill according to specifications developed by the U.S. Chamber of Commerce and reported it out of committee in December. The final legislation passed by Congress closely followed the House version and qualified the goal of national policy to "maximum" employment "consistent with free enterprise"; deleted the full employment budget and plan and substituted an annual Economic Report of the President; and prevented the planning function from being centralized in the Budget Bureau under Presidential control by creating a three-person Council of Economic Advisors appointed by the President with Senate concurrence. (26) This was accompanied by the defeat of the Murray-Wagner-Dingell bill.

At the Labor-Management Conference called by President Truman and held for three weeks during November 1945 corporate leaders were helped by union factionalism. The war had suspended consideration of the policy background for collective bargaining but now that policy was again the source of great debate, so was collective bargaining's relationship to it. The purpose of the Conference was for the leaders of giant enterprise and labor unions to voluntarily decide how to compose their relations. Although neither CIO nor AFL believed that war-time policy

had been just to labor and both wanted a postwar boost in workers' income to make-up for lost real income during the war and for the decline in weekly wages as work hours were cutback from wartime levels, the CIO wanted continued government controls on prices and its allies in the National War Labor Board and OPA counselled Truman that wages should increase without price increases. In August and September before the conference the CIO tried to have the N.W.L.B., the Office of War Mobilization and Reconversion and President Truman make a decision on the issue. At the same time the AFL was opposed because they thought a new government wage policy would not be voluntary and would perpetuate labor's poor experience with wartime wage controls. At first Truman rejected continued controls and the administration quickly ended most of them. But in September Truman announced a policy favoring wage increases if they were given without price increases. However, government authority over the issue was already weakened by the end of the no-strike pledge and demise of the NWLB and corporations ignored the policy with impunity; they argued they could not afford wage increases without price increases. The CIO then sought to reach national agreement on wage and price relationships at the President's Labor Management Conference in November, but the AFL and United Mine Workers joined the employers' associations to prevent placing wage-price relationships on the agenda. (27)

At the same time the conferees were unable to resolve

other basic questions of the scope of collective bargaining (both CIO and AFL wanted no limits on bargaining subjects and industry scope--they wanted to prevent rigid requirements so that labor-management relations could evolve as circumstances demanded) and what workers could be unionized (especially white collar workers and factory foremen). The Conference only managed to agree on general principles of support for collective bargaining (which was significant since the NAM had not previously clearly done so) and that "peaceful" administrative means of a fortified Federal Mediation and Conciliation Service should be used before the parties resorted to economic force. (28) The strikes which engulfed the closing days of the Conference were the first battles in a renewed struggle over the shape of the postwar regime. They also were the fruit of managerial power and Truman's claimed neutrality. It took over a year for the Truman administration to realize its political error and begin to improve its ties to labor.

Notes

1. Philip Taft, The AFL From the Death of Gompers to the Merger (Harper New York 1950); Selig Perlman, "Labor and the New Deal in Historical Perspective" in Milton Derber and Edward Young, eds., Labor and the New Deal (University of Wisconsin Press Madison 1957); Art Preis, Labor's Giant Step: Twenty Years of the CIO (Pioneer Press New York 1964); Mike Davis, Prisoners of the American Dream (Verso New York 1986); John Dunlop, Industrial Relations Systems (Southern Illinois University Press Carbondale 1971).
2. The radical autoworker Bob Travis, after the UAW seized a GM transmission plant in 1937, explained "we had to answer blow with blow to convince General Motors of our rights under the law....We are prepared to cooperate fully toward the efficient functioning of the industry". Quoted in Jerold Auerbach, ed., American Labor: The Twentieth Century (Indianapolis 1969) pp 328-31 and cited by David Brody, Workers in Industrial America (Oxford University Press New York 1980) pp 41-2. Progressive-era reformers William F. Ogburn developed the concept of "cultural lag" and Simon Patten coined the phrase "economy of abundance". These and related ideas were the fount of the liberal nationalism and democratic socialism of Charles Van Hise, John Dewey, Rexford Tugwell, Stuart Chase and many others well into the 1950's. In the 1940's Walter Reuther was a prominent labor popularizer for these ideas. Cf. Mark Starr, "Organized Labor and the Dewey Philosophy" in Sydney Hook, ed., John Dewey: Philosopher of Science and Freedom (Barnes and Noble New York 1967) and other essays in this collection by Jim Cork and Horace Kallen.
3. A few works on the broader ideology of reform are Nick Salvatore, Eugene V. Debs: Citizen and Socialist (University of Illinois Press Urbana 1982), who contrasts Samuel Gompers' class consciousness and Debs' commitment to community, p 36; Steve Fraser, "Dress Rehearsal for the New Deal: Shop Floor Insurgents, Political Elites and Industrial Democracy in the Amalgamated Clothing Workers", in Michael H. Frisch and Daniel J. Walkowitz eds., Working Class America (University of Illinois Press Urbana 1983) pp 212-55; Matthew Josephson, Sydney Hillman: Statesman of American Labor (Doubleday New York 1952); Richard Pells, Radical Visions and American Dreams (Wesleyan University Press Middleton 1973); Samuel Haber, Efficiency and Uplift: Scientific Management in the Progressive Era, 1890-1920 (University of Chicago Press Chicago 1964); Bernard Sternsher, Rexford Tugwell and the New Deal (Rutgers University Press New Brunswick 1964); Ellis Hawley, The New Deal and the Problem of Monopoly (Princeton University

Press Princeton 1966); and Thomas Brooks, Clint: A Biography of a Labor Intellectual (Atheneum New York 1978).

4. The next pages outlining the CIO proposals are based on Philip Murray and Morris L. Cooke, Organized Labor and Production (Harper New York 1940), Clinton Golden and Harold Ruttenberg, The Dynamics of Industrial Democracy (Harper New York 1942) and Merton Ertell, "The C.I.O. Industry Council Plan--Its Background and Implications" (Unpublished dissertation University of Chicago 1955). Two critical contemporary reviews are Neil Chamberlain, The Union Challenge to Management Control (Archon Books Hamden 1948) p 260, and Charles Lindblom, Unions and Capitalism (Yale University Press New Haven 1949) chapter 14. Cf. Clint Golden, "New Patterns of Democracy", The Antioch Review 3(2) September 1943. "The Auto Industry After the War", UAW Ford Department Collection, Box 1. ALHUA. P. Alston Waring and Clint Golden, Soil and Steel (Harper New York 1946). Murray Lincoln, Vice-President in Charge of Revolution (McGraw-Hill New York 1960). The Catholic Church advocated a scheme with strong parallels, see Ertell and the pages of The Wage Earner, the paper of the Association of Catholic Trade Unionists, for example "Go Beyond Wages and Hours, Bishops Urge Labor", The Wage Earner, August 30, 1946, in Walter P. Reuther Collection, "Economy 1946-49", Box 621. ALHUA. Douglas P. Seaton, Catholics and Radicals: The Association of Catholic Trade Unionists and the American Labor Movement from Depression to Cold War (Bucknell University Press Lewisburg 1981). On the Communist Party, Maurice Isserman, Which Side Were You On: The American Communist Party During the Second World War (Wesleyan University Press Middleton 1982). On the Chamber of Commerce, see below at note 21.

5. Cf. Jack Steiber, The Steel Industry Wage Structure: A Study of the Joint Union-Management Job Evaluation Program in the Basic Steel Industry (Harvard University Press Cambridge 1959). Generally on UAW collective bargaining demands, see Robert MacDonald, Collective Bargaining in the Automobile Industry (Yale University Press New Haven 1963).

6. Turnover, Sumner Slichter, The Turnover of Factory Labor (Appleton New York 1921). Workers and production standards in the 1930's, Sydney Fine, "The G.M. Sitdown Strike", American Historical Review 70(3) April 1965. On Ford, see Stephen Meyer, The Five Dollar Day (State University Press of New York Albany 1981); Joyce Shaw Peterson, "Autoworkers and Their Work, 1900-1933", Labor History 22(2) Spring 1981; Allan Nevins and Frank Hill, Ford: The Times, the Man, the Company (Scribner New York 1954) and idem., Ford: Expansion and Challenge, 1915-1933 (Scribner New York 1957). Speedup in the 1930's and

1940's, Irving Howe and B.J. Widick, The UAW and Walter Reuther (Random House New York 1949) pp 20-28 and MacDonald, Collective Bargaining, op. cit., pp 329-55.

7. On GM, Ed Cray, Chrome Colossus: General Motors and Its Times (McGraw Hill New York 1980) and Gerard Colby, Du Pont Dynasty: Behind the Nylon Curtain (Lyle Stuart Secaucus 1984). On its profit policy, see Cray, *ibid.*, pp 202f and Alfred P. Sloan, Jr., My Years with General Motors (Doubleday Garden City 1963). Generally on corporate organization, the now-standard accounts are Alfred DuPont Chandler, Jr., Strategy and Structure (The M.I.T. Press Cambridge 1962) and *idem.*, The Visible Hand (Belknap Press Cambridge 1977) and on labor's role within this form of organization, Clark Kerr, John Dunlop, Frederick Harbison and Charles Myers, Industrialism and Industrial Man (Harvard University Press Cambridge 1960) and David Brody, "The Emergence of Mass Production Unionism" in Edwin Perkins ed., Men and Organizations: The American Economy in the Twentieth Century (Putnam's Sons New York 1977).

8. William Gomberg letter to Walter Reuther, May 7, 1943 in Walter Reuther Collection, Box 9. ALHUA.

9. "Technical commando units", Reuther, "The Challenge of Peace", International Postwar Problems 2(2) April 1945. Michigan education program, Selig Harrison, "The Political Program of the United Automobile Workers" (Honors thesis Harvard University 1948) pp 90-94 and "An Analysis of the Factors in the Closing of the University of Michigan's Workers Education Program" (Research paper, School of Education, University of Michigan, 1956). The New York Times, November 28, 1947, p 48. Hearings on the Labor Education Extension Service, Subcommittee on Education of the Committee on Labor and Public Welfare, U.S. Senate, 80th, 2nd session, February 16-20, 1948 and Hearings on Labor Extension Act of 1949, Committee on Education and Labor, U.S. House of Representatives, 81st, 1st session, July 26-8, 1949, pp 61-70. Department of Labor program, John Gibson Papers, Box 9, Truman Presidential Library, Independence Missouri. Gibson had been president of the Michigan CIO in 1943 and then became U.S. Assistant Secretary of Labor from 1946 until 1950.

10. J. Raymond Walsh, CIO: Industrial Unionism in Action (Norton New York 1937) pp 229-47. Cf. letters between Walsh (who became director of the CIO Education and Research Committee) and Chester Bowles, director of the Office of Price Administration, dated September 25, 1944 and October 9, 1944, Record Group 188, Box 36, National Archives, Washington, D.C. Cf. Paul J. McNulty, The Origins and Development of Labor Economics (MIT Press Cambridge 1980) pp 153-92; Herbert Stein, The Fiscal Revolution (University of Chicago Press Chicago 1969) chapters 5-8; and Seymour Harris ed., The New Economics:

Keynes' Influence on Theory and Public Policy (Knopf New York 1947). "Rational society", Victor Reuther, "The Next Fifty Years", Detroit (June 1945), quoted in Frederick Harbison, "The UAW-General Motors Agreement of 1950", Journal of Political Economy 58 (1950) p 404.

11. Cf. William Green, "A Real Department of Labor", The American Federationist (June 1946). The CIO joined liberal allies in the National Planning Association and in various agencies in the Roosevelt administration. This and the next paragraph rely on Fred L. Block, The Origins of International Economic Disorder (University of California Press Berkeley 1977) chapter three. Cf. Charles Maier, "The Politics of Productivity" in Peter Katzenstein, ed., Between Power and Plenty (University of Wisconsin Press Madison 1978). Cf. Irving Richter testimony for the UAW, "Trade Agreement Act of 1945", House Committee on Ways and Means, April 27, 1945, in UAW Research Department Collection, "Foreign Trade 1945", Box 13, which tied free trade to the IMF and the Charter for Industrial Peace. Also, Henry Wallace remarks at his hearing for confirmation at Secretary of Commerce.

12. Cray, Chrome Colossus, op. cit., pp 310-11, 345; Sloan, My Years, op. cit., pp 201, 241; and Colby, Nylon Curtain, op. cit., pp 354, 356, 358f.

13. James Patterson, Congressional Conservatism and the New Deal (University of Kentucky Press Lexington 1967).

14. D.O. Bowman, Public Control of Labor Relations (MacMillan New York 1944) pp 415f.

15. Karl Klare, "Judicial Deradicalization of the Wagner Act and the Origins of Modern Legal Consciousness, 1937-1941", 62 Minnesota Law Review 265 at p 291; cf. pp 305 and 324. Klare is referring to the pre-1941 period, but for the postwar 1940's see Katherine Van Wezel Stone, "The Postwar Paradigm in American Labor Law", The Yale Law Journal 90(7) June 1981. Compare David Feller, "A General Theory of the Collective Bargaining Agreement", 61 California Law Review (1973).

16. Josephson, Sydney Hillman, op. cit.; Industrial Mobilization for War: History of the War Production Board and Predecessor Agencies 1940-1945 (GPO Washington, D.C. 1947) volume one, pp 203-36; and OPM Minutes for April 29, 1941, Record Group 179, National Archives.

17. On the war experience of labor, Nelson Lichtenstein, Labor's War At Home (Cambridge University Press New York 1982), especially pp 178-207; Joel Seidman, American Labor From Defense to Reconversion (University of Chicago Press Chicago 1953); Bruce Catton, The War Lords of Washington (Harcourt Brace New York 1948) pp 90-110; David Brody,

"The New Deal and World War II", in John Braeman, Robert Bremner and David Brody, eds., The New Deal: The National Level (Ohio State University Press Columbia 1975) pp 281-86; George Taylor, Government Regulation of Industrial Relations (Prentice-Hall New York 1948); and Victor Reuther, "Labor in the War--And After", The Antioch Review 3(3) Fall 1943. "There was apprehension in some quarters that the Drive" to establish joint labor-management plant committees "might serve as a wedge for labor to enter the management of industry". War Production Board Minutes, June 8, 1943, Record Group 179, National Archives. Grievance procedure, George Heliker, "Grievance Arbitration in the Automobile Industry" (Unpublished dissertation University of Chicago 1954), pp 96f. One casualty of the war was strong labor support for joint production committees. Although the CIO continued to advocate industry councils after the war, collective bargaining took pride of place. End of war militancy, George Lipsitz, Class and Culture in the Cold War: 'A Rainbow At Midnight' (Praeger New York 1981).

18. Two-partism, see Hillman endorsement of the "vitality" of the two-party system, Proceedings of the CIO Convention, November 20-24, 1944, pp 208-09. Josephson, Hillman, op. cit., p 637. Joseph Gaer, The First Round (Duell, Sloan and Pearce New York 1944). New PAC policy, James Foster, The Union Politics: The C.I.O. Political Action Committee (University of Missouri Press Columbia 1975) p 61 and Fay Calkins, The CIO and the Democratic Party (University of Chicago Press Chicago 1952).

19. Sloan, My Years, op. cit. and idem., "Post-War Jobs" (Address to the Economic Club of Detroit) October 11, 1943. Ford's perceived loss of productivity, Allan Nevins and Frank Hill, Ford: Decline and Rebirth, 1933-1962 (Arno Press New York 1976) p 300, although Ford's problems clearly were linked to its succession crisis during the war. U.S. Steel in 1937, Lloyd Ulman, "Influence of the Economic Environment on the Structure of the Steel Workers Union", IRRA Annual (1961) p 232 and Paul Tiffany, "Industrial Policy and the Decline of the American Steel Industry", Journal of Contemporary Business 11(1) 1982. Eric Johnston, America Unlimited (Doubleday, Doran New York 1944). Robert Collins, The Business Response to Keynes (Columbia University Press New York 1981). Howell John Harris, The Right to Manage: Industrial Relations Policies of American Business in the 1940's (University of Wisconsin Press Madison 1982).

20. Alan R. Raucher, Paul G. Hoffman: Architect of Foreign Aid (The University Press of Kentucky Lexington 1985) pp 51-59. Stein, Fiscal Revolution, op. cit. Eg. the CED opposed a national development bank and nationalization of the unemployment system. "Committee for Economic Development", Box 2186, Record Group 82, National Archives.

21. Charter, see The New York Times, March 29, 1945, UAW Research Department, Box 16. ALHUA. Charter supporters included Paul Hoffman, Henry Kaiser, J.D. Zellerbach and E.J. Thomas (Goodyear Tire and Rubber). Harris, The Right, op. cit., p 110. Howe and Widick, The UAW, op. cit., pp 107-08. Cf. Isserman, Which Side, op. cit. AFL Executive Council Minutes, April 30-May 8, 1945, pp 81-9 and August 6-14, 1945, pp 132f. Industrial Relations Collection, Littauer Library, Harvard University.

22. Harris, The Right, op. cit., chapter four.

23. Sloan, "Post-War Jobs", op. cit. Robert Scoville, Chrysler's labor economist, called collective bargaining "an assault on liberty". Harris, The Right, op. cit., p 111. A contemporaneous pro-labor liberal study agreed that hierarchy was necessary: the coordination of mass production methods and specialization of tasks "necessitates centralized determination of production standards". "Automobiles" in How Collective Bargaining Works (20th Century Fund New York 1942) p 576.

24. Sloan, "Post-War Jobs", op. cit. Wilson quote, Frederick Harbison, "The UAW-General Motors Agreement", op. cit., p 402. GM strategy, Frederick Harbison and Robert Dubin, Patterns of Union-Management Relations (University of Chicago Press Chicago 1947).

25. Social-democrats purposefully adopted a low profile to help the legislation pass. Morris L. Cooke to Gerhard Colm, October 28, 1944, Box 1, Colm Papers, Truman Presidential Library, Independence, Missouri. Contrast this with Stephen Kemp Bailey, Congress Makes a Law (Vintage New York 1950) who observes that labor's low profile reflected disinterest. The Reuther group wanted the bill to include national planning and industrial councils and criticized the use of the term "free competitive enterprise" because it contradicted full employment. UAW Washington Office, Donald Montgomery Collection, Box 42, "Full Employment Legislation: 1945".

26. Chamber and the law, Collins, The Business Response, op. cit. Frank Pierson, "The Employment Act of 1946" in Colston Warne, ed., Labor in Postwar America (Remsen Press New York 1949).

27. Taylor, Government Regulation, op. cit., pp 208-32.

28. Harris, The Right, op. cit., pp 114-18.

Chapter Three

Autoworkers in the Postwar Settlement

Management's fear that collective bargaining is a Trojan Horse "is a nightmare of management's own making. Management has no divine rights. Management has only functions, which it performs well or poorly. The only prerogatives which management has lost turned out to be usurpations of power and privilege to which no group of men have exclusive right in a democratic nation". (1)

Indicative of labor's continued reformism after the 1930's was the rise to the presidency of the United Auto Workers of Walter Reuther, an autoworker of dynamic ambitions who, with his activist brothers Victor and Roy, was schooled in the Debsian socialism of his West Virginian father. By April 1946, when he was narrowly elected UAW president, Walter had struggled through the factional wars on the labor left and, as leader of the largest union in the CIO, was poised to take the side of older leaders like Sydney Hillman, Philip Murray (president of the United Steelworkers and the national CIO), John L. Lewis (United Mine Workers) and William Green (president of the AFL).

In this context, Reuther distinguished himself not so much as an advocate of national economic planning and basic social reform, but for the public prominence he gained by proposing specific and detailed reforms for industrial organization and economic and welfare policies and by his perspicacious use of a wide variety of tactics as a UAW

leader to achieve them. It was in this spirit that Reuther, a master toolmaker by trade, and his brother Victor had worked in the Soviet Union for over a year in the early 1930's and instructed Russian workers in mass production techniques. It was in this spirit as well that Reuther proposed in 1940 to the Office of Production Management a plan for the conversion of the automobile industry to mass produce airplanes. And it was in this spirit in 1945 that Reuther outlined, in an in-house labor theoretical journal, a proposal for peacetime planning. (2) This proposal had elements similar to others proposed by Murray, the Catholic Church, the Communist Party, New Deal Democrats and even the U.S. Chamber of Commerce in that they foresaw that a popular government should guarantee the flexibility and responsiveness of the economy to social needs.

This vision of government-supervised social and economic cooperation did not come to fruition in 1945. But the labor system was not thus left as is; it took several more years of political struggle before labor-management relationships and government policies were devised which stabilized the balance of political forces and established forms of cooperation. A focused look at the UAW will show that unionists persistently tried to link work and politics and create industry-wide organizations and national union-management agreements with which to tie national policy to union goals. Of course labor actions and intentions are just a part of an explanation of the actual outcomes. The

ultimate settlements which determined the boundaries of the labor system in the late 1940's reflected strategic successes and failures shaped by managerial counter-strategies, the internal conflicts and disunity of labor, and historical patterns of Democratic Party support and government organization. Moreover, the ways in which these political conflicts were settled is crucial for understanding subsequent institutional developments because the settlements created incentives to maintain the forces which shaped them.

Democratic Failures and Labor Setbacks

Recall that in the fall of 1945 the Full Employment bill was being tamed, employers were broadly intransigent to union power and, with the AFL, employers opposed a national wage-price accord. Moreover, the health and welfare bill had been defeated, business taxes were cut (Revenue Act of November 1945), public spending was still very high (but declining), monetary growth was permissive and current labor income had suffered a major cut from wartime levels as work hours declined. CIO leaders had clearly preferred negotiated and political solutions to economic problems but, now spurned, they turned to strike action to gain wage increases demanded by the rank and file. 175,000 GM workers began to strike at the close of the Labor-Management Conference on November 22 and continued for 113 days until March 13, 1946. The steel strike by over 500,000 USW members began in January. There

also were strikes of CIO Oil Workers, Meatpackers and Electrical workers and hundreds and thousands of others, plus major strikes by the UMW and the railroad brotherhoods, creating the greatest strike wave since 1919.

The Truman administration was rapidly becoming cognizant of the looming industrial crisis. But first its response to the impasse was to try peaceful conciliation and active mediation by government agents. When this failed to prevent industrial conflict, Truman made concessions to both unions and managers, which satisfied neither party, and then increasingly blamed labor for the economic costs of his own policy. Indeed the administration made a policy turn on the domestic economy during this episode which undermined the CIO's position and estranged it from Truman.

Truman, even less than President Roosevelt, was not Keynesian in his thinking nor did he favor industrial democracy of the CIO type, but he was an old Progressive with ties to regional business and the railroad unions. He had established his reform credential for many people by his investigation as a Senator of military-business control of the war effort and by his endorsement of Roosevelt's Economic Bill of Rights. Yet Truman's closest advisors in the early years of his presidency were businessmen who counselled quick decontrol of the economy, balanced budgets and a return to market determination of prices and wages. A quick transition to "free collective bargaining" however

was fraught with dangers and Truman's actual policy vacillated between conservative prescriptions and liberal hopes. Although Truman desired to cut-back the enormous wartime growth in the Federal budget deficit and the taxes to pay for it, he resisted general revenue tax cuts in the short run and in fact supported payroll tax increases to pay for social welfare programs. This policy implicitly led to a squeeze on profits and was in contrast to the utility pricing of wartime. It appeared that Truman at least in part was following a Keynesian path, although it is doubtful that he perceived his policy as a deliberate profits squeeze. (3)

The administration's policy apparently rested on two different presumptions, namely that the peacetime economy could be stimulated by maintaining consumer demand (via higher wages) and by private investment opportunities (by tax cuts and decontrol of production). But when the inflationary cycle caught the administration's attention and as employers vigorously opposed wage increases, it began to engage in "collective bargaining" over prices with corporate executives to cover wages. Yet this policy switch was not a viable solution to problems of economic reversion since it provoked strikes and fueled an inflationary spiral. To the administration this situation implied a need to control labor disputes, a policy choice which was reinforced by the inability to use fiscal and monetary policies to restrain inflation. Keynesian

analysis suggested that the government should create a budget surplus by cutting expenditures and/or raising taxes. Yet not only was the idea of using fiscal policy this way not generally accepted, but Congress had cut taxes in 1945 and was unlikely to raise them in 1946, an election year. Moreover, monetary policy was hamstrung by the wartime subordination of the Federal Reserve to the Treasury's government bond operations in support of low rates, which Truman insisted be continued to protect "patriotic" war-bond owners and small banks. A consequence of this policy was actually to boost the money supply. (4) Without room for maneuver the Truman administration urged new legislation to restrain strikes and to grant new presidential authority to appoint "fact finding boards" in labor-management disputes.

In response to the disruption of the pivotal auto industry President Truman appointed a Fact Finding Board in December to make recommendations for a settlement based on a determination of the "facts". But just which facts were to be considered was at stake. The UAW sought to have its strike pivot around the government's wage-price policy by insisting that GM's finances be reviewed during collective bargaining. They demanded that GM open its books and prove its inability to give wage increases without price increases. If the company could so prove, the union said, it would scale back its wage demand accordingly. GM vigorously rejected this and made thorough counterdemands to narrow collective bargaining to the lines advocated by

the NAM. GM demanded withdrawal of 19 wartime-imposed contract clauses, including elimination of union security; re-imposition of incentive wage plans; limits on union free speech; union responsibility for shop discipline and uninterrupted production; and a management rights clause which clearly limited collective bargaining only to wages, hours and direct conditions of employment and prohibited negotiation on prices, profits, products and powers to hire, fire, promote, transfer and discipline. C.E. Wilson blamed a "government-built labor monopoly" and "class warfare" for "industrial anarchy". (5)

The UAW at first was cool to Fact Finding because it seemed to be a type of compulsory arbitration in which GM workers would be required to return to their jobs under the status quo while the Board determined the issues. Yet once Truman appointed the Board members--Lloyd Garrison, last head of the NWLB, Justice Stacey of the North Carolina Supreme Court, and Milton Eisenhower, president of Kansas State College--the union agreed to fact-finding, apparently confident that these men would be sympathetic to labor's case, though the GM workers still refused to return to work. GM management opposed such "outside" interference and, when it became clear on December 20 that the Board would consider GM's ability to pay wages, it boycotted the Board's hearings. GM asserted that questions of profits and prices were beyond the Board's capacity and union demands that these were bargaining issues reflected the

union's "socialism". The Board continued its work nonetheless and on January 10, 1946 recommended on the key question that GM pay a 17.5% (19.5 cents) wage increase without a price increase. (The other issues would be remanded to collective bargaining.) The union accepted these terms, though the wage increase was substantially less than its original demand. The company rejected it, arguing any wage increases had to be reflected in increased prices, and the strike continued. (6)

With the auto strike stalemated, the administration's attention shifted to the steel industry where 500,000 steelworkers were set to go on strike January 14. For months leading up to the strike U.S. Steel, as the principal employer and price leader for the industry, had stood firmly against price controls. It would only give wage increases if it could pass them on in prices, plus enough additional price to maintain profits in what the company assumed would be a depressed postwar market. U.S. Steel executives led by Benjamin Fairless carried on intense private negotiations with John Snyder, the director of the Office of War Mobilization and Reconversion who was sympathetic to management's demands, but Chester Bowles, director of the Office of Price Administration and a liberal friend of labor, had resisted price increases.

As he had in autos, Truman appointed a Fact Finding Board in steel which was accepted for the USW by Philip Murray, who then postponed the strike deadline until January 21. The company made clear that regardless of

whatever the Board recommended it would insist on a large price increase. The steel Board soon recommended an 18.5 cents wage increase, but without addressing the price issue. Murray then caved-in on the price issue, hoping to avoid a bruising fight, and accepted the Board's proposal. U.S. Steel rejected the proposal without an explicit guarantee for price increases and the steelworkers struck as scheduled. Snyder, James Byrnes, Fred Vinson, Bernard Baruch and Truman himself became personally involved in negotiating with U.S. Steel, eventuating in a price increase of more than twice what Bowles considered the maximum defensible "on the merits". (7)

The price line was thus broken and all unions and industries made claims for comparable increases. A new government policy announced February 14 established the wage-price "bulge" as the official anti-inflation line. The steel strike ended the next day and GM offered the UAW the same 18.5 cents as in steel. Reuther rejected this, but there was little which the UAW could do, given that Murray had abandoned the fight and that the other automobile companies had also settled their wage negotiations with the UAW (which was part of the UAW's plan to have these companies put competitive pressure on GM). The auto strike dragged on another month and was finally settled March 13 without union concessions and with an 18.5 cents wage increase. Both sides claimed victory. Reuther turned his highly visible role into a successful campaign

in the April UAW Convention to oust R.J. Thomas as president of the union. (8)

Shortly thereafter two major labor disputes raged outside the CIO in coal and railroads which broke open the fragile alliance among unions and between them and the Democratic Party. 400,000 soft coal miners struck April 1 and the Railroad Brotherhoods set a strike date later the same month. The Mineworkers sought a private welfare plan financed by a royalty per ton of mined coal, which ultimately would be paid by coal consumers, while the rail strike threatened to tie-up the whole national economy despite special railroad labor legislation precisely tailored to prevent such strikes through government mediation. The mineworkers' president, J. L. Lewis, who had just returned the UMW to the AFL in January after five years of unaffiliated status, strongly opposed what he called CIO plans for a "corporate state" and he sought to regain his past leadership of labor by out-bargaining both CIO and AFL. According to Lewis, wages should not be set according to the price level; prices were management's business. On the contrary, Lewis adhered to traditional AFL policy that high wages force modernization of industry. And mineworkers were going to get a pension for themselves, regardless of Congressional action. Yet, despite his CIO-bashing, it was only the labor left in the CIO which was attracted to Lewis' apparent militancy, whereas the AFL leadership in 1945 and early 1946 had been counselling

against strikes until the postwar economy stabilized and favored new social legislation. (9)

By the second week of May 1946 coal shortages had forced slowdowns and layoffs in steel and autos as the Bituminous Coal Operators completely rejected the miners' demand for an employer-financed welfare and retirement fund controlled by the union. Many progressives outside of labor were torn by the UMW's struggles because of Lewis' autocratic control of the union and the conservatism of the pension proposal. Truman intervened directly in the talks but, unable to win employer consent, the president seized the mines May 22 and put them under government operation. Then the government-as-employer signed a contract with Lewis creating a welfare plan, financed by a royalty on coal tonnage, plus vacation pay, a new Federal mine safety code, and a "pattern" wage increase of 18.5 cents. The price of coal promptly went up without any objection from Lewis. But, since the southern group of Coal Operators still would not agree to the contract terms, the government was compelled to continue to run the mines to implement its agreement. Indeed, Virginia Representatives A. Willis Robertson and Howard Smith introduced legislation to prohibit welfare plans, which the next year became part of the Taft-Hartley Act. The coal welfare fund stayed in dispute for several years until the United Steel Workers forced the issue at U.S. Steel in 1949 after the Supreme Court ruled that employers had an obligation to bargain over such plans. Yet Lewis' demand in 1946 for a welfare

fund provided directly by employers resonated in the labor movement, including the UAW where demands for a pension plan were made in 1946 and 1947 and became part of factional politics in that union (see below). (10)

In the rail strike, the unions involved again were outside the UAW and CIO policy orbit. Truman also seized this industry May 23, but despite the government takeover, the unions of engineers and trainmen refused to work for the government. The main issue involved was pay; the railroad unions wanted more than the "pattern" because their wages had seriously lagged for many years. Truman and many in the Congress reacted to the railroad unions' demand to break the "pattern" with indignation and Truman called the continued strike a threat to the sovereignty of the government. Secretary of State Byrnes attended the negotiations and attacked the unions. The President made a dramatic appearance before the Congress and thoroughly castigated union leaders (not just the railroad brotherhoods) and he asked for stiff controls on strikes and unions in basic industries, including a proposal to draft railroad workers into the Army in the current dispute. The House passed the proposal 306 votes to 13. At virtually the same time the strike was settled according to the "pattern" and the Senate let the draft proposal die. But a newly anti-labor Senate did then join the House and pass the Case bill, an amalgam of conservative reforms of the Wagner Act. The unions now were seething with anti-

Truman and anti-Democrat passion. The Brotherhood of Railroad Trainmen vowed to use their entire treasury to defeat Truman in the 1948 elections. To prevent a complete break with labor Truman vetoed the Case bill June 11, and his veto was sustained by just five votes in the House. Murray and some other labor leaders were mollified while others began to discuss "third party" plans and ways that the Democrats could drop Truman from the ticket in 1948.

(11)

Labor's Fallback Strategy

With the conclusion of what later was called the "first round" of labor-management collective bargaining in 1946, the UAW and other unions had seen their economic situation go from bad to worse. The outcome of the strikes was defeat of their wage goals, but not the CIO's bid to coordinate collective bargaining and administration policy. The AFL and CIO lobbied vigorously for price controls and reportedly made an agreement with Chester Bowles (now as director of the Office of Economic Stabilization) for a new no-strike pledge conditioned on effective price stabilization. By the summer of 1946, Truman slowed government spending and halted public works projects and continued the drumbeat for "continued production". The only remaining policy option to fight inflation was reimposition of price controls and this is what the administration tried to do. The remaining war price controls had been due to expire in January 1946 but were

extended another six months. In his State of the Union address, Truman had requested Congress to extend them yet another year, from June 1946 to June 1947. Although public opinion was very favorable to controls, and their continuation ostensibly would be to Congress' credit, many producer and distributor groups had bailed out. For example, previous supporters such as cotton producers switched sides, as they were to be covered for the first time by the controls proposed by the administration, and other farm producers and processors objected to cuts in their subsidies and the substitution of price controls. Also intensely hostile were automobile dealers, who turned their anti-price control campaign into direct political power in Michigan where they took over the Republican Party and elected a rightwing governor in 1946. The Congress debated the issue for six months and finally passed a very weak bill which allowed wage increases to be passed-through in prices to consumers. (12)

As long as workers' income lagged, union leaders were pressed by the rank and file to strike, but striking raised the wrath of Truman and the Conservative Coalition in Congress, which was in no mood to acquiesce in labor voluntarism. Yet if organized labor followed a policy of industrial restraint union leaders were likely to lose mass support and have to make concessions in working conditions (because they would not be using their most effective "weapon"). The social-democratic union leadership, with Reuther a leading proponent, adopted a two-sided fall-back

strategy which had major repercussions inside the labor movement and for the relationship between unions and the Democratic coalition.

One side was aimed at achieving internal labor unity and preventing concessions to employers. This included attempts to ally with the AFL on legislation and elections and eventually toward merger of the two federations. Also these leaders sought to enforce political unity within their unions and in the CIO, in particular by suppressing Communists and spontaneous direct action and by professionalizing their staffs and contract administration. The latter, plus new collective bargaining goals to win "welfare state" programs directly from employers and wage guarantees, strengthened the leaderships' tactical control. Reuther's slogan in his campaign for UAW president was "unity in the leadership and solidarity in the ranks". At the same time, the emphasis on wage and benefit bargaining and contract administration matched and countered employers' own tactics of centralized personnel administration designed to not relinquish any shop-floor territory to the unions. The second side of the fall-back strategy was aimed at realigning the Democratic Party along "liberal" lines. The internal campaign against Communist Party members gave the CIO greater credibility with northern liberals and Catholics, who were important allies then becoming increasingly preoccupied with Communism. The CIO also launched an organizing campaign in

the southern states to reform political power in that region.

The new strategy did not emerge all-of-a-piece as a plan, but from the unions' industrial circumstances and the changing political conditions of the labor movement during the next two years. Thus the UAW in 1946 at first sought to again play a pivotal role in the CIO's advance. With the end of price control imminent, Chrysler workers were eager to take "direct action", goaded on by the company, which was raising production standards and reclassifying workers to lower their pay. Indeed, Chrysler workers probably had the most effective and militant shop organization of the Big Three auto companies and many were eager to improve on the GM settlement. Chrysler was the UAW's immediate target because its contract, unlike those with GM and Ford (and other CIO union contracts settled in early 1946), had a "reopener" clause which the union could activate if prices increased. The UAW notified Chrysler and "government and industry" it wanted wage talks, but promised that if the government acted to control prices--the Price Control Act was put in effect August 20--the UAW would reevaluate its wage demands. The UAW's "basic economic concept" was that the public interest required that

the mass productive power of America must be matched by our purchasing power, if we are to achieve and maintain an economy of abundance. Accordingly, our task is to increase real wages by insisting that wage increases be paid out of the economies of advanced technology and not passed on to the consumer in the form of higher prices. (13)

The UAW was worried not only about price control and lagging real wages, but about employment and membership, which was down from 1.2 million in March 1945 (its wartime peak) to 696,000 in July 1946. Strikes in the auto parts industry, such as springs, were compounding the problems of employment in the main car manufacturers who were slowly moving toward full production. The union was trying to improve and standardize wages and working conditions and had created special intra-union councils, for example for workers in foundries; companies producing springs; gears, axles and transmissions; piston rings; bearings; working in particular corporations, such as Bendix, Borg-Warner, Thompson Products, Mack Truck, and so on. But it was difficult to do so when demand from the main manufacturers was soft; GM and Chrysler in July 1946 reported they had passed their breakeven points at just 50% of prewar production. Steel production also was lagging and steel executives refused to expand capacity, which hurt the auto companies. It looked like textbook monopoly practices to the UAW. The UAW demanded "sustained production" along with new price controls to prevent a "low-level equilibrium" in which high prices and profits make low production and employment feasible for the companies. The UAW in July called a Full Auto Production Conference and invited all the auto assembly companies. Only the small producers Studebaker, Willys-Overland, and Kaiser-Fraser participated; GM and Ford refused to come and claimed the

union's own supplier strikes were the cause of lagging production. The conference only produced a request that the federal government begin a program to collect scrap iron. (14)

Murray opposed any Chrysler strike threats because of the uncertain political climate; the USW was going to wait until December. On August 15 the CIO held a Wage Policy Conference in Washington at which, apparently, the UAW's wage strategy was endorsed, but with Murray's reservation that strike action should be postponed given public hostility. The CIO created a Wage Research Committee to prepare a brief on wage policy to guide collective bargaining by the unions and to detail to the public why it was conducive to the public interest. In the meantime the UAW agreed to drag out negotiations past the fall Congressional election and even to the first of the new year (which they did in fact) partly in deference to the CIO, partly because the union was strapped for money and partly because the UAW Executive Board opposed the one-at-a-time collective bargaining strategy proposed by Reuther. (15)

Without controls now, the cost of living promptly increased 6% in July and another 13% (despite passage of a new Price Control bill in late July) by November. In November controls on everything except rent were abandoned as futile. To cap-off the period the President's party took the blame at the polls for inflation and vascillation. The Republican slogan was a sneering "Had Enough?".

Southern racism during the election campaigns took a violent lurch back to the days of lynching. Moreover, the 1945-46 strike wave and the reaction to it had led to a breach between labor and the Democrats and undermined labor support for the Democrats. Turnout was unenthusiastic and many agreed with the AFL's Dan Tobin, president of the powerful Teamsters and the labor representative on the Democratic National Committee, who had predicted that workers would stay at home on election day rather than vote for a "reactionary Republican or for a reactionary Democrat". Republicans won a majority in both houses for the first time since 1928: in the House by 246 to 189 Democrats, including 109 Southern Democrats, and in the Senate by 51 to 45. Many leading liberal-left Democrats were defeated while Republicans such as Senators Richard Nixon and Joseph McCarthy were elected for the first time.

(16)

Although the election results were not unexpected, the reality of defeat reinforced the reassessment by labor leaders of their position. Reuther became more cautious and less visible in his public rhetoric about the important role of government in democratizing industrial organization. The previous spring, in contrast, Reuther had turned around what later became the most powerful symbol of ideological cold war to the benefit of domestic social reform. Reuther argued on national radio that an "iron curtain" was being drawn around the labor movement by

American industrialists and "reactionaries" who were using scare tactics by invoking the image of totalitarian government. But after the election, in December 1946, Reuther cautioned against an all-powerful central government, mindful of a business-controlled government inimical to labor's interests. This source of Reuther's caution was reinforced in the next two years by American reaction to expanding Soviet control in eastern Europe (which Reuther and other top labor leaders watched intensely) and by the persistent hostility of reform opponents. (17)

The CIO already was acting to broaden its industrial and political base. In March 1946 the CIO had opened a "southern front" by launching a union organizing drive in the southern states to eliminate the southern wage differential with northern industrial areas and to force a realignment of southern politics to break the conservative bloc in Congress. (The AFL then also launched a southern drive to remain competitive with the CIO.) The plan was that southern unions would break the racially-based, business-dominated regional politics of the southern Democracy and swing the party to the left. The CIO and AFL put over \$1 million into the drives in the first year. The CIO also tried to establish a national popular alliance of workers, farmers, consumers, and small business behind price controls and consumer purchasing power and against "monopoly". Moreover, labor's democratic socialists and "social liberals" continued to advocate alliances between

workers and farmers in particular, based in part on organizing cooperatives to provide food and housing. (18)

The organizational locus of their electoral strategy was the CIO-Political Action Committee. The CIO-PAC was opposed to a "third" party, but when PAC's director, Sydney Hillman, died in July 1946 and Murray took over, the purpose of the organization was in doubt. In the postwar political calculation, there was less purpose for the popular front approach. Some unions like the ILGWU (AFL), liberal organizations like the Union for Democratic Action and Catholics had never accepted the popular front because of participation by Communist Party members. Now the Catholic hierarchy, the Chamber of Commerce, and the Republicans were whipping up anti-Communist sentiment and tarring both the CIO for its wartime coalition and the Democratic Party for its connection to the CIO. Moreover, the Communist Party had adopted a new strategy in April 1945 which reversed its social-democratic corporatist agenda. Its trade union cadres had begun to agitate for mass direct labor action, which conflicted with Murray's preference, not to mention the AFL's. At the same time, many non-labor liberals and a large proportion of union activists wanted the CIO-Political Action Committee to remain autonomous from the Democratic Party, although Murray did not want to seem to break with the Democrats. For example, the USW Convention in May 1946 re-endorsed the two-party system while the UAW's Executive Board,

controlled by Reuther's opponents who were backed by the Communist Party, supported "independent" candidates. (19)

The defeat of the Democrats in the 1946 Congressional elections forced the issue and many liberals and socialists decided that the Communist-left was a liability. After the November election losses, the wartime alliance of liberals, social-democrats and Communists broke into two pieces, partly embodied in the creation of the anti-Communist Americans for Democratic Action in January 1947 and the Progressive Citizens of America, which maintained the popular front and distanced itself from the Democratic Party. Murray initially joined the PCA before the ADA planners announced their intentions. Reuther and other top labor leaders Emil Rieve, Jim Carey, David Dubinsky and Hugo Ernst participated in the founding meeting of ADA with Bowles, Eleanor Roosevelt, John K. Galbraith and other New Dealers. However, Murray was not yet ready to politically split the CIO and insisted that they all leave the PCA and ADA, which they did. (20)

Leadership unity was confounded by persisting divisions in the labor movement. To align themselves behind liberal Democracy in the next two years, the so-called "right wing" of the CIO leadership launched an assault against so-called "left wing" opponents of the new strategy inside the labor movement. In the CIO and UAW, Reuther was the leading rightwinger and his strategy for collective bargaining and party politics became enmeshed in the intense factional play between the Reuther caucus,

which was moving to consolidate its control of the union's policy-making Executive Board and the union's staff, and the opposition caucus, organized loosely behind the other top union officials, George Addes, R.J. Thomas and Richard Leonard, and supported by the Communist Party. (21)

During the winter 1946-47, the CIO leaders adopted a new collective bargaining agenda which reasserted the links between union-company relations and government policy. The CIO released its "National Wage Policy for 1947" in December 1946, authored by Robert Nathan, a professional economist formerly with the federal Office of War Mobilization and Reconversion, which made an essentially Keynesian argument to justify large wage increases in basic industry. Coupled with this, in February 1947, the CIO leadership decided to bargain collectively for welfare programs as "stop gaps" until federal legislation could be passed. In the Nathan Report and a related brief sent to the Council of Economic Advisors in December the CIO argued that the maldistribution of income because of high prices and "exorbitant" profits sought by "Big Business" was undermining consumer income and thus the high demand needed for sustained employment and production. The Report concluded that "the salient facts of the wage-price-profit situation in American business today indicate that the national interest requires a major general increase in wage rates. It is most important that this general wage advance be achieved without crippling work stoppages" and without a

general rise in prices. The Report is worth quoting at length to capture the broad scope of policy. It argued with

those who urge labor to abstain from requesting wage increases on the grounds that such a policy would avoid further economic and social difficulties. These people must assume either that the present economic situation is already sound or else that it contains within itself elements leading to an early healthy balance and stabilization. We reject this point of view. The present imbalance between wages and profits is unsound; it is not automatically self-terminating in a manner compatible with general economic stability. Rather, it is self-terminating through a recession. Unless there is an immediate increase in wages or a sharp drop in prices, we are flirting with collapse. There is no evidence to date to indicate that business will cut prices prior to a depression in which unemployment, declining incomes and shrinking demands will make price declines unavoidable. This is too high a price for bringing wages and profits into sounder alignment.

It would not do labor or the public or business any good for labor to forego the needed wage increases. Rather, raising wages without increasing prices appears to offer the only currently possible means of bringing about the kind of relationship which will avoid a serious decline in business activity. Such a policy would step up buying power and bring back into the market for many categories of goods those millions of working families who have been removed from the market because of rising prices. Such a policy should appeal to business as well as to labor as a sound way to restore the basic economic strength which will in turn bring optimism and a sense of security to replace the present pessimism and insecurity.

It would appear statesmenlike for both labor and management to look the facts in the face and to arrive at peaceful conclusions with respect to sizeable wage increases immediately. Through such a policy we can have industrial peace; we can have gradually increasing production accompanied by increasing efficiency and productivity; and finally we can have stable prosperity. We have the productive capacity and we have the needs for continuous full employment and an ever increasing standard of living. Now is the opportunity to move in the proper direction to make the most of our capacity.

We do not suggest that a policy of major wage increases is in itself sufficient to assure a continued stable and equitable expansion of economic activity. On the contrary, complementary policies are required in a great many fields. Fiscal and particularly tax policies need to be altered drastically to exercise control and restraint. Other controls of a direct character are also necessary to meet special shortage situations. Curbs to monopoly and to concentration of wealth need to be re-designed and administered with a new determination. At the same time, we need to provide, especially through the long-overdue expansion of our social security system, for the maintenance of effective demand where the needs are greatest. Minimum wages must be established at higher levels. We need an unequivocal restatement of public responsibility for the maintenance of full employment and a renewed determination to cooperate with other nations in the achievement of this objective. Major wage increases at this time are but one element in such a well-rounded program for sustained economic growth and a wider diffusion of the benefits of such growth among all our people. (22)

In this statement and throughout 1947 the CIO sought administration support for its proposal for a new labor-management conference. On the one side, government should concert wage-price agreements; tax excess profits and eliminate tax loopholes for the wealthy; pursue anti-trust action; enact social security, health and medical care bills; create a permanent Fair Employment Practices Commission; pass public housing and housing finance programs; subsidize small farmers; and prepare a "backup" public works program. On the other side, the Big Three CIO unions--the UAW, the USW and the United Electrical Workers (UE)--would coordinate their collective bargaining tactics in 1947 to win industry-side wage standards, a guaranteed weekly or annual wage, a "cost of living" wage increase and welfare programs. The CEA agreed with the

analysis of inflation, but criticized the aggregate focus of the wage program and continued to counsel Truman for economic restraint. (23)

At the same time, the Truman White House reassessed its electoral prospects for 1948, found them poor and began a conscious left turn to recapture the support of labor, "progressives" and black voters, and to rebuild big city party organizations. The move was directed by an unofficial administration political program group with which the CIO developed regular contacts in 1947 and 1948. A key player in the group was Leon Keyserling who was also the leading member of the Council of Economic Advisors which, moreover, was beginning to function as a White House economy- and policy-monitoring staff. By 1948 the Truman legislative program was similar to the CIO's; CIO leaders apparently found these developments encouraging and must have believed they would fade if they bolted from the party. (24)

But as CIO leaders and the national Democratic Party were reestablishing an alliance, employers took the initiative. The new managerial counteractions sharpened conflict within many unions over strategy and control and shaped "second round" labor-management settlements. The NAM and the Republicans took the 1946 election results as a popular mandate to stop a New Deal revival and to pass laws to restrict labor action. Employers took angry exception to the Nathan Report. Business Week correctly identified

the CIO program as shifting income from ownership to wages and warned that business would resist attempts to maintain wartime wage levels and lower profits by raising prices. At its December 1946 Congress of American Industry, the NAM rejected internal pressure for repeal of the Wagner Act from the auto companies and many steel firms in favor of new controls on the "monopolistic power" of unions and the spread of unionism. (25)

The NAM was well connected to the Republican-controlled Congressional committees which rewrote the Wagner Act and produced the Taft-Hartley Act in 1947, which differed only marginally from the NAM program. Prominent Congressional advisors came from GM, Chrysler and UAW-organized agricultural implement manufacturers like J. I. Case and Allis-Chalmers and from steel firms. The Taft-Hartley Act easily passed in July: 308 to 107 in the House, including 90 southern and border state Democrats voting yes, and 68 to 24 in the Senate, including 20 southern Democrats voting yes. President Truman, in a reprise of the Case bill scenario, vetoed the Act, but the Congress swiftly overrode it. (26)

The Act narrowed the scope of collective bargaining subjects; circumscribed bargaining and "secondary boycotts"; gave managements new rights to intervene in employee unionization; limited union security--protecting the worker's right not to join a union--and limited worker rights in so-called "economic" disputes by allowing employers to hire permanent replacements; and limited use

of direct action by unions by insisting on strict contract interpretation and financial liability for strikes during the contract term. The Act had several immediate consequences. It made it easier for non-union firms to resist unionization and put off-limits to unions large areas of the country by allowing state governments to pass even more restrictive laws than the federal one. Southern employers especially forced unions to engage in expensive litigation, which caused the AFL to abandon its southern organizing drive. The unionization of foremen was crushed (see below) and the Act undermined unions and locals with Communist leadership by forcing Communist Party members to quit their posts. It also compelled non-Communist unions to emphasize discipline among the ranks to ensure victory in the newly mandated annual representation elections (later modified) and to prevent direct action tactics in contract disputes which might leave union treasuries legally vulnerable. The Act restricted inter-union cooperation and barred most industry-wide and multi-employer bargaining schemes. Finally, the Act prohibited organized labor from participating in electoral politics, apparently closing the door to attempts to reverse this legislation. (27)

Even as the Act eased management fears, it figured prominently in labor's debates as the worst of several Congressional actions setting-back unions and compelling re-evaluation of labor's position. Other setbacks were the

still-birth of the Labor Education Service and assault on the NLRB's annual budget and staff, but the Taft-Hartley Act's blatant assault on union political rights went to the social-democratic unionist's heart. The CIO reacted quickly to this part of the bill and overturned the provision's implementation after Murray purposefully flouted the law to invite prosecution, and then won his case in 1948. Now more than ever, the top leaders believed, unions needed to unify behind a Democratic electoral mobilization to win back control of Congress and repeal the legislation. The new political conditions reinforced a strategy to tie industrial action even closer to immediate political feasibility. (28)

A further consequence of the new political realities and labor's response was that "second round" contract settlements in 1947 were far inferior to labor's strategic goals. Steel took the lead as the UAW deferred to the USW. But, when U.S. Steel objected to the USW demand for "portal-to-portal" pay (won by the coal miners to cover the time spent between arrival at the mine and arrival at the coal face) and refused to discuss wages until the USW gave up this demand, Murray personally extended the contracts in steel for 78 days. The CIO unsuccessfully lobbied the CEA to call a multipartite conference to negotiate voluntary price reductions. The administration was not sanguine about the efficacy of a labor and management meeting for fear it would only lead to wage increases. The CIO pressed the CEA to support a conference, even if only attended by

the CEA and businesss, and to turn its research to monopoly pricing practices, concentration of industry, programs to expand industrial capacity and easing the tax burden on low incomes. (29)

Earlier in 1947 both UAW leadership factions had connived to prevent rank and filers at its National Wage and GM Conferences from committing the union to specific demands which might lead to a strike. With the "big two" unions tied up, the UE then set the "pattern" in April 1947, settling with Westinghouse and GM for 15c an hour and a corporation commitment to bargain later on pension and health plans. The wage settlement was about 30% less than what the Nathan Report had called for. One of the reasons for the quick settlement was that the electrical industry was one industry whose profits had plunged in 1946 with the end of the war and the union and workers, too, had depleted their resources in the 1946 strikes (eg. although UE had settled quickly at GM and GE, it had a long strike at Westinghouse). Steel next quickly settled for about 15c and company agreement to a dues check-off. USW gave a two-year no-strike pledge, although both the company and union agreed to "continuous" bargaining to solve problems as they arose and prohibited mediation by arbitrators. GM then offered the UAW 11.5c an hour plus 6 paid holidays, or 15c total, but GM rejected the demand for pension and health plans. The UAW Executive Board in late April agreed to GM's terms plus a vague commitment from GM to bargain

later on health and pensions. Chrysler settled on a similar package a few days later but, true to its "brass hat" reputation, without the commitment to bargain on health and pensions. The company in 1947 was willing to take a strike, but the UAW was not. The UAW did win synchronous contract dates at GM and Chrysler and with UE-GM; won a big fund to redress wage inequities among workers; and continued its policy of seeking flat wage increases (rather than percentage increases) in order to flatten the wage structure. (30)

In the Ford negotiations in June and July, a firm managerial position, backed by legislation, and a divided union led to further lost ground for the UAW. Negotiations were complicated by a strike of the Foreman's Association of America (FAA), an independent union which had won collectively bargained contracts in 1944 at Ford and a few other companies, and passage of the Taft-Hartley Act during the strike, which removed statutory protection for foremen unionization. The FAA strike at Ford raised the issues of labor solidarity and the worker's role in management, both for the union and for the revived postwar Ford management which wanted to break the FAA as a part of its plan to reorganize itself into GM's corporate image. The foremen put up pickets and appealed to the UAW, the Teamsters (who trucked parts among auto plants) and AFL crafts to honor them. For the building trades and Teamsters, which had traditions of unionizing foremen, the pickets did not raise unusual issues, but for the mass production workers in the

UAW harsh experience with the foremen clashed with the opportunity to extend union influence and economic democracy. Would the UAW honor the picket lines and effectively shut down Ford and break with CIO policy? The impending Taft-Hartley Act did not legally recognize the foremen's union before the National Labor Relations Board nor could the foremen join the UAW without jeopardizing the UAW's status. On the other hand, on its own and without NLRB protection, the FAA probably would have to strike more often to win its demands and yet still rely on UAW members not to do foreman work. (31)

The issue became part of the intense factional play among the UAW leadership. The Addes faction was responsible for the UAW's on-going negotiations with Ford in the person of Ford Department director Richard Leonard. They did not want to strike--and they claimed Murray's support--because they hoped for a later industry-wide strike. Although they rejected Reuther's argument that the UAW needed NLRB status, since they were opposed to recognizing the Taft-Hartley Act, the two sides did agree in March not to honor the FAA pickets. However, Ford Local 600 at River Rouge, the single largest local in the UAW, which was closely contested between the two factions although pro-Addes at the time, wanted the UAW Executive Board to change policies so Local 600 members would honor the FAA's pickets. As the FAA strike lagged--Ford refused to meet with striking foremen--Reuther agreed with Local

600 and said that UAW members should not cross the pickets to keep solidarity. But not only did the Addes-Thomas-Leonard group oppose this, so did pro-Reuther members of the Board who opposed foremen unionization in principle. Finally the Board decided to intervene in Ford-FAA negotiations with the threat of UAW retaliation if Ford was not forthcoming to the FAA in one week. In the meantime, however, Leonard reached a tentative agreement with Ford which preempted the UAW from strike action. The FAA strike then quickly collapsed and some 1200 foremen were fired and replaced by new recruits schooled in a new management training program. (32)

In the proposed Ford contract the company agreed to concede the union shop for one year (allowed under Taft-Hartley), abandoned the right to sue the union for breach of contract (after Murray met with Henry Ford II, labor relations Vice-President John Bugas, and President Ernest Breech) and agreed to a pension plan. However, the UAW Ford Department gave up "about 23" demands, including future law suits for portal-to-portal pay, contract dates synchronous with GM and Chrysler, and a 20-minute paid lunch period which had covered over 50% of Ford workers. Reuther opposed the pension plan, which did not require full vesting of pensions, beside the costs to workers in concessions, and he won the IEB's agreement to offer Ford workers a choice of the pension plan plus a 7c wage increase or no plan and 15c an hour: workers followed Reuther and took the wages. (33)

The poor Ford contract was one of several issues which contributed to the Reuther group's taking virtually complete control of the union in late 1947. The other principal issues in UAW factionalism were the scurrilous tactics of Reuther opponents, partly in connection with the loss of an 11-month strike at Allis-Chalmers, and then during the union election campaign; the failed merger of the UAW with the Farm Equipment Workers Union (FE), the largest union in that industry; and how to respond to the Taft-Hartley Act. (34) In the Allis-Chalmers strike, the UAW Executive Board and Reuther (with Murray's advice) tried to maneuver around a viscerally hostile management which refused to follow the "first round" wage increases and which insisted on changes in the internal life of the Allis local union, which was led by elected Communist-oriented officials. When the complicated negotiations and public relations tactics failed in January 1947, the UAW's two major factions erupted in mutual recriminations, which the Reuther group turned to its own advantage. Next, in June 1947, the Executive Board passed an Addes-Thomas plan to merge with the FE, a Communist-led union, an action which would have boosted the voting strength of the Addes forces in the fall UAW convention. Yet the detailed provisions of the merger proposal were so heavily weighted in favor of the FE that the Reuther group was able to turn around the issue to its favor on the grounds that it violated the principles of industrial unionism. Moreover,

the Catholic allies of Reuther forcefully made a case against merger with a Communist union. In a membership referendum in July, the Reuther forces used the opportunity to campaign throughout the union on this and other factional issues and defeated the merger proposal by 2-1. The FE campaign probably helped shift the Executive Board in Reuther's favor on Taft-Hartley compliance and certainly lay the groundwork for his smashing victories at the UAW Convention in November.

Reuther favored compliance with the Act until its repeal for the factional and organizational advantages such a course offered. The Act would force Communist allies of Addes out of office and the Addes group would be more closely identified with Communists. Moreover, the union's industrial position would be safeguarded from competing AFL unions which had already complied with the Act and which, therefore, could get on a representation election ballot in a contested organizing drive while the UAW could not as long as it did not comply with the law. (Competition was especially hot in the aircraft industry with the Transport Workers and Machinists unions and with the AFL building trades in Detroit for the maintenance workers at the auto plants.) Finally, Reuther argued, the UAW currently had hundreds of unfair labor practice cases pending with the NLRB, some involving fired organizers, and they would all have to be abandoned. In short Reuther and his allies argued that there was too much to lose and the Act should be resisted through electoral action and lobbying Congress.

The Addes group was for boycotting the NLRB. Pro-Addes Percy Llewellyn of Local 600 argued that union strength is based on "the militancy you create among the minds of the workers" and in July and again in early September the UAW Executive Board voted against compliance with the Act, although on September 22 a new majority of one voted to comply. Practically the Board remained stalemated until November when the Reuther forces swept both the UAW convention and all but four seats on the newly elected Board. (35)

In the meantime, at the AFL and CIO Conventions in October 1947, each national federation adopted union "autonomy" on compliance with Taft-Hartley which meant that they would comply and not use mass industrial action to break the law. Although by the time of the convention ten CIO unions had decided to comply with the Act, strongly in favor of non-compliance were the Communist-influenced unions. For example, James Matles, vice-president of the UE, argued for direct rank and file action and mass demonstrations. Simultaneously at the AFL Convention John L. Lewis made a dramatic appeal for resistance, but the AFL Convention voted to comply after Tobin took the wind out of Lewis' rhetoric by saying he was happy to line up against Communism. The UMW then disaffiliated from the AFL. The CIO Convention essentially made the same choice as the AFL. The majority CIO leadership's calculation were fundamental doubts about whether industrial unions could persist under

the Act, especially with union financial liability for disciplining the ranks. They doubted they could withstand the costs and Murray was not anxious for a test of economic strength and rank and file militancy to find out. He was proud of the CIO's bargaining strategy in which wage gains (although nominal) had been won without strikes. Combined with this argument was that workers were not anxious to strike, given inflation and the draw-down of savings; the pivotal issue of Communist Party certification applied only to the union leadership; and the dominant leadership of the CIO believed that a strategy of electoral mobilization was a viable alternative. (36)

The so-called "leftwing" opposition found itself marginalized by the refusal of most of the CIO to support mass defiance and a "third" political party and by Truman's "left turn". When in November 1947 after the union conventions former Vice-President and Commerce Secretary Henry Wallace declared his candidacy for President on a Progressive ticket, Murray immediately wired all affiliates to withhold any and all endorsements until the CIO Executive Council could meet January 22, 1948. There the Council resolved to oppose Wallace after very acrimonious debate, as did the AFL in February. The anti-Communist provision of the Taft-Hartley Act made it easier for Murray and Reuther to put pressure on Communist Party-oriented unionists to choose "union" or "party" loyalty, an ironic argument at best since the CIO majority had settled on a rigidly Democratic course. More to the point perhaps,

a Wallace candidacy for president could not elect a Congress to repeal Taft-Hartley. Moreover, Truman's veto of the Act had convinced Whitney of the railroad Trainmen to abandon his previous promise of substantial financial aid to defeat the president in 1948. (37) The CIO in March 1948 moved to enforce political unity within the CIO and to organize labor behind the Democrats for the November elections.

UAW and CIO partisanship led them to yeoman work for the administration's pet issues which were shifting to the primary arena of presidential power, namely foreign affairs. For example, their opposition to Wallace was partly based on his persistence in advocating international cooperation, as in wartime, between the Soviet Union, Britain and the U.S., and his opposition to the Marshall Plan proposed in June 1947. Communist Party-influenced unionists also opposed the Marshall Plan and the World Federation of Trade Unions to which the CIO belonged became split by the issue. In the first instance the CIO supported the Marshall Plan, extending of direct food aid, financing increased exports, and reconstruction of European economies as an expression of the CIO's idealist internationalism. Labor leaders criticized the Truman Doctrine, announced in March 1947, and the administration's intention to monopolize nuclear power. Secondly, a fundamental purpose of the U.S. foreign policy since the war was to benefit the U.S. economy by expanded markets for

domestic producers, which the CIO supported, but the specific condition of this program now were reversed. Government leaders had argued that foreign markets were needed to resolve domestic problems; now domestic support was needed to guarantee global peace. Thus Secretary of State Marshall made it clear in a speech to the 1947 CIO Convention delegates that domestic economic stability and political unity were prerequisite to the success of Marshall Plan. The "productivity of American farms and factories" were "the basic problem" confronting the program and were the "responsibility" of "every American". Labor discipline was needed at work to prevent scarcities from turning into inflation (since "excess" production was shipped to Europe) and in politics to bolster the program against traditional isolationists. (38)

The CIO did not accept all the bland assurances about the European Recovery Program's humanitarian purposes. Indeed Reuther criticized the ADA in a speech to their first annual convention in February 1948 for failing to press for broader control of the program. However, with Walter Reuther and Jim Carey (of the anti-Communist faction in the UE) in the lead, the CIO adopted the position that liberals had to fight to make the ERP a truly democratic program. Reuther argued that the ERP was an "idea" up for grabs. "I say the choice is not between Communism and the narrow, selfish exploitation of Wall Street monopoly capitalism. The choice of the world is between totalitarianism and freedom". In November 1947 in

testimony before the Harriman Committee, which Truman had appointed to develop the Marshall Plan, the CIO made the following points. Aid to Europe should carry no restrictions on the types of politics and policies of European governments (especially it should allow Socialists in government); the aid commitment should be long-term to allow governments to plan; European societies should develop their own capacity to produce and export (and not be dependent on the U.S.--or Russia); labor should have policy-making positions in its administration; and related policies should be developed to prevent domestic price inflation, eg. force increased steel production and impose price controls. But when the ERP legislation did not include these two points, the CIO still reported that it was a major victory. (39)

Holding out for Wallace were CIO opponents of the Marshall Plan: the ILWU, UE, FE, IUMMSW, UDFE, Fur Workers, CWA, Food and Tobacco, and Transport Workers. As the majority of the Executive Board was against them, the leaders of these unions argued for autonomy for affiliates, just as the CIO had done with Taft-Hartley six weeks earlier, to support whomever each union chose in the Presidential election. This position was unacceptable to Reuther and the CIO majority now. Murray and Reuther vilified these unions and claimed the Communist Party and its union allies were pursuing a policy of tacit alliance with reaction by splitting the labor vote in the U.S. and

perpetuating misery in Europe. (40)

There then ensued throughout 1948 a bitter fight among the factions to control PAC organization and money. In March 1948 the new Reuther-dominated UAW Board resolved to create a new, independent (anti-Communist) progressive party after the national elections, which most liberals believed Truman would lose. Reuther himself opposed Truman's renomination and urged William O. Douglas to run. The UAW Board diverted political action monies away from pro-Wallace CIO-PACs to pro-Truman UAW regional directors to prevent locals and districts from using money for Wallace. Also, in June 1948 the UAW invited the national CIO to take over the Wayne County (Detroit) Industrial Union Council-CIO because it endorsed Wallace. This council was one of several around the country, including state councils in California and Minnesota, which the CIO set out to bring into line behind the Democrats. The CIO placed an administrator over the Wayne County Council, ousted the "leftists" and, in 1949, new elections to the IUC Board were swept by the "rightwing". All IUCs and local PACs were ordered by the CIO Executive Board to support only national PAC policy. As for post-election interest in a third party, it evaporated when Truman squeaked by Thomas Dewey and the Democrats regained control of Congress. (41)

The Third Round

Increased political unity of labor in 1948, including AFL involvement in national electoral politics, and Truman's need for labor and liberal support helped break both management's "united front" against wage increases in the third round and the administration's hold-the-line policy against inflation. And with the Democrat's victory in November the new CIO strategy now seemed to begin to pay off.

During fall 1947 the administration had settled upon an anti-inflation program to counteract the stimulus of new military spending and aid commitments in Europe, steel shortages, and poor agricultural production. Truman emphasized in an October nationwide address that the real danger of inflation was the depression which would follow and that the problem was rooted in "structural imbalances" among sectors and between wages and prices. Truman called a special session of Congress in November on foreign policy, but also demanded action on his domestic agenda: voluntary wage and price stability in highly organized sectors; rent control; price ceilings on critical materials and food stuffs; agricultural export and transportation controls; an increase in the minimum wage (mostly for non-union workers) and a so-called "cost of living" tax abatement for low incomes; credit and commodity exchange controls; an excess profits tax; and regional economic and natural resources development. The Congress agreed to virtually nothing, which Truman called "pitifully inadequate". Privately, the

White House was not completely disappointed: the Republicans were falling into a Democratic trap and setting-up themselves to take the blame for inflation at the polls in 1948. (42)

In early 1948 corporate leaders were determined to resist the "third round" of collective bargaining. Top executives formed a united front against wage increases. On January 1 GE announced a small price decrease and vowed not to give wage increases. Other manufacturers followed GE's lead, including Ford, Westinghouse and U.S. Steel, while bankers argued that Truman's new defense preparedness program required government retrenchment and that a smaller share of national income should go to workers. Moreover, GM reneged on its written agreement to bargain on pensions and tried to implement a program unilaterally. (43)

At the start of the year the unions looked weak. The UE was too internally torn by left-right struggle to fight management, including GM where it had 37,000 members, and GE which had begun a new hard line policy. The USW's two-year 1947 agreement with U.S. Steel only allowed 30-day talks on wages, but no requirement for resolution of wage demands within the contractual no-strike pledge and no promise to resolve the welfare fund issue. Packinghouse workers launched an industry-wide strike, but gave up after nine weeks. The UAW targeted Chrysler but the company refused to give any increase and Chrysler workers went on

strike; Ford publicly asked for a wage cut in May. The UAW then turned its sights on GM, threatening "no contract-no work" when the existing agreement expired May 28. (44)

Within the UAW in January and February 1948 there had been agitation for a rank and file-directed strategy relying on direct action and large increases in wages. Sources of this were presidents of five powerful locals in Flint, plus scattered Communist and Cannonite-Trotskyists in Detroit and Cleveland. They wanted a pension and a wage increase to make up for the shortfall since 1945 of wages behind the increase in the cost of living, which they connected to Truman's policies. Reuther's strategy now was to keep "political" issues separate from collective bargaining and he vigorously criticized factional opponents for connecting Truman and the Marshall Plan to wage policy though, of course, he himself continued to do so from within the Democratic Party. Reuther rejected leftwing demands for a general strike and a cost-of-living wage formula. He said these were unlikely to work and in fact would be harmful to the ranks' "bread and butter": for example a COLA could lead to wage reductions. The union could win increases, he argued, without the "fireworks" of an industry-wide strike. The objectives adopted by the Executive Board's Policy Committee nonetheless followed the specific rank and file demands: a 25c an hour wage increase, 5c for a health and hospitalization plan, a 40-hour guaranteed weekly wage, three week vacation pay, an inequality fund, and a pension plan. The union also

intended to demand extensive job control concessions from the company. (45)

The UAW-GM National Negotiating Conference amended the Policy Committee recommendations after Reuther urged it to put 10c of the 25c into a pension; the Ford Committee did the same. Leftists and other militants, including Chrysler Department director Norman Matthews, argued this meant the workers would have to finance their own pensions and diverted the rank and file from a "clear cut" struggle to discussion of pension plan details. Moreover, the UAW's compliance with the Taft-Hartley Act required the union to devote a great deal of effort to winning new representation elections. They forced the Executive Board to call a new GM conference, but they were defeated a second time. After the official union objectives were set sixteen locals with membership of 38,000 voted against strike action, including the CP-oriented Flint Buick local 599 and Fisher 23 in Detroit. (46)

Nonetheless, GM was convinced the UAW would strike (as they were doing at Chrysler) and the trade-off of lost production during introduction of its first new postwar model for wage stability seemed to be a fight not worth the cost. Earnings were good now and promised to be better. On May 25 GM made concessions on wages. On the other hand the union position was weak and UAW negotiators failed to win several important demands, including strict seniority

in job assignments, employee consent to reassignment, negotiated production standards, recognition of the union steward system, and negotiation of subcontracting. The UAW and GM agreed to tie wages to changes in the national price level (the cost of living as calculated by the U.S. Bureau of Labor Statistics) and to changes in the national rate of increase in productivity (the "annual improvement factor", or AIF). Although COLA was a demand of Reuther's opponents, UAW negotiators, with Reuther himself hospitalized at the time of the negotiations, were in favor of it under current inflationary conditions. The union also accepted GM's proposed annual improvement factor (the concept had been in the policy air since the war). Also, the agreement made GM's insurance program part of the collective bargaining contract pending outcome of a UAW appeal to the NLRB of GM's unilateral plan and Court review of the issue, both of which decided in the unions' favor in 1949. (47)

The 1948 agreements accomplished several goals. The wage formulas guaranteed that wages would keep pace with inflation (and price deflation, which happened in 1949; thereafter GM agreed that wages would not be lowered even if the price index fell) and that workers would share in productivity advances. It ensured workers of wage increases every year and committed the union to a management program to increase productivity through management efficiency and technology which, in any case, the UAW had not opposed before. Reuther commented that he

believed Wilson was finally understanding what the union was talking about. The UAW negotiators, especially secretary-treasurer Emil Mazey, believed that AIF was "a foot in the door" to shifting the distribution of income to labor from capital. And in fact the record of the following years shows that the UAW was able to increase the AIF even when measures of productivity lagged, thus shifting income. Steady increases in wages also worked well for union leaders as a political shield from factional opponents and rank and file discontent. On other hand, Alfred Sloan preferred to call AIF a "merit increase" which would help introduce an "element of reason and of predictability into our wage program". Sloan realized that the measurement of productivity was not exact and was somewhat arbitrary, but the point was to have a rule which would produce stability in labor-management relations. The two year term of the contract also contributed to stability as did a two-year freeze on wage adjustments among job classifications, although the company had wanted a five year contract. (48)

The UAW and CIO themselves were far from satisfied with the 1948 settlements: the wage increases were too low and the UAW had given up important demands for union security and steward representation. The UAW called the agreement a "holding operation" in the "context of today's economic and political reaction". It recommended that GM workers accept the agreement as "their contribution to

industrial peace", although GM's profits were still too high. The COLA/EBS formula was accepted "only because most of those in control of government and industry show no signs of acting in the public interest. They are enforcing a system of private planning for private profit at public expense". The CIO Full Employment Committee met with the CEA about low wages and again urged adoption of the industrial council plan and price controls. (49)

The administration's "hold the line" campaign against the third round failed. GM's wage agreement with the UAW shifted responsibility for inflation back to the federal government and led to pattern wage increases for the UE in the electrical industry, at Chrysler and Ford, and even in the packinghouse and steel industries, although the COLA and AIF wage rules did not become a pattern that year. CEA member John Clark argued that the actual breach in the business front was made by Truman's March 17 speech to Congress after the Czech coup d'etat when the President requested Universal Military Training and a draft. (50) This was followed on April 1 by an administration request for a \$3.3 billion increase in arms and procurement and by a National Security Council recommendation with which the Senate concurred that a military alliance with Europe should be formed. All of these actions promised steady business in autos and other basic manufacturing industries and made wage concessions feasible and a hedge against labor shortages. With the wage breakthrough and redoubled prospects for military spending increases, the CEA and

Truman's White House advisors shifted attention on other aspects of its anti-inflation and electoral programs.

The Congress, however, was still in the hands of Republicans, who had proposed after the 1946 election victory that their number one priority was a 20% cut in income taxes, backed by the CED, Chamber of Commerce and the NAM. Truman was strongly opposed a 1947 Republican tax cut bill, as was the CIO, and Truman's veto was sustained by just two votes in the House. In 1948 the Republicans introduced a new bill which had enough concessions to House Democrats to pass over another Truman veto. Also in 1948 Truman resisted, successfully this time, a campaign by CED and commercial banks to "free" monetary policy and raise interest rates. In this struggle the UAW was vitally involved in supporting the administration, which proposed instead to tighten credit and to impose a CIO-backed excess profits tax to make up for revenue lost from an income tax cut for lower income citizens. But the President did not expect this tax plan to pass the Congress--and it did not. Truman continued to play symbolic politics throughout 1947 and 1948 on domestic policy to gain leverage in the Presidential election. (51)

Truman campaigned on the theme that business and the Republicans were responsible for price inflation: "only the man who has the money is able to get the necessities of life". If private enterprise did not act responsibly, he warned, controls would be necessary. A similar theme was

sounded by CIO leaders like Reuther and in Democratic campaign documents. For example, the minority report by liberal Congressional Democrats on the Joint Committee on the President's Economic Report was a combination campaign document and detailed argument for Truman's economic program. The principal ideological tack was that businessmen were too short-sighted to save capitalism, the consequence of which would be "socialism". This Democratic cave-in to cold war rhetoric did not hide the fact that "liberal" Congressional Democrats outlined a social-democratic program to prevent depression: natural and human resource development, including skill training and retraining, social services, education, urban and regional development, greater aid to labor-management cooperation, and policies to prevent "concentration of economic power in private hands" and to promote "free competitive enterprise". As Bernard Baruch pointed out in a letter to Reuther, this was a peculiar definition of "free enterprise". (52)

The Truman administration successfully carried out most of its election plan. Wallace was pinned by Truman et al. as a fellow-travelling Communist while his "progressive" constituency, especially in the western and eastern states, was appealed to with rousing anti-Wall Street rhetoric--this was the "give 'em hell, Harry" campaign--and promises of western resource development. Blacks were promised a permanent Fair Employment Practices Commission (and labor-liberals at the Democratic Convention

won a strong civil rights plank), which alienated southerners, who bolted to the States Rights Party, but the electoral vote losses were in fact sustainable. (53)

Settlement

The President's Economic Report of January 1949 outlined most of what became the administration's Fair Deal program: repeal Taft-Hartley, raise corporate taxes, further credit controls, an increase in the minimum wage, extension of unemployment insurance, national health insurance, new TVA-like river valley authorities, federal aid to education, public housing, authority to intervene in and compel expansion of crucial manufacturing materials such as steel and free trade. As Holmans points out, the Economic Report reaffirmed the primacy of private financing of industrial expansion by arguing that increases in taxes on profits would not impair the ability of corporations to do so. And, although the much-awaited postwar recession occurred in the first three quarters of 1949, until the second quarter the administration and liberal Democrats continued to focus on inflation as the immediate national economic worry. At the same time, the Congress, now with a Democratic but not more liberal majority, rejected virtually all of the President's reform program in 1949, including Taft-Hartley repeal, the FEPC, as well as the International Trade Organization treaty. It even cut defense by more than \$1 billion, although it increased "mutual defense assistance" \$500 million and expanded

housing finance. (54)

The CIO quickly found it futile to push Truman for a more social-democratic policy in 1949 in part because liberal supporters in Congress were overwhelmingly outnumbered. Indicative was the Economic Expansion bill, co-written and promoted as a logical forward step from the 1946 Employment Act by Rep. Spence, Sen. Murray, Keyserling, Bertram Gross, the UAW, ADA, and others. It resembled proposals which had surfaced the previous year out of similar problems and bill would have created a multi-partite National Economic Cooperation Board, appointed by the President. The Board would be advisory and work with the CEA, but clearly it would have provided the missing "mechanism" to coordinate private and public economic decision-making. The sponsors foresaw the Board using all the planning techniques envisaged at the time of the Full Employment bill in 1945. Businessmen were aghast at the "socialist" planning and "class warfare" of labor-liberal Democrats and Truman ordered Keyserling to desist lobbying for the Spence bill. (55)

Moreover, Truman wanted Congressional conservatives to support his foreign policy and did not intend to "waste" his influence with them fighting for the broad reform agenda and otherwise scaring them with the prospect of economic controls as a price of military preparedness. As for the slumping economy, although virtually all Senators, whether Republican and Democrat,

liberal and conservative, still favored cutting spending to match reduced tax revenue, Truman's foreign policy goals and the automatic stabilizing features of fiscal policy led to "passive" deficits and actual countercyclical forces. Thus the North Atlantic Treaty which was ratified in early 1949 led to a boost in military expenditures and Marshall Plan aid was finally flowing fully in 1949. (National security planners were beginning a drumbeat for a massive military buildup to contain Communism, though the policy debate was not clinched for a large increase until the Korean War broke out in June 1950. The Soviet Union exploded an atomic bomb in September 1949; China "fell" in October. Security planners clearly outlined both a hardened containment policy and the domestic benefits of military Keynesianism.) Military and economic aid spending increased from \$17.3 billion in the second half of 1948 to \$20.2 billion in the first half of 1949. (56)

A more congenial solution for Truman was to adopt the basic analysis of people like Keyserling and some CED leaders that the U.S. could have "prosperity and progress for the worker, the farmer and the businessman" plus development of underdeveloped regions and employment for marginal workers. Those who disagreed that all groups could progress together were "unwitting spokesmen of class against class". By late spring 1949 the administration began a search for economic expansion and "growth". The administration withdrew its tax increase proposal; partially "liberated" monetary policy which now was a drag

on an economy in a downturn since it kept interest rates up; proposed eleven mildly expansionary measures; and passively accepted an "automatic" deficit as revenues declined with decreasing economic activity. (57)

Reuther explained to the UAW Executive Board that defense spending was being used by some as an economic panacea, which he rejected, but the union lacked the power to influence defense budget planning. "That is out of our reach." Instead, the union "can get into direct contact with the problem and try to steer it in the direction we think it has to move if we are going to solve this problem of gearing the economy and the abundance it can create to the needs of the people...through collective bargaining." The 1948 CIO Convention had reaffirmed that pensions and social security were part of labor's 1949 agenda for the "fourth round". The UAW considered holding-off a collective bargaining demand for a health and hospital fund, pending Congressional action, but union leaders rightly predicted that Congress would not act at all, or at best would pass a bill with benefits too low. The UAW planned and was ready to build on federal standards through collective bargaining "supplements". (58)

The Reuther leadership in 1949 still was fighting a two-front battle with anti-labor forces and factional opponents. The 1948 contract with GM allowed for decreases in the cost of living adjustment and when prices did drop in early 1949, so did autoworkers' wages. Even though

Reuther had opposed COLA and the left had favored it, Reuther was blamed for the wage cut. Also, the buyers' market and new models at GM and Ford led the companies to "speed up" the work pace in the fall of 1948 and to further factional charges that Reuther had agreed to this with the productivity formula (AIF). The International in fact had complained bitterly to GM in the fall 1948 about speed-up and corporation stalling on settling grievances and had belatedly sanctioned a massive three-week anti-speed up wildcat strike at Ford in Detroit in April and May 1949 where over 1100 grievances had accumulated. Yet opponents capitalized on rank and file dissatisfaction and defeated Reuther slates in key local elections at Federal Mogul, Chrysler local 227, Chevrolet Forge, Chevrolet Gear and Axle 235, Amalgamated local 205, Flint Fisher Body #2 and at Cleveland local 45, while splitting control at Dodge local 7 and Bohn Aluminum in Detroit. (59)

At the UAW's February 19, 1949 Economic Conference Reuther, Emil Mazey and Art Johnstone (director of the UAW GM Department) made a spirited defense of their wage strategy and record and opponents unsuccessfully proposed a general strike (partly to press Taft-Hartley repeal) and a 30 hour week and 30% wage increase, the latter two of which were similar to demands by other CIO unions, the AFL and UMW. Reuther rejected a general strike and argued that the expectation that an industrial crisis would force Truman to intervene was improbable, and in the event the government

did seize control of the industry, the lesson of the previous few years was that "they never intervene for us". (60)

The UAW Executive Board planned to strike one of the Big Three to win a pension plan and it rejected Ford's claim that the recession was a reason to keep wage costs down. This was a "classical" example of "capitalistic economics" and managerial control of resources which would undermine mass purchasing power. Moreover, the union believed, the return of a buyers' market in 1949 made the individual companies vulnerable to strikes which might permanently undermine their market shares. (In fact the Big Three had lost market share since the war to the so-called Independent auto companies.) Reuther advised the UAW's 1949 Economic Conference that the union should "take advantage of what somebody said are the contradictions inside of a capitalistic economy..." and exploit competition among the companies. And, as for the plight of small companies which could not afford a fully-funded pension plan, well--that was another contradiction of a system which rewarded profitability and not car building. The union leadership upheld the position before the delegates that those companies would have to swim with the rest or sink. (61)

The steel contract expired in July before the auto contracts, but U.S. Steel refused the USW demand for company-financed pension and health plans and a 20c wage

increase. Ford and GE rejected similar demands from the UAW and UE. Truman asked the USW and U.S. Steel to extend their contract 60 days while a Presidential Fact Finding Board investigated the issues and made recommendations. The Steelworkers accepted, but U.S. Steel publicly insisted that any recommendations would be advisory only and carried no moral obligation for the company to accept them. When the Board on September 10 recommended company-financed pension and health plans Murray accepted for the USW, even though the Board also recommended there be no general wage increase in steel and, by implication, elsewhere. But U.S. Steel and other steel companies rejected the recommendations and the steelworkers then went on strike October 1 to win the Board's recommendations. (62)

In the meantime on September 29 the UAW settled with Ford, which had conceded the principle of such plans in 1947, on a company-financed pension based on the Steel Board's recommendations. Despite some strong rank and file opposition to the settlement of the speed-up strike, the contract was ratified. The rubber industry then agreed to a pension and finally in the second week of November 1949, first Bethlehem Steel and then U.S. Steel settled with the USW for a company-financed pension and jointly-financed health plan. The steel, rubber and Ford pension plans were based on a formula tying them to Federal social security, such that if and when social security was increased, company contributions would decrease. This was supposed to provide an incentive for manufacturers to join labor to

lobby Congress. Later in 1950, Chrysler settled after a 100-day strike. GM did not need the prodding: its net income in 1949 had set a record for a U.S. corporation and it could afford to be generous without fear of investor reaction. The company agreed to a pension plan with no reduction in company contributions. GM also agreed to a union shop and raised the productivity formula while the UAW agreed to a five-year contract with no wage reopening clause, but with COLA protection. The union "got no significant concessions" on work rules from the company, although it retained the right to strike on production standards. The UAW then returned to Ford and Chrysler to make their contracts also for five years, also with COLA and AIF. Fortune magazine called this the "Treaty of Detroit". It also was a gamble by the Reuther leadership that economic and political conditions would be stable for five years. (63)

Conclusion

The CIO and UAW-Reuther leadership had begun the period with a vision of a cooperative commonwealth. This was rooted in the older Progressive and Debsian socialist traditions (via the Reuther family, Sydney Hillman, Adolph Germer and many other CIO leaders), in the practice of skilled workers, and in Catholic labor teaching. The basic idea was a democratic society based on equal rights to participate in decisions about work for the good of society and not primarily for profits. The means which the CIO

proposed were joint labor-management shop committees, industrial councils and national government planning for stimulation of long-term economic progress. The quick and massive rebuff of the CIO program by employers, Republicans and most Democrats created tactical confusion and turmoil in the CIO. The USW and the UAW retreated to a more traditional American union stance, though not completely the same as the AFL. Like the old AFL, the USW and UAW redoubled their emphasis on "free collective bargaining" and a rigid contractual basis for union and workers' security and they adapted traditional union policies for seniority and job classifications in a mass production setting to stanch the postwar losses to job and income security resulting from the managerial counteroffensive and hostility to joint problem-solving.

They were aided in this by pro-labor liberal industrial relations experts who helped, for example, to rationalize (and preserve) the job-wage structure in the steel and meatpacking industries, just as the UAW had agreed with Chrysler and GM to stabilize wage classification disputes. Prominent liberals, such as War Labor Board chairman George Taylor, Wayne Morse and Supreme Court Justice William Douglas, advised that the lines between management and labor at work be preserved and formalized and that collective bargaining should focus on "facts". On the one hand the process of formalizing labor contracts and industrial law hollowed-out the idea of a

producers' community and substituted procedural relationships within management-determined boundaries. On the other hand, contractually based union security and grievance procedures protected union organizations. Under assault for what looked like their very existence, unions dug in their heels to prevent integration into the "common enterprise". Moreover, for many liberals, the producers community carried a profound challenge to American society since it envisaged a community of workers and managers as equals in carrying out society's work and as such would pit the combined producers against the owners of the means of production. (64) It was better to have a pluralistic "mini-class struggle" between union and management in the plants than a political class struggle. In short, calling-off political struggle ratified then-current frontiers of labor-management power and the evolving rules of regulated dispute resolution, promoted by the courts, the Labor Board, and private labor experts. In contrast to the proposed cooperative system of work organization and political negotiations, the postwar system became based on freezing labor and management positions and subjecting disputes to arguments over contractual rules.

To many liberals and democratic socialists, labor political unity had been tied to the need to better wrest reform from employers and "reactionaries", but it became an excuse to demobilize factional opponents, enhance union prestige, and secure the social basis for economic stability and growth. In the years to follow, industrial

health and pluralistic industrial relations did indeed appear solidly mutually dependent, as most organized workers and unions steadily increased their wages and memberships. That the relationship was more apparent than real was evinced in the struggles of workers and firms for whom the postwar settlements undermined their industrial positions in the 1950's and 1960's (see chapters four and five) and ultimately in the 1970's and 1980's in the face of competition from nations with different forms of work organization.

At the same time, the CIO and UAW did not abandon completely the broader vision, though it became the quality more of leadership rhetoric than an element of rank and file aspiration given the new structure of incentives in collective bargaining relationships. They did not merely retreat to private collective bargaining relationships; they more firmly tied themselves to party politics in 1948 and 1950 than ever before to win legislative reforms. In the postwar years labor leaders were insecure and believed the labor movement was in great peril and in need of allies. They probably were right, but Democratic allies merely held-off the worst excesses of Republican and employer reaction and they did not enact a reform program. The Democratic administration's domestic economic management policy came to an accommodation with labor's new collective bargaining agenda, but probably was unaffected by labor's specific demands because the administration only

wanted and needed union electoral support to implement its own plans. The southern Democracy remained a bulwark against legislative reform and formation of a national labor movement.

Moreover, the two-party strategy led to internal repression of union dissenters. Within the CIO Reuther and other "rightwing" leaders pressed Murray to act against "internal" foes of the CIO, viz. the "leftwing" Communist-linked unions. Reuther sounded the theme at the July 1949 UAW Convention that the "left" was responsible for the failure to repeal the Taft-Hartley Act that spring and for the flagging southern organizing drive. The "left" was again condemned for opposing the Marshall Plan and supporting Wallace in 1948. At the CIO Executive Board meeting in May the rightwing leaders worked to convince Murray to expel the left and by the November 1949 CIO Convention a purge had been agreed upon. The UE, the largest expelled union, with over 300,000 members, tellingly charged the CIO with subordinating labor's interests to the Democratic Party and partisan politics. But many liberals believed expulsions were part of the national party realignment necessary to implement a reform program; Truman Democrats had already expelled State Rights Democrats from the Democratic National Committee. (65) Yet the Democratic Party simply did not come through for labor. The immediate consequence was to reinforce incentives for business unionism and sectoral collective bargaining.

Notes

1. "Management's Future in Labor Relations", United Auto Workers Research Department Collection, Box 23, "Walter Reuther--Unused Articles 1948". Archives of Labor History and Urban Affairs (ALHUA), Walter P. Reuther Library, Wayne State University.

2. Walter Reuther, "The Challenge of Peace", in International Postwar Problems 2(2) April 1945. The journal was published by the American Labor Conference on International Affairs, of which William Green was president and David Dubinsky was vice-president. On Reuther's life, see Victor Reuther, The Brothers Reuther (Houghton Mifflin Boston 1976), and Frank Cormier and William Eaton, Reuther (Prentice-Hall Englewood Cliffs 1970). Author interview with Leonard Woodcock, December 10, 1982.

3. Craufurd Goodwin and Stanley Herren, "The Truman Administration: Problems and Policies Unfold", in Goodwin ed., Exhortation and Controls: The Search for a Wage-Price Policy, 1945-1971 (The Brookings Institution Washington, D.C. 1975).

4. Collective bargaining over prices, Thomas Brooks, Clint: A Biography of a Labor Intellectual (Atheneum New York 1978), p 277.

5. Wilson quote, Cincinnati Times-Star, December 5, 1946, cited in Kathryn Groehn El-Messidi, "Sure Principles Midst Uncertainties: The Story of the 1948 GM-UAW Contract" (Unpublished dissertation University of Oklahoma 1976) p 40. UAW's socialism outlined, Victor Reuther, Common Sense 1946.

6. Monthly Labor Review, April 1946, pp 537-42; January 1946, p 86; and December 1946, pp 876-8.

7. Chester Bowles, Promises to Keep: My Years in Public Life (Harper New York 1971). Truman refused to side with his auto Fact Finding Board and Reuther. Forrester Diaries, pp 143f, cited in Cormier and Eaton, Reuther, op. cit., p 229.

8. Murray and GM strike, George Lipsitz, Class and Culture in the Cold War: 'A Rainbow at Midnight' (Praeger New York 1981), p 50. Note that revisionists believe the GM strike was sham strike used by union bureaucrats to safely let-off rank and file steam. Mike Davis, Prisoners of the American Dream (Verso New York 1986) pp 81, 86.

9. Melvin Dubofsky and Warren Van Tine, John L. Lewis: A

Biography (Quadrangle New York 1977) pp 454-62.
Progressive opinion, eg. Dwight Macdonald, Politics Past
(Viking New York 1957) p 189.

10. Dubofsky and Van Tine, op. cit. The government offered the coal operators a choice of a welfare fund based on tonnage or payroll. It also made the miners contribute to the hospitalization fund to check further demands.

"Labor, Coal File", Box 5, John Gibson Papers, Truman Presidential Library, Independence, Missouri.

11. Alton Lee, Truman and Taft-Hartley: A Question of Mandate (University of Kentucky Press Lexington 1966).

12. Goodwin and Herren, "The Truman Administration", op. cit., pp 40-1. Allan Matusow, Farm Policies and Politics in the Truman Years (Harvard University Press Cambridge 1967). Bowles, Promises, op. cit. Barton Bernstein, "Clash of Interests: The Postwar Battle Between the Office of Price Administration and the Department of Agriculture", Agriculture History 41(1) January 1967. Harvey Mansfield, A Short History of the OPA (GPO Washington, D.C. 1947), cited in Bert Cochran, Harry Truman and the Crisis Presidency (Funk and Wagnalls New York 1973).

13. Chrysler workers, Steve Jefferys, "Matters of Mutual Interest: The Unionization Process at Dodge Main, 1933-1939", in Nelson Lichtenstein and Steve Meyer eds., Politics of the Automobile Industry (Illinois University Press Urbana 1986). Chrysler standards and classifications, IEB Minutes, August 5-18, 1946, pp 45-52, 198-204. Cf. IEB Minutes, October 18-20, 1946 and December 9-18, 1946, p 60. Quote, IEB Minutes, August 5-18, 1946, p 50. IEB Collection. ALUHA.

14. "Full Auto Production Meeting 1946", Walter Reuther Collection, Box 100. Packard and Nash were willing to meet independently. Publicly Reuther rejected the criticism of the supplier strikes, but they were causing problems inside the union. Ibid. Company announcement of profitable operations discussed, IEB Minutes, October 18-20, 1946, p 18.

15. The UAW borrowed money from the USW and Amalgamated Clothing Workers and layed off staff, IEB Minutes, June 4-5, October 18-22 and December 9-18, 1946. One-at-a-time strategy, IEB Minutes, August 5-18, 1946, pp 204-05.

16. Character of the election, Robert J. Donovan, The Presidency of Harry S Truman, 1945-1948: Conflict and Crisis (Norton New York 1977) pp 243-5. Selig Harrison, "The Political Program of the United Automobile Workers" (Honors Thesis Harvard University 1948) pp 125f, notes that the Wayne County CIO was politically divided in 1946 and the UAW did no real campaigning. Cf. Cormier and

Eaton, Reuther, op. cit., pp 243-44.

17. Reuther's change, see "Are We Moving Toward a Government Controlled Economy?" (radio broadcast May 30, 1946) and "Press Release from the National Foundry Conference" (December 7, 1946). Walter Reuther Collection, Box 582. Cf. Ammunition (UAW Education Department paper) September 1946 and Walter Reuther, "Our Social Setup Lags Behind Our Technological Progress", Labor and Nation (January-February 1947).

18. Southern drive, Ray Marshall, Labor in the South (Harvard University Press Cambridge 1967). Alston Waring and Clint Golden, Soil and Steel (Harper New York 1946). Eg. the UAW launched a program of cooperative homebuilding. "The New Studebaker is Nice, But Have You Seen the Local? Rochdale Cooperation in South Bend in Creating Farmer-Labor Unity" (UAW Education Department Pamphlet #126) and UAW President's Quarterly Report (April 1948). Industrial Relations Collection, Littauer Library, Harvard University.

19. On Catholics, Donald F. Crosby, S.J., "The Politics of Religion: American Catholics and the Anti-Communist Impulse", in Robert Griffith and Athan Theoharis, eds., The Spector: Original Essays on the Cold War and the Origins of McCarthyism (New York 1974), cited by Donovan, Truman, op. cit., p 234. Communist Party policy change, Isserman, Which Side, op. cit. and Bert Cochran, Labor and Communism: The Conflict That Shaped American Unions (Princeton University Press Princeton 1977) pp 244f.

20. ADA-FCA split and CIO neutrality, Alonzo Hamby, Beyond The New Deal: Harry S Truman and American Liberalism (Columbia University Press New York 1973) pp 161f. Dubinsky (ILGWU) of course was AFL and did not leave the ADA. Liberal and socialist ideological change, see Irving Howe, A Margin of Hope (Harcourt, Brace, Jovanovich New York 1982) pp 83, 116.

21. CP role, Roger Keeran, The Communist Party and the Auto Worker Unions (Indiana University Press Bloomington 1980).

22. "The CIO National Wage Policy for 1947" (CIO December 1946). CIO Report to the Council of Economic Advisors, December 12, 1946. CIO Secretary-Treasurer Collection, Box 68. ALHUA.

23. CIO policy on avoiding strikes, Murray remarks to the UAW IEB, IEB Minutes, October 18-20, 1946, p 39 and CIO Executive Board Minutes, May 16-17, 1947 against one-day strikes protesting the Taft-Hartley Act called by the UAW and other unions. Cf. IEB Minutes, April 22-28, 1947. "Stop-gap" program, IEB Minutes, October 18-20, 1946, p 20. Chrysler workers over age 65 were dismissed by Chrysler in

the spring 1946 which provoked protests and a UAW Executive Board resolve to seek a company-paid pension. International Executive Board Minutes, April 16-26, 1946, International Executive Board (IEB) Collection. Cf. Minutes, August 5-18, 1946. The guaranteed wage proposal was put aside until the President's Commission on Annual Wages, headed by Murray Latimore, could report, *ibid.*, p 21, but then the CIO found it had to strenuously lobby Truman to keep the Commission from dissolving without reporting in December. IEB Minutes, December 9-18, 1946, p 13. Cf. on the Latimore Report, Industrial and Labor Relations Review 4 (1948) and A.D.H. Kaplan, The Guarantee of Annual Wages (The Brookings Institution Washington, D.C. 1947), who notes that some building crafts were worried that guaranteed wages would necessarily lead to craft dilution since employers would have an incentive to use employees wherever they could. Administration restraint, Daily Diary 1946-9 and 1947-10, Edwin Nourse Papers, Truman Presidential Library.

24. CIO Executive Board Minutes, May 16-17, 1947. White House reassessment, Leon Keyserling Oral History, Truman Presidential Library, Independence, Missouri. Clark Clifford memo to the President, "Labor Policy and Program" (December 1946), Oscar Ewing Papers, Box 45, Truman Presidential Library. Cf. Hamby, Beyond the New Deal, *op. cit.*, p 191.

25. Clark Kerr, "Employer Policies in Industrial Relations 1945-1947" in Colstan Warne ed., Labor in Postwar America, *op. cit.*, pp 55f. Harris, The Right, *op. cit.*, pp 119-20. NAM and Nathan Report, "The Facts Versus the Nathan Report" (NAM Pamphlet #14 1947). Cf. Sumner Slichter, "When Are Wages Too Low? When Are Profits Too High? An Answer to the Nathan Report" (Bank of New York New York 1947). Business Week, November 30, 1946, p 104. The American Automobile Manufacturers criticized high CIO profit projections for 1947, but the CIO figures turned out to be too conservative, not too generous. Cf. The New Republic, December 23, 1946.

26. NAM and Congress, Harry Millis and Emily Clark Brown, From the Wagner Act to Taft-Hartley (University of Chicago Press Chicago 1950) chapter 10 and Harris, The Right, *op. cit.*, p 123. Congressional vote, Alton Lee, Truman and Taft-Hartley, *op. cit.*, pp 67, 71. Truman veto, Donovan, The Presidency, *op. cit.*, p 302.

27. Millis and Brown, From the Wagner Act, *op. cit.* Taft-Hartley provoked a rightward shift at the UAW's largest local, William Andrew, "Factionalism and Anti-Communism: Ford Local 600", Labor History 20(2) Spring 1970, p 238. AFL in the south, AFL Executive Council Minutes, April 21-25, 1947, pp 34f. The Council concluded that legal challenges were costing it too much money and, at the same

meeting, agreed to bid \$1 million for property in Washington, D.C. as a site for its new headquarters, p 77.

28. Foster, Union Politic, op. cit., pp 109-110. The politicization of industrial relations demoralized those like Joseph Scanlon, Harold Rutenbery and Golden who wanted labor-management cooperation based on facts. Golden quite his post at the USW in 1946 and began planning for a series of studies sponsored by the National Planning Association on the "causes of industrial peace". Brooks, Clint, op. cit., pp 225-36.

29. Press release on the CEA's mid-year report, July 24, 1947, Daily Diary 1947-25, Nourse Papers. Conference and CEA, Nourse memo to Emil Reive and Full Employment Committee memo to the CEA, September 26, 1947, Nourse Papers, microfilm Box 3, August 18, 1947.

30. Steel problems and preventing rank and file debate, IEB Minutes, March 17-26, 1947, pp 16f. Electrical industry, Harris, The Right to Manage, op. cit., p 152, and Ronald Schatz The Electrical Workers (University of Illinois Press Urbana 1982). GM negotiations, IEB Minutes, April 22-28, 1947, pp 14-16, 60-61, 136-37 and Robert MacDonald, Collective Bargaining, op. cit.

31. Allan Nevins and Frank Hill, Ford: Decline and Rebirth, 1933-1962 Arno Press New York 1976) pp 305-40.

32. IEB Minutes, March 17-26 and June 2, 1947. Nevins and Hill, Ford: Decline and Rebirth, op. cit., pp 335-37.

33. IEB Minutes, August 2, 1947, pp 7f, 33-39. But according to a report on the raw rank and file vote, Reuther lost. See "Contract Correspondence 1947", UAW Ford Department Collection, Box 1. ALHUA.

34. The FE account closely follows Roger Keeran, The Communist Party and the Auto Worker Unions, op. cit., pp 278-80 while the Allis-Chalmers conflict combines his account with an explanation sent to all local unions by Reuther, February 13, 1947. Emil Mazey Collection, Box 5. ALHUA. Cochran, Labor and Communism, op. cit., p 276, reports that only 7% of UAW members voted in the FE referendum. It was a "unit" vote: each local had one vote per 100 members. The United Auto Worker (Tool, Die and Engineering News edition) 11(6), August 1947, p 2.

35. Airline competition, IEB Minutes, March 17, 1947 and March 1-5, 1948, p 69. IEB votes, IEB Minutes, July 9, August 2, and September 22-24, 1947 and Ammunition (UAW Education Department paper) July 1947. Llewelyn quote, IEB Minutes, August 2, 1947, p 175. Emil Mazey letter to all locals, September 18, 1947 which argues that the Board voted against compliance but was really split over the

issue. Mazey strongly favored compliance and cites the NLRB cases which would be lost otherwise and the refusal of the NLRB to count UAW ballots in recent auto and aircraft union representation elections. Mazey Collection, Box 54. Reuther and the CIO rightwing successfully defeated R.J. Thomas' re-election as CIO vice-president in October. The New York Times, October 12, 1947. New IEB, Keeran, The Communist Party, op. cit., p 283: Reuther allies included socialists Leonard Woodcock, Emil Mazey and Martin Gerber, and ACTU activists Joe McCusher and Pat Greathouse. Cf. Michael D. Whitty, "Emil Mazey: Radical As Liberal" (Unpublished dissertation Syracuse University 1969) which discusses Mazey's radicalism, but is a poor explanation of his "liberalism".

36. CIO Executive Board Minutes, October 8-17, 1947, pp 60-63. In fact in 1948 the USW amended its constitution to forbid "any" member from "any action which constitutes a break of any collective bargaining contract..." Lloyd Ulman, The Government of the Steel Workers Union (John Wiley New York 1962) p 52. In late 1946 and 1947 the CIO tried to form a political alliance with the AFL, but the AFL insisted on a merger of the two federations first. The CIO also began to reorganize PAC. IEB Minutes, March 17, 1947.

37. Cf. IEB Minutes, March 1-5, 1948, pp 32f.

38. CIO Convention Proceedings, 1947, pp 260-62. Thomas Patterson, "The Quest for Peace and Prosperity: International Trade, Communism and the Marshall Plan", in Barton Bernstein ed., Politics and Policies of the Truman Administration (Quadrangle Chicago 1970) pp 81-90.

39. CIO Convention Proceedings, *ibid.*, pp 274-90. Walter Reuther Collection, Box 583. Reuther rejoined the ADA in 1948; he also criticized its weak domestic program and challenged it to transform the Democratic Party rather than give it blanket support. Harriman testimony, Frank Emspak, "The Breakup of the Congress of Industrial Organizations, 1945-1950" (Unpublished dissertation 1972) pp 213f. Later, experience with the ERP, especially in Greece, led to critical labor reports, for example by Clint Golden, the labor liaison in Greece (Brooks, Clint, op. cit.), and Paul Silver, a UAW representative in the ERP close to Reuther. IEB Minutes, March 14-18, 1949, pp 801, 835 and April 24-28, 1950, pp 379-93.

40. CIO oppositionists were vilified by Reuther, IEB Minutes, March 1-5, 1948, pp 38, 43-8.

41. PAC money, IEB Minutes, March 1-5, 1948, pp 420f. Cf. IEB Minutes, November 29-December 2, 1948, pp 27f. UAW official political goals included "security" and "abundance", resistance to "totalitarianism", "people

before property", and the need to win control of Congress to repeal Taft-Hartley. IEB Minutes, March 1-5, 1948, p 427f. Ousted from the Wayne County IUC were Tracy Doll (president), Sam Sage (secretary-treasurer) and Coleman Young (director of organization). Michigan CIO News Service press release August 11, 1949, UAW Research Department, Box 5. Internal CIO campaign against the "left", see Emspak, "The Breakup", op. cit., pp 240-42. Cf. Keeran, The Communist Party, op. cit., pp 285f and Cormier and Eaton, Reuther, op. cit., p 252.

42. Truman's economic policy, Goodwin and Herren, "The Truman Administration", op. cit., pp 43-4, 47, 58-64 and Wilfred Lewis, Jr., Federal Fiscal Policy in the Postwar Recessions (The Brookings Institution Washington, D.C. 1962) pp 108-113. Truman quote in press release, December 28, 1947, cited in Daily Diary, 1947-43, Nourse Papers. Confidential memo to the President re the Politics of 1948, November 19, 1947. Clark Clifford Papers.

43. "Management front", Business Week, May 22, 1948. Smaller share for workers argued by National City Bank, Daily Diary 1948-12, Nourse Papers.

44. Harris, The Right to Manage, op. cit., p 152.

45. IEB Minutes, March 1-5, 1948, pp 33, 73. Searchlight (Local 659 paper), January 29, 1948, p 6. "Economic Objectives for 1948", UAW-CIO Administrative Letter, January 31, 1948. ALHUA.

46. Clear-cut fight, Nat Ganley (CP whip in the UAW) in the Michigan Herald, Walter Reuther Collection, Box 101. Locals against, IEB Minutes, June 7-10, 1948, pp 724-28. The UAW won the representation votes at Ford with a 92% turnout and 97.6% pro-UAW ballots (UAW Ford Department Collection, Box 2) and at GM with a 87% turnout and 89% pro-UAW ballots (Harbison, "The UAW-General Motors Contract", op. cit., p 404).

47. Job control demands lost, *ibid.*, p 399. Job control demands won included removal of the "gag" on union committeemen so they could act as advocates for workers to forestall otherwise automatic discipline and discharge (George Heliker p 109), all grievance cases could be appealed to the umpire despite previous decisions in similar cases, and a dues check-off, which the UAW Chrysler negotiators did not favor (IEB Minutes, March 1-5, 1948, pp 58-9). Only four locals voted against the GM contract. "Proceedings of the International Economic Conference", February 2, 1949, p 155. Walter Reuther Collection, Box 56. Strike threat and GM management quoted, *ibid.*, p 158. Productivity formula suggested in 1946 by Alvin Hansen, "Wages and Prices: The Basic Issue", The New York Times Magazine, June 6, 1946, cited in Goodwin and Herren, "The

Truman Administration", op. cit., p 28. The Republican Congress also rejected Truman's proposed reorganization of the Department of Labor.

48. IEB Minutes, September 13-15, 1948, p 339. Productivity bargain and "reason", Sloan, My Years, op. cit., pp 395, 399-402. And Ford seemed to agree to the productivity bargain. See John Bugas speech of January 24, 1947 to the Mountain States Employers' Council, Inc., UAW Washington Office, Donald Montgomery Collection, Box 70. Freeze on classification changes, IEB Minutes, May 27-28, 1948, p 58. "Foot in the door" quote in Whittey, "Radical as Liberal", op. cit. C.E. Wilson found opposition to AIF and COLA from GM director George Whitney (J.P. Morgan partner) and the DuPonts who did not want the formulas to be incorporated into national wage policy. El-Messidi, "Sure Principles", op. cit., p 91.

49. "Minutes of a Meeting of the CIO Full Employment Committee with the Council of Economic Advisors", June 7, 1948. Walter Reuther Collection, Box 59. Keyserling was skeptical of the council plan, Harper's (1948). CIO Executive Board Minutes, January 22-23, 1948. UAW press release on GM agreement, May 25, 1948. Industrial Relations Collection, Littauer Library, Harvard University.

50. Management front collapses, Business Week, May 29, 1948. "The Council, Business and Labor" (Unpublished manuscript) p 19, J.M. Clark Papers, Box 3. Truman Presidential Library, Independence, Missouri. Daily Diary 1948-15 and 1948-28, Nourse Papers.

51. Truman State of the Union Message, January 7, 1948; Goodwin and Herren, "The Truman Administration", op. cit., pp 46, 50; A. E. Holmans, Fiscal Policy in the U.S. 1945-1959 (Oxford University Press London 1961) pp 86-89. Republican tax cut, Stein, The Fiscal Revolution, op. cit., and Holmans, *ibid.*, pp 58-64, 77, 80-94, 99.

52. Truman quote, Goodwin and Herren, "The Truman Administration", op. cit., p 55. John Dunlop, "A National Labor Policy", in Seymour Harris ed., Saving American Capitalism: A Liberal Economic Program (Knopf New York 1948) pp 306-07. Bernard Baruch to Walter Reuther, September 20, 1948, Box 175, Reuther Collection, ALHUA.

53. Donovan, The Presidency, op. cit., chapters 41 and 43.

54. Cutting defense, Lewis, Federal Fiscal Policy, op. cit., p 119. Holmans, Fiscal Policy, op. cit., pp 105-07. DEA Annual Review, January 1949, pp 61-62.

55. IEB Minutes, June 6-10, 1949, p 48. Advocates of some mechanism included Dunlop, "A National Labor Policy", op. cit., Solomon Barkin, "Labor-Management Cooperation As

Basis of Sound Price Policy", Labor and Nation (May-June 1947) pp 11f, Sumner Slichter, "Wages, Prices and the People's Savings", Commercial and Financial Chronicle, May 20, 1948, Paul Hoffman, Goodwin and Herren, "The Truman Administration", op. cit., pp 65-66, and of course Keyserling. CIO and stimulation, Holmans, Fiscal Policy, op. cit., p 118; Hamby, Beyond, op. cit., pp 331-32; ADA Full Employment Conference Report, July 19, 1949. Keyserling Oral History. Business response, Barron's (April 1949) editorial.

56. Senate opinion, Holmans, Fiscal Policy, op. cit., pp 116-17. Military-boosted Keynesianism, see the famous April 1950 NSC-68 quoted in Jerry Sanders, Peddlers of Crisis: The Committee on the Present Danger and the Politics of Containment (South End Press Boston 1983) pp 28-9.

57. "Prospects for American Economic Growth", speech by Leon Keyserling to the Western Democratic Conference, September 18, 1949, Daily Diary 1949-84, Nourse Papers. An interdepartmental White House working party concluded that the "main solution would be an increase in production". J. Weldon Jones to James E. Webb, March 29, 1948, Box 18, Webb Papers, Truman Presidential Library. CEA Annual Report, December 1949; Goodwin and Herren, "The Truman Administration", op. cit., p 65; and Lewis, Federal Fiscal Policy, op. cit., p 111, 113. Liberated monetary policy, Lewis, ibid., p 111 and Bertram Gross and Wilfred Lumer, The Hard Money Crusade (Public Affairs Press Washington, D.C. 1954) who identify its supporters.

58. CIO Economic Outlook, December 1948. CIO Convention Proceedings, November 1948, pp 56-57. IEB Minutes, November 29-December 2, 1948, pp 171-82 and June 6-10, 1949, p 48. Reuther quote, IEB Minutes, March 14-18, 1949, p 202. Cf. Harry Becker (director of the UAW Social Security Department), "Unions Move Into Supplementary Security Programs Under Collective Bargaining", speech to the National Conference of Social Work, June 15, 1949. Industrial Relations Collection, Littauer Library, Harvard University. Congressional struggle against Truman's and labor's welfare legislation, Stanley Kelley, Professional Public Relations and Political Power (Johns Hopkins University Press Baltimore 1956) pp 70-100. The American Medical Association led the fight, supported by Senator Taft, Teamster leader Dave Beck, Carpenters leader William Hutcheson, and liberal industrialist Ralph Flanders, among others.

59. Factionalism continued, George Blackwood, "The United Auto Workers of America 1935-1951" (Unpublished dissertation University of Chicago 1952). Ford and GM speedup, "Report of the National Ford Department", November 1, 1949. UAW Ford Department Collection, Box 2, and IEB

Minutes, September 13-15, 1948, p 329. Speedup strike, IEB Minutes, April 28, 1949, pp 85-93. There were anti-speedup strikes at a half-dozen other major plants as well, Irving Howe and B.J. Widick, The UAW, op. cit., p 182. Speedup settlement, Richard Herding, Job Control and Union Structure (Rotterdam University Press Rotterdam 1972) p 125: Ford committed itself to a constant line speed, notification of speed and production schedules, no requirement that workers make up production lost by management error, and recognition that body mix on the line could require extra manpower. Reuther losses in local elections, Counter-Action, March 1949. This was a Catholic anti-Communist paper. Gibson Papers, Box 18.

60. Proceedings of the International Economic Conference, February 19, 1949. Walter Reuther Collection, Box 56.

61. Ibid. IEB Minutes, January 10-11, 1949, p 380 and March 14-18, 1949, pp 216-19. Cf. "Business Makes Case for Profits", Fortune and The New York Times c. March 1949.

62. Vincent Sweeney, The United Steelworkers of America (Pittsburgh University Press Pittsburgh 1956) pp 81-93.

63. Despite Ford's acceptance of a pension plan, they objected to fully vesting it. Bugas reportedly replied to the UAW Ford negotiators "I think your presentation...are (sic) definitely socialistic and I must say they follow the Karl Marx theory". "National Negotiating Bulletins" (1948), UAW Ford Department, Box 2. Incentive to companies, The United Automobile Worker, October 1949. UAW Research Department Collection, Box 80. Harbison, "The UAW-General Motors Agreement", op. cit., pp 400-05. "The Treaty of Detroit", Fortune 42(1) July 1950, p 53. COLA and AIF were included in GM's contracts with the IEU (the anti-Communist successor to the UE) and in the UAW's contracts with Allis-Chalmers. Longer contract terms, pensions and COLA formulas rapidly spread in the early 1950's in the major unionized industries; COLAs covered 3.5 million workers by 1953 and 15.2 million workers had pensions. Lloyd Ulman, "Unionism and Collective Bargaining in the Modern Period" in Seymour Harris ed., American Economic History (McGraw-Hill New York 1961) pp 437-444. In 1955 the UAW negotiated "supplementary unemployment benefits" with the auto makers, their last creative attempt in the early postwar period to use collective bargaining directly as a political tool.

64. Defensive rigidity, Frederick Harbison, Seniority Policies and Procedures As Developed Through Collective Bargaining (Princeton University Economic Department, Industrial Relations Section, Research Report 61, 1941) p 47. Job structure, see Steiber, The Steel Industry, op. cit. and Edwin Witte, "Industrial Relations in Meatpacking" in Warne, Labor in Postwar, op. cit. Facts, Wayne Morse,

"Brookings Institution 'Fixes Up' Facts to Anti-Labor Ends", Labor and Nation (May-June 1947) pp 14f. William O. Douglas address to the 1948 CIO Convention, Harrison, "The Political Program", op. cit., appendix B. Cf. Collins, Business Response, op. cit., pp 151-52. Joseph Goulden, Meany (Atheneum New York 1972) p 145, for George Meany's perception of class struggle at the time of the Taft-Hartley Act.

65. Reuther blames the "left" for Congress' failure to repeal Taft-Hartley and reports that Murray still rejects a purge, IEB Minutes, June 6-10, 1949, pp 49-53f although The New York Times reported he had, cited by Emspak, "The Breakup", op. cit., p 306. Cf. IEB Minutes, October 24-28, 1949, pp 126f. Gerald Pomper, "Labor and Congress: The Repeal of Taft-Hartley", Labor History 2(3) Fall 1961, argues that labor should have compromised with anti-labor legislation, but he finds little justification for blaming the "left" for the failure to repeal the Act. No political autonomy, CIO Convention Proceedings 1949, cited by Emspak, ibid., pp 317-18. Truman sent a letter to the 1949 CIO Convention supporting the breakup of the UE, Louis Keonig ed., The Truman Administration: Its Principles and Practices (New York 1956) p 248. Truman and States Righters, Hamby, Beyond, op. cit., pp 320f. Cf. "Toward a More Responsible Two Party System", September 1950, Charles Murphy Papers, Box 8. Truman Presidential Library. Truman and labor votes, cf. Arthur McClure, The Truman Administration and the Problems of Postwar Labor (Fairleigh Dickenson University Press Rutherford 1969). The 1948 and 1950 auto settlements also stabilized the UAW's financial and organizational situation and probably contributed to its ability to takeover the Michigan Democratic Party with liberal allies in 1948-1950. Calkins, The CIO, op. cit.

PART TWO

Chapter Four

Creating a Special Interest Group: The Skilled Auto Workers

The success of the U.S. automobile industry in the two decades following the postwar settlements stands in sharp contrast to the chronic problems which have beset unions and corporations in the 1970's and 1980's. Then the unprecedentedly long boom reinforced labor-management stability with payoffs of steadily increasing wages and profits, while in recent years these traditional practices have stood as obstacles to the reorganization of the industry widely perceived as necessary for future successes. One of the key obstacles to reorganization highlighted in the industrial relations literature is the persistence of craft jurisdictions which prevent the flexible deployment of labor in the plant and hence the ability of companies to adopt more efficient production and market strategies which rely more heavily on worker "cooperation". (1) Whether or not flexibility and cooperation are solutions to current problems depends in part on confronting the basis of the skilled trades' disruptive power, for skilled autoworkers have played a crucial role since the 1930's in unionizing the industry and challenging the political and industrial realities of the postwar regulatory system.

This chapter argues that the rigidity of craft work in the automobile industry today is an outcome partly of past failed aspirations of skilled workers and the imposition of a "Fordist" model of industrial organization from which craft work was excluded. In the model industrial work is characterized by specialization and mechanization: the breaking down of complex products, skills and manufacturing processes into simplified parts, tasks, and specialized machinery and their recombination into an orderly, integrated production system. All-around trained journeymen machinists and other trades are supplanted by semi-skilled and unskilled production workers who are easily trained for a very limited number of tasks requiring little judgment and great stamina. The efficiency of this elaborate and capital intensive process is based on perfecting process technology, continuous operations and high-volume output, while its profitability depends on mass consumer markets for standardized products.

The UAW and major automobile manufacturers in the postwar 1940's agreed on this much and negotiated rules which helped stabilize relationships in the shops and between industry and society. Collective bargaining established means to resolve shop-floor disputes without disrupting production through grievance procedures; to ensure steady increases in workers' incomes by tying wages to increases in productivity and the cost of living; and establish that productive efficiency depended on managerial

actions and new technology. Moreover, both union and companies supported government policies to promote general economic growth.

The postwar settlements were not made to resolve problems of skilled tradesmen, but they committed the union, managements and government to courses of action which came to shape the politics of skilled work. As we saw in chapter three, postwar labor management severely limited the scope of worker participation in the production process and largely reaffirmed managerial initiative and control as it shifted labor-management relations toward contract administration rather than the substance of work and institutionalized occupational classifications and firm-specific welfare benefits. It was the common sense of the day that mass production entailed the demise of craft autonomy and premium wages as the price of technological progress and the broader distribution of society's productive abundance. Both liberal and Marxist authors agreed that technological modernization was the principal explanatory factor for craft "conservatism", namely skilled workers' resistance to inevitable rationalization of the division of labor in an attempt to protect archaic craft privileges. (2) However, today skilled labor is highly demanded and some of the elements of historical skilled trades practices appear surprisingly modern in an international economic context which rewards high performance and relatively short production runs. As against the model which foresees craft work reduced to a

set of task-specific job classifications and skilled automobile employment as a lost cause, it makes sense to reconceive skilled work as a viable, but lost opportunity.

This notion is reinforced by the actions of skilled workers themselves, who sought to preserve and expand their role in the auto industry, and by the actual path which the leading auto companies took after the initial decade of experimentation with mass production methods, which forestalled the elimination of craft work. The massive historic decline in employment of skilled labor in the early years of auto manufacturing, which bolstered predictions of a continuous decline for skilled workers in the industry, leveled-off in the mid-1920's with the success of GM's design-led product market strategy. This strategy aimed to create separate product-price markets, which GM would supply, and thus help stabilize the company's operations and profits. As a consequence of this a process of re-skilling was added to de-skilling because even as old skills such as dinging were made obsolete, there was new emphasis on novel and more precise ways to shape body metal and other materials and on more powerful and complex process technology, which required skilled labor. In the decades of "Detroit Baroque" design after World War Two, the percentage of skilled workers in the automobile industry rapidly increased from 10% to 15%. (3)

In short, the role of skilled tradesmen in the labor process was not unilaterally determined by the continuous

division of labor. The latter itself depended on the extent of the market and on the continued use of skilled labor to produce the machines which then increasingly do the less-skilled work. The persistent need of skilled tradesmen and yet their ambiguous position as labor "aristocrats" made them a capable and volatile group among autoworkers and in the broader labor movement.

The relationship of skilled workers to their work, to non-skilled workers and to unions was also contingent on social and political factors governing power and the transfer of craft knowledge. Within the New Deal era there have been four sub-periods of skilled trades politics: the 1930's until 1948; 1948-1958; 1958-1971; and 1971-1979. At the major junctures in 1936, 1948, 1958 and 1971, the relationship of skilled workers and the UAW changes. First, the UAW declared independence from the AFL and major independent skilled trades unions merged with it. Second, in 1948, the postwar settlements were negotiated, which re-structured the relationship of skilled workers to the UAW. Skilled trades activists launched a new campaign to establish a special craft-controlled sphere within the industrial union framework. This was defeated in 1957-58. Auto skilled workers thereafter were enveloped in the postwar model and were largely reduced to a special interest group within the UAW. The third juncture coincided with the worst economic crisis of the New Deal era, out of which the UAW aligned itself with the managed growth policies of the 1960's (see chapter six). Skilled

trades played a crucial role in the political initiatives of those years as key supporters who could be readily mobilized. Yet they also brought into the fray their own agenda, now largely shorn of traditional objectives, which in turn led to clashes with production workers. No new labor movement emerged from those years. In the 1970's, on the contrary, both the UAW and its skilled trades members acted defensively to increased economic volatility.

Craft Aspirations and Industrial Politics

The skilled workers in the 1930's and 1940's were faced with major shifts in the industrial and political conditions of working their trades. Something of the the historical practices of the craftsman had survived the spread of Fordist mass production methods in the automobile industry in the teens and 'twenties. Much work was still performed in small shops which provided dies and tools to the auto manufacturers and which operated on a traditional system based on broad skills and general purpose machinery. Individual tradesmen "bounced around" among the independent job shops and the manufacturers' captive shops seeking better pay and working conditions. In fact Ford ran a famous trade school much appreciated by tradesmen which trained fully qualified journeymen.

In the 1930's, as employment and income plummeted, tool and die workers became responsive to the unionizing appeals of labor activists, some of whom had experience in British trade unions, and formed the Mechanics Educational

Society of America (MESA). MESA led some of the earliest strikes in the auto industry in the 1930's and the 1939 tool and die strike at GM is usually credited with reorganizing GM for the UAW-CIO after the union split into CIO and AFL factions. In 1936 two large Detroit locals of MESA merged with the UAW and other skilled trades, frustrated by the conservative AFL craft unions, also actively supported the UAW. Skilled trades leaders combined union organizing with independent politics. The MESA was led by Matthew Smith and John Anderson, both strong advocates of a labor party. Anderson became founding president of the East Side Detroit tool and die Local 155 of the UAW. He was a toolmaker, member of the Communist Party and chief negotiator in collective bargaining between the tool and die locals and the Detroit Tooling Association. He was re-elected president of Local 155 in the teeth of the Taft-Hartley Act in 1947 and then was ousted. Other skilled tradesmen became prominent in the UAW: William Stevenson, former MESA leader and founding president of West Side Detroit Local 157 and later member of the UAW Executive Board; Norman Matthews, an electrician, was president of important Packard Local 190 in Detroit, which switched to the UAW-CIO in the 1939 strike, and later director of the UAW Chrysler Department; and Walter Reuther of course was a toolmaker by trade and was closely associated with the independent Detroit Tool and Die Council. (4)

Skilled workers supported a broad restructuring of the auto industry. The most formal expression of these goals was the so-called Reuther Plan for the conversion of the auto industry to war production and back to peace-time production. According to the plan industry would be run by representative boards of government, management, labor and consumers. Skilled workers would be organized into non-competitive "technical commando units" to service the entire industry or industrial area irrespective of company and product. (5)

The postwar political defeats dashed many a radical vision, including that of the skilled trades in the UAW. A new strategy emerged in the late 1940's to establish a largely autonomous craft sphere within the existing collective bargaining framework. If the skilled trades could not be part of an expanding coalition in which all workers would gain, they could certainly try to shore up their own position. They proposed to accomplish this by creating a regional pool of skilled labor in the industry which would free workers from control by or dependence on any one employer. Wage rates would be tied to skill level, not one's occupational niche; job and income security would be maintained by work sharing and managing the volume and quality of skill training; and industrial relations would be based upon the substantive nature of the work, ie. the broad range of skills which craft workers had would ensure them of authority to deal equally with management in deciding how to carry through projects.

The revival of craft unionism was first of all a response to management's work organization strategy, but it also was a challenge to the UAW and the regulatory regime which was not terribly concerned with worker participation as long as workers benefitted with economic gains. Nonetheless, skilled tradesmen had the resources to assert their sectional interests by their independent Skilled Trades Councils and their control of craft knowledge. Of course a narrow assertion of their craft interests was potentially divisive with production workers in the union and workers outside the industry. The zero sum possibilities were evident in their demands in the late 1940's for apprentice training programs and enforcement of agreements against upgrading production workers into skilled jobs, elimination of rules which allowed seniority production workers to bump into skilled jobs, and for wage increases greater than those won for production workers.

On the other hand, skilled workers had been champions of the UAW and very much wanted to remain part of it. Moreover, skilled workers depended on the strength of the union. As a minority within the union skilled workers especially needed an effective means to influence union policy and they did so through the International leadership. In the postwar chaos, they helped amend the UAW constitution to give the leadership a veto of local contracts which did not conform with union policy and they championed company- and industry-wide solutions to problems

of training and organizing non-union shops. At the same time, tool and die leaders were part of the Addes caucus and factional struggles kept them apart. But, after the Reuther group placed its supporters in local leadership positions and because the union's policy had become focused upon national wage formulas geared for production workers and on plant-level dispute procedures, the skilled trades leaders who became political supporters and bureaucratic dependents of the International were vulnerable to rank and file worker dissatisfaction. (6)

The International UAW leaders, for their part, were committed to industrial unionism and in no way wanted to see craft workers convert to the AFL. This, and historical ties with skilled trades leaders, made the International sympathetic to some skilled trades demands. But the International's attention was focused on production workers who constituted about 85% of the membership. There was no love lost between production and skilled workers, and the International did not want to appear to be favoring the skilled trades. It kept to its own strategy of demanding fair working conditions and distribution of national income, but not challenging management's right to organize work. They thus sought to contain skilled trades problems inside the union. The International's "Achille's heel", however, was reliance on employers to respond favorably to bargaining demands and on Democrats to ensure progress toward the full employment welfare state. If companies and the government did not come through on what workers

considered fair, there was less reason for rank and file consent to management's workplace authority and to union discipline. (7)

A New Craft Strategy Emerges

The emergence of a new skilled worker strategy in the late 1940's began with a realization the radical program had not succeeded, whereas many of the problems of work remained. In October 1949 a joint meeting of the officers of the Detroit Tool and Die, Engineers, and Maintenance Councils was held, chaired by Danny Prested, president of Maintenance. The purpose of the meeting was to discuss action on the problems of skilled workers and many particular complaints were raised, but the meeting was unable to agree on what was most pressing. More basic, James Bowden of the Tool and Die Council pointed out, was that skilled workers "lack a program". Their "vision was disrupted" by the Second World War and they hadn't been able to get on top of the "postwar situation". (8)

Skilled workers' perennial problems were unemployment and controlling skill knowledge. Their economic position was shaped by both government and auto company policies. Between 1945 and 1947 the U.S. government sold its enormous stock of some 200,000 machine tools at "bargain prices" which, in combination with skilled trades layoffs at the Big Three, apparently resulted in a proliferation of small job shops and great demand for skilled labor. The Big Three cautiously re-entered the postwar market by using old

dies and tools from 1941 models, introducing new models only in 1948 and 1949. Then tooling demands rapidly expanded in the automobile industry, on top of which the Truman administration began its military buildup. Now the Big Three began to recall skilled workers to their plants.

(9)

There were two main problems arising from the sudden expansion. One was that the Big Three paid lower wages than the job shops and could not readily attract skilled journeymen. Thus corporation managers wanted to "upgrade" production workers into skilled jobs. Essentially what this means is that employers promote production workers into specialized jobs which are pieces of a skilled workers' job. The corporation can quickly expand its "skilled" labor force and keep down its wage bill. For example, production workers could learn a specific skilled operation, such as tool sharpening, and be paid less than the skilled rate for an all-around journeyman tool maker. Everyone recognized that upgrading was faster than apprentice training and, during the Second World War emergency workers and unions agreed to it. But in the new conditions it was less justifiable given the one-sided distribution of benefits and skilled trades' fears of unemployment as product competition increased and a buyers' market returned. From the International UAW's point of view, upgrading was primarily a question of cheap labor and this concern was part of its motive in negotiating a

"journeyman-upgrader" agreement in 1948 with the auto manufacturers which put some limits on their ability to do this. The skilled leaders agreed with this, but also argued that upgrading diluted the trades and was part of management's plans to gain greater control over skilled labor by creating new job classifications. (10)

The second problem was that significant amounts of construction and other skilled work were subcontracted by the Big Three to independent contractors and to AFL maintenance trades. The sub-contracted work essentially was the peak demand which the companies were not able to supply themselves, special projects or work which was cheaper to let to outside companies. But UAW maintenance and construction workers objected to the work being done by AFL members, sometimes at higher pay, and in any case which they argued they could do as well.

At the October 1949 meeting skilled trades leaders adopted a strategy to mobilize the traditional sense of pride in craft work and professionalism in common concerns among rank and file craftsmen to push for greater trade autonomy within the International. Their program included wage increases; "bona fide" apprentice training; industry-wide vesting of pension benefits; organizing the unorganized; greater education of production workers about skilled trades issues; and greater representation in the union through an International skilled trades conference, skilled trades representation on collective bargaining committees, and a charter for a tool and die local in

Detroit. The first steps were taken in 1950. Skilled workers won an extra nickel wage increase over production workers at the Big Three, which was taken as "the first strong indication that organized pressure can bring results". (11) The wage increase helped bolster the position of UAW skilled tradesmen in the main plants by making their work more appealing than that of the job shops and the AFL crafts.

The International further agreed to assign two extra organizers on tool and die organizing in Detroit; called an International Skilled Trades Conference; and scheduled a first meeting for the International's Apprenticeship Committee. Moreover, an area-wide pension plan was won in contracts between UAW job shop locals and the Detroit Tooling Association. At the same time the International rejected the demand for a tool and die local charter as "craftism" and, boding ill for future events, first subjected the skilled trades newspaper to censorship and then suspended it altogether in October 1950. (12) The paper re-emerged independently in February 1951.

Stalemate and Co-existence

Skilled trades activists continued their campaign throughout the 1950's. This was conditioned by labor market demand, at first favorably affected by the Korean War and then by the Big Three's product market strategies in the mid-1950's, and by the interest of the International leadership in shoring-up its influence in the industry and

national politics. In the late 1950's both conditions changed.

The Korean War, which helped cement bi-partisan Congressional support for containment militarism and vitiated much of Truman's domestic reform program, clarified some shortcomings of the UAW's official policy and temporarily threw both AFL and CIO back into an oppositional political stance. In the UAW, Walter Reuther made common cause with skilled trades leaders. The war buildup spurred demand for labor and put upward pressure on prices as industries scrambled for supplies. This raised demands for wage and price controls and for ways to ensure skilled labor to do all the tooling to convert industry for military production. The UAW reacted quickly and positively to the Korean War and with the AFL and CIO it asserted a claim to a major role in directing the domestic side of the war. Moreover, skilled leaders found themselves in a stronger bargaining position as a result of both the government intervention and the inflation-related wage militancy of rank and file workers.

Auto manufacturers first tried to meet the demand for labor by creating "trainees" and upgrading production workers into skilled work. Skilled trades leaders sought wage increases and new upgrader agreements to prevent company exploitation of production-skilled worker differences after the war, as they believed had happened after World War Two to the detriment of skilled worker job

security. The International's Skilled Trades Committee developed a Changeover Policy with skilled trades concurrence and began to negotiate it with the companies. The policy allowed the upgrading of production workers to either single-task machines in tool and die and machine repair, or as helpers in maintenance. These workers, known as "changeovers" at Ford and Chrysler and NDE's (for National Defense Emergency) at GM, would be required to sign waivers of future claims for skilled trades seniority. Seniority would accrue to their production classification and no upgraders would be allowed to receive permanent journeyman status. The International policy urged union locals to negotiate apprentice agreements where there was need for more skilled workers. Since virtually no auto plants had apprentice training programs, the International's stress on apprentices amounted to a wedge under company policy. (13)

At the same time the UAW, CIO and AFL had a rude political awakening in Washington. Once President Truman had declared a national defense emergency on December 15, 1950, the CIO and AFL presented him with their program for labor leadership in the defense mobilization bureaucracy. They believed they had earned this by their staunch Democratic support, but they quickly learned this was not to be. (14) Not only was the mobilization put into the hands of General Electric's Charles Wilson and other corporation executives, but price and profits controls were

rejected. Instead, the government's economic stabilization program emphasized wage controls: it precluded regular cost of living benefits, the annual improvement factor, and health and welfare benefits. Moreover, a wage freeze was announced in January 1951. The AFL and CIO vigorously opposed this, but were able to win only a partial cost of living adjustment. (15)

Reuther and all other labor leaders resigned their positions in the war agencies in February and began to mobilize political pressure on Truman. The AFL and CIO held a joint conference in Washington to air grievances and roundly denounced the President and the UAW Convention in April debated repudiation of the Democratic Party and the creation of a labor party, although the International leadership was careful to conclude that the time was not ripe for independent political action. The Truman administration and industrial leaders then offered compromises to allow contractual COLA, AIF, and welfare payments, a 10% wage increase, and to include government mediation of some labor disputes. On April 30 the leaders voted to return to their positions. (16)

Included in the compromises was the creation of tripartite panels to negotiate special wage increases in the aircraft and tool and die industries and to make recommendations on health and welfare benefits. The UAW representative, Joe Piconke, and other "Labor" members of the Tool and Die Panel were able to win over the "Public"

members to the UAW's program on skilled trades upgrading and wage increases only by making major concessions on capping job shop rates and forgoing national wage standards. Labor and Public then outvoted "Industry" for a package of recommendations to the full Wage Stabilization Board. But the Public members on the full Board sided with Industry and rejected the recommendations. UAW leaders were incensed by what looked like a doublecross and suspected the handiwork of General Motors. The WSB ignored the UAW's good faith and put the International leaders in a difficult situation with the ranks, both skilled and production. They had had to convince tool and die leaders to provisionally accept its compromises. Now, without the government enforcing special wage increases for skilled workers, the International had to come out in the open for them. (17)

Reuther decided the UAW was no longer bound by bargaining norms and planned to take direct action with the help of the skilled trades. Together the IEB and a twelve-man committee of skilled trades leaders decided on a five point program: (i) endorse the Tool and Die Panel report; (ii) seek CIO support for it; (iii) organize mass meetings about it; (iv) win the Changeover Agreements; and (v) refuse to work overtime and to train upgraders. However, the leaders and the IEB discovered the ranks were not completely behind them nor was the CIO willing to take action to back them up. On the one hand, the UAW plainly did not have leverage with government nor had it yet

finished negotiating Changeover Agreements with the Big Three. When Changeover Agreements were complete at Ford and Chrysler, the International had made further compromises. Moreover, tool and die job shops in Detroit and elsewhere around the country did not want to fight for the compromise Tool and Die Panel's recommendations, which included a cap on their wages at a time of inflation. Another reason many skilled workers rejected the compromise program was that they only mildly supported the Korean War, the underlying purpose of wage stabilization. At the March 1952 IEB meeting, vice-president Gosser pointed out that sentiment for a multi-union general strike was undercut the the lack of rank and file solidarity and by the Steelworkers who were hedging industrial action because of the upcoming 1952 Presidential election. The tool and die agitation fizzled. (18)

The International then moved to solidify its ranks and help skilled trades leaders organize workers into more skilled trades councils around the country and unionize tool and die job shops around Detroit. It also negotiated 260 local apprentice training agreements and more than doubled the staff of the UAW Skilled Trades Department. Moreover, the IEB began informal, private talks with GM in September 1952 to gain wage increases for skilled trades and production workers despite the fact that their contract did not expire until in 1955. (19) John Fairbain, of Local 157 and a member of the UAW's GM National Negotiating

Committee, expressed the sentiment of wage militancy coupled with skilled trades sectionalism:

I think we have to get everything we can. Get that straight. Piconke was in the Tool and Die Panel which came through with the...recommendation. We have inaugurated the Changeover Agreement, Improvement Factor and all that sort of thing...Well, God bless the production workers. GM can show us that percentage-wise the skilled workers are above the production workers. (But) we need a wage increase....This is not Utopia. You work at your skills and you get paid for your skills. (20)

The UAW did win wage increases in 1953, but the return to civilian production in 1953 and Republican monetary policy--first tight, then looser--created a very competitive consumer market and more aggressive management strategies to increase efficiency and manage product markets. It also led to major unemployment among production workers, followed by a slow increase, and steady demand for skilled workers.

In the post-Korea buyers' market, working conditions began to undergo rapid change. Auto companies increased the number of models they offered and rapidly automated their plants. Skilled work reorganization proceeded apace with the new models and the large scale investment. Between 1947 and 1959, General Motors' investment in fixed assets was \$8.893 billion, of which \$5 billion was invested from 1953 to 1958 and \$2.2 billion was for special tooling. Ford invested \$2.2 billion between 1954 and 1958. Total car, truck and bus production increased from 4,797,621 to 7,220,000 or by 50.5% between 1947 and 1957. At the same time, blue collar employment in the industry increased just

one-half percent although the skilled trades proportion increased by a third. (21)

The extent and exact nature of work reorganization is difficult to quantify. A few examples will indicate the situations the workers increasingly faced in the 1950's and 1960's. Ford built a much-heralded automated engine plant in Cleveland in 1951 in which engine blocks were machined by an automated 1500 foot line of machine tools, which performed more than 500 boring, broaching, drilling, honing, milling and tapping operations. 154 blocks were machined per hour by 41 workers compared to the old manning level for the same rate of production of 117 workers, making a labor saving of 65%. Stamping operations also were automated by Ford, for a company-wide productivity gain of 300%, while 5000 workers were laid-off from the supplier firm which had supplemented Ford's stampings. While jobs were lost, other jobs were simply changed and made easier or more demanding of skill. A 1956 UAW report provides a few examples:

Metal Body Building--A newly recognized trade and is highly skilled. The demand forced by competition of curved body lines on autos and the many different types of bodies with lighter but stronger chasis...

Diemaking--Big dies that previously took months to develop only take weeks now...

Diesinking--The new Keller machines finish the die so accurately that the tedious hand work on the bench has been greatly eliminated.

Toolmaking--The skill of the Toolmaker has had to keep pace with the technical developments and the higher precision requirements. The new field of plastics, as in diemaking, is not yet progressed sufficiently, to

be positive of its affects on the trade.

Pyrometry and Instrument Repair--This work also has increased in volume as well as improvement of the instrument. They are now used in so many places and forms to test material for strength, for heat temperature, gas and air pressure, as indicators on production lines in Assembly for tabulating output, heat treat of metals etc....The accuracy registered by those instruments is very important so they must be repaired, maintained and installed by well-trained skilled mechanics. (22)

The union's collective bargaining policy followed the postwar pattern. The UAW sought to redistribute income directly to workers from increased productivity and to resolve disputes among workers over work assignments within the framework of management's right to manage. The union's one major bargaining breakthrough of the 1950's is indicative. In the 1930's the UAW demanded better production planning to stabilize employment, but in the 1940's the union had formulated this into a collective bargaining demand for guaranteed wages. By 1955 guaranteed wages became supplemental unemployment benefits (SUB) which the UAW won in the auto negotiations that year. SUB was financed by company contributions of five cents per employee per hour, up to a stated maximum, to guarantee layed-off workers 60% of after-tax pay up to 26 weeks (in the late 1950's). The union hoped to induce the companies to avoid unemployment and, because SUB payments were supplemental to state unemployment benefits, to lobby to raise the latter so as to limit its own contribution. (23) Essentially SUB was another element of a social trade-off of sustained income for labor-saving efficiency.

Moreover, the union sought to negotiate new (if fewer) job classifications with higher wages which took into account changed job content so as to maintain individual worker income. For example, Ford's new stamping plant in Chicago, which opened in June 1956, had just 101 classifications, compared to 315 at its old Dearborn plant, including an "automation" classification. Ford management insisted both production and skilled worker classifications be consolidated because "the complexity of the equipment made it mandatory". Workers objected that Ford was simply trying to gain control over the content of skilled work. But whatever the company's goal, as Ken Bannon and Nelson Samp, director and assistant director of the UAW Ford Department explained, the union had two goals in cooperating with the company's reorganization. The first was to gain for the production workers directly involved increased wages from productivity improvements and, for those still employed, greater job security through broader job categories. The second was to mediate the conflict between production and skilled workers over the breakdown of traditional trades which lessened the skilled workers' economic status. Production and skilled workers had to show solidarity by not competing for each other's work.

(24) However, there was not any unifying point of view to justify a common approach to work organization which preserved the crafts since the union defined unionism to mean the wage-control bargain. The union's claim that

skilled trade knowledge was essential for long-term strength of the industry and therefore should be protected, was as oft-repeated as unexplained. (25) After all, did the union have an alternative to the current organization of work?

When skilled workers demanded enhanced apprentice training to reinforce craft status, the issue was settled inside the union by pressure politics, complicated by the fact that the wide variation of classification and actual work done by company and plants provided unclear guides to action. What was happening in part was that some Changeover workers were allying with workers in so-called "bastard" classifications--fractions of skilled trades--to win their way into the skilled trades and earn higher pay. Many locals were sympathetic to the Changeovers' claims. Militants of both job and captive shops opposed creating separate apprenticeships for craft fractions and advocated instead a "condensed" tool and die apprenticeship no matter what the job title. But International supporters argued that separate apprenticeships were needed to win the support of the workers in these classifications, given they were already active in the union and the companies were ignoring the Changeover and apprenticeship policies. (26)

Militant tool and die workers demanded "local option" on these classifications and greater representation for skilled workers in the locals. Thus, Walter Dorosh, a tool and die worker at Local 600 and a rising star as recording secretary of its 4000 man-plus Tool and Die Unit, took up

the demand for a guarantee of skilled trades representation at all levels of negotiating and a veto on special skilled trades agreements. At the same time maintenance workers acted more like their AFL brethren, who were then fighting over craft jurisdictions and taking each other to court. For example, hydraulically-controlled machines had become very important with automation, but they combined elements of work from several existing crafts. "The electric power is maintained by the Electrician. The machine power is maintained by the Machine Repair. The air power is maintained by the Pipefitter. The hydraulic power is maintained by the Hydraulic Repair." Maintenance workers insisted on taking jurisdictional disputes through the grievance procedure to arbitration, against the advice of both the International and skilled trades leaders, since the procedure was incapable of dealing with substantive issues and would just ratify management's right to assign labor. Negotiations were preferred. (27)

Both cases reveal the continuing dependence of skilled workers on the International for industry-wide problems. Moreover, the auto companies were recruiting tool and die makers among "displaced persons" from Europe. Workers wanted restrictions placed on the practice and militants favored testing such workers to make sure they were indeed skilled and then inducting them into the union. International supporters argued for lowering the immigration quota, requiring proof of a labor shortage, or

taking political action against company parts imports. The International promised to refer the issue to a moribund CIO committee. Also the advent of local apprenticeship programs led some skilled trades leaders, such as Ray Kay, president of the Detroit Maintenance Council, to reverse long-held positions and support International control of journeyman cards to prevent administrative chaos. (28)

Craft Unionism Asserted and Defeated

Although throughout 1954 the UAW held conferences and conventions to mobilize rank and file support for the 1955 collective bargaining round, a result of the contract settlements was a mass movement to disaffiliate from the UAW by skilled workers. After the proposed contract was read to a mass meeting outside the River Rouge complex by Local 600 President Carl Stellato, both production and skilled workers walked off the job. Most production workers returned to their jobs during the next few days, but the skilled workers apparently were dissatisfied by the small increase in straight hourly wages, which seemed to have been "sacrificed" to finance SUB, and they stayed out. As the Detroit Tool and Die Council had warned:

Failure to win for the skilled workers a decent level of wages or achieve the rest of their reasonable demands will create dissatisfaction... (29)

The "rest" of the demands had been debated at a Skilled Trades Conference in January which, under International control, had rejected proposals from the Detroit Tool and Die Council for "wage equity" (equalize

captive and job shop rates, a 10% wage increase, double time for overtime and triple for Sundays and holidays), to end compulsory overtime, win area-wide seniority, and eliminate single-purpose job classifications. Instead, the conference supported the International's policy rejecting "rigid" rules against overtime, apprenticeship ratios and subcontracting; and favored retraining, more holidays, early retirement, prior notice of subcontracting and work reorganization, eliminating changeover employees, ending wage spreads, and continued wage homogenization of production and skilled labor via flat rate increases. (30)

Rapidly mobilizing sentiment among skilled workers culminated in a mass meeting in Flint on July 17, called by rank and filers from GM Flint Ternstedt Local 326 and Buick Local 599, where leaders from the Detroit Tool and Die and Maintenance Councils were spurned and participants created an independent Society of Skilled Trades. Leaders of the Society of Skilled Trades (SST) won meeting support to register with the National Labor Relations Board for separate union status. (31)

The International immediately set out to stop the separatist movement. Its Skilled Trades Committee met with the Flint SST leadership in early August, and won over the SST president and two others, much to the chagrin and anger of other SST activists. The SST continued to mobilize skilled workers in large numbers, however, both in Flint and in Detroit. The SST claimed about 50,000 members throughout southern Michigan in November, 9000 of whom were

in Detroit. If true this represented about 20% of the skilled trades membership of the UAW. During the next six months the SST presented a model of a federation of new craft unions, independent of both CIO and AFL. The latter were criticized for becoming "industrialized". The SST claimed not to be anti-industrial union, but pro-crafts. And indeed there seemed to be little difference in the specific workplace demands of SST members or sympathizers and UAW tradesmen. (32)

However, the skilled trades leaders actively opposed SST organizing and Ray Kay kept close tabs on SST meetings and membership for the IEB. They also attempted to regain the initiative on skilled trades issues. In a September 28, 1955 meeting of the officers of the Detroit councils, it was agreed to present a four-point program at the IEB's next meeting in October and to hold a mass meeting afterward to decide next steps. The four-point program gave prominent place to the demand for greater autonomy within the union. The points were (i) separate contract ratification for skilled tradesmen; (ii) an immediate reopening of contracts to negotiate a 10% wage increase, and a commitment to percentage wage increases in the future; (iii) more local representation for skilled trades issues by the Skilled Trades Department; and (iv) unity between production and skilled workers. (33)

A delegation was chosen to present the program to the IEB, headed by Ray Kay. The leaders reaffirmed their own

loyalty to the UAW, but they stressed that the skilled workers had real grievances which, moreover, had been outstanding for years. The GM contract was completely inadequate, they said. The UAW had not won at GM (as at Ford and Chrysler) recognition of the journeyman program: apprentice training still was task oriented, apprentices did not receive journeyman cards (which "killed" attempts to unionize apprentices), and the contract gave journeyman status to changeover workers with only four to six years experience instead of ten, which violated the International's policy and disrupted wage relationships. Moreover, there had been no progress on equalizing captive and job shop rates nor an end to the wartime cap on captive rates; the subcontracting clause was inadequate; and the IEB had connived with Ford to create the new "automation" classification at the company's Cleveland stamping plant, which unionists argued was used by the company to control other trades classifications. (34)

When the IEB voted against the four-point program the skilled trades leaders were put in a spot. At the previously scheduled mass meeting, October 23, the four-point program was re-affirmed. The "living document" theory of collective bargaining contracts, used by Reuther to open the 1950 agreements two years earlier, was invoked to justify their demand to re-open the current contract in 1956. On November 4 a joint meeting of the Detroit councils' officers was held to plan a strategy, but the Maintenance Council officers behind Ray Kay backed down

from the four-point program, splitting the joint meeting 15 to 13 votes to rescind the wages campaign. Although the Tool and Die Council continued to agitate, the combination of the IEB's rejection of the four-point program and the Detroit council officers' reversal of the October 23 mass meeting decision were fuel for the SST fire. The councils were criticized in SST leaflets for "switching sides". On November 6 the Wayne County chapter of the SST held a meeting of some 400 workers and decided to petition the NLRB for representation elections. (35)

The legal basis for craft representation "carve outs" from industrial unions went back to Wagner Act disputes in the late 1930's between the AFL and CIO. The NLRB had not settled the question of whether skilled workers could secede from an industrial union chosen by majority rule in which they were a minority. The Taft-Hartley Act seemed to settle the question in the affirmative but, although the auto companies were deeply involved in writing the Act with the purpose of limiting industrial unionism, GM came to oppose craft severance. The creation of multiple federated craft locals autonomous from both AFL and CIO clearly seemed too disruptive. At the same time the NLRB reversed regulatory direction in the 1950's. The post-Taft-Hartley severance rule was first limited in the National Tube case which exempted certain basic, so-called integrated industries like steel from craft carve-outs. But in 1954 in the American Potash case the Eisenhower Board affirmed

that "craft groups should have the opportunity to decide" for themselves how "their interests are better served" which seemed to preclude extension of the National Tube doctrine. Yet, as the auto cases came up, the NLRB switched again. The SST was dealt a halting blow first by the Michigan regional Labor Relations Board in late February 1956. The Board heard SST petitions from GM AC Sparkplug Local 651 and Flint Ternstedt and rejected them on the procedural ground that a hearing was only possible during the six months preceding the termination of a contract; meanwhile a bona fide contract had priority. In short, the SST would have wait until the 1955 UAW-GM contract ran out in 1958 to petition for elections. (36)

The temporary de-mobilization of the SST which this caused in late 1956 encouraged the IEB to take a more ameliorative position and to soften the get-tough policy it had adopted with the skilled trades. The IEB had instructed local unions in March to expel from office any local officer who was a member of the SST and the Detroit Tool and Die Council had been told to stop its wages campaign or be taken over by the IEB. But in October the Ford and GM National Councils voted to endorse the skilled workers' demand for representation in negotiations and in December, at the fifth International Skilled Trades Conference, the IEB announced that it would recommend constitutional changes at the 1957 UAW Convention along the lines advocated by skilled trades leaders.

They would allow skilled trades separate voting rights on those parts of contracts dealing solely with the skilled trades; the right to strike separately with IEB approval; and separate election of skilled trades representatives to local and national negotiating committees. It also promised that priorities in 1958 collective bargaining would be revised apprentice training and retraining programs, and elimination of wage spreads, subcontracting, and the cap on captive shop rates. The April 1957 UAW Convention ratified the IEB's proposals after long debate. The IEB presented the proposed changes as necessary adjustments to the new technological context of industry, not as palliatives to a rebellious minority of skilled workers. Leonard Woodcock, director of the GM Department, argued that the proportion of technical, white collar, and professional workers was increasing with industrial modernization and, if the union wanted to organize them, delegates should recognize the organizing value of greater direct representation in the union for non-production groups. The minority report opposed the changes, and argued with some reason that the issues involved in the skilled trades revolt were worker-management issues, not internal union representation problems. (37)

In May 1958 the NLRB came specially to Detroit to hear new SST petitions from GM and Ford and apparently was convinced by union and company arguments opposed to them to reassert a version of the National Tube doctrine. The NLRB denied the petitions again, this time for failing the "co-

extensive" rule which required petitioning units to be co-extensive with existing units of the bargaining relationship, ie. that the SST petition for representative elections company-wide. The Board reasoned that GM was a single integrated unit, exemplified by centralized national collective bargaining and by the functional union sub-councils which the UAW had just created. So, because the SST petitioned in just 40 or so of GM's plants, all were dismissed. (38) The NLRB veto, combined with massive unemployment in the auto industry which began in late 1957, ended the SST and the craft union alternative.

In early 1959 the loyal skilled trades leaders were taken into camp by the IEB. During 1957 and 1958 the skilled trades leaders had actively sought the changes in the union's constitution which were passed at the 1957 Convention, as well as a five point program for 1958 collective bargaining. The UAW officially adopted the skilled trades' program as part of its ambitious 1958 agenda. However, the International decided to rein the union's demands because of the deep recession which began in late 1957 and potential political harm from public criticism of "wage push" inflation. For example, liberal Congressional Democrats on the Joint Economic Committee were working on a benchmark economic study (released in 1959) which argued that the stagflation of the Eisenhower years was a result of both oligopoly "administered pricing" and wage demands in a few core industries like steel and

autos which outstripped productivity gains. Democrats re-endorsed a growth strategy and new proposals for sectoral aid for "structural unemployment" and wrote them into their 1960 national platform. At a special Convention in January 1958, Reuther won support for a more modest bargaining agenda, including a new demand for profit-sharing and deferral of a previously approved demand for 40 hours pay for 30 hours work. But at the sixth Skilled Trades Conference in February, skilled trades leaders insisted on a big wage increase, a halt of foreign sourcing of tools and dies, rank and file review of the Conference recommendations at mass meetings, elimination of overtime until there was full employment, a one-year wage agreement, and negotiation--not arbitration--of classification disputes. (39)

At an April 28, 1958 mass meeting of skilled workers in Detroit, a City-Wide Skilled Workers Committee was formed to monitor and pressure collective bargaining negotiators. (It also was formed with an eye on tradesmen who then were signing up with the SST.) Once the union reached tentative agreement with the auto companies another mass meeting was held, September 21, at which skilled trades leaders urged workers to reject the Ford and Chrysler contracts. Rejection would be symbolic, the officers of the Tool and Die Unit at Local 600 argued, since enough other Ford plants had ratified the agreement to make their vote moot and because Ford (and General

Motors) had refused to recognize skilled workers' rights to strike separately. It was important nonetheless to preserve "our identity and the righteousness of our cause" and to signal Ford the "battle" was not over. This tactic was strongly opposed by the Local 600 leadership. The contract was ratified by the local as a whole 15,084 to 3,977 whereas the Tool and Die Unit passed it 912 to 850.

(40)

After the contract was signed the City-Wide Skilled Trades Committee created a City-Wide Unemployed Skilled Workers Committee. They staged a demonstration at UAW headquarters in downtown Detroit in November, which brought the International's wrath upon them. Finally, the IEB had had enough of the "pressure" tactics and abruptly abolished all 38 regional Skilled Trades Councils. In their place the skilled workers were organized into industry bargaining sub-councils and a Skilled Trades Advisory Committee to the IEB was set up under Skilled Trades Department control.

(41)

Conclusion

After 1958 skilled workers with few individual exceptions operated within the framework of the postwar labor system. An attempt to revive the SST in 1966 failed miserably. There were still leftwing organizers, especially among tool and die workers, some of whom became prominent in the 1960's and later, but skilled tradesmen almost solely engaged in militant actions to demand more

wages and protect existing job classifications. They became a pressure group promoting their own interests in the union. This of course did not mean that skilled workers always agreed with the International. On the contrary, they persistently perceived that the top leadership gave their demands short-shrift and their militancy renewed factionalism.

This new relationship was played out in the next two periods on a series of issues which reveal how frozen were the positions of the trades and the International. Let me discuss one example here--the organizational rigidity of tool and die building--and later, in chapter six, return to issues of skilled-production worker relationships.

A major element of manufacturing flexibility is widely recognized to be the existence of an independent tooling industry whose companies can provide special services to the center firms, ranging from the supply of extra machining capacity to engineering consultations. The center firms themselves then do not need to invest in specialty tool-making equipment and engineering services which would only be employed part time. Equally valuable is the ability of the tooling industry to adapt to new demands: the organization of the industry combines high skills, firm-specific product specialization and industry-wide cooperation reflected in layers of subcontracting among firms. The variety of products involved is diverse, but the principal products of the job shops in 1972 in dollars were special dies and industrial molds. In the

Detroit area, the automakers relied on the job shops to provide them with such crucial pieces as the dies used for stamping car body parts. (42)

Nonetheless, after the mid-1950's, the tooling industry went into a long-run decline from which it has not recovered. The independent Detroit tooling industry collapsed from 28.8 million hours worked in 1956 to 14 million hours in 1958 and 10 million hours in 1961. Then the general upturn in the national economy and military spending in the mid-1960's caused an increase in tooling business and in workhours and employment. However the 1960's peak was just 16 million hours. By 1973 workhours had declined to 7.6 million. (43) It is common today to blame import substitution for the industry's crisis. But the decline far antedates the current situation. The complete explanation is beyond this study, but part of it is the practices of the labor system initially designed to suit mass production work and transferred to skilled work.

With the demise of the vision of a regionally-deployed skilled metalworking labor force in which individual tradesmen would shift with industrial needs and their own skills, a counter-trend was established. The principal change was decisions by the Big Three to build their own body dies in the 1950's and 1960's. The firms then were vastly increasing the number of car models and they argued that body shapes were "trade secrets". (44) The Big Three came to rely less on the flexible expertise of the job shop

and increased the capacity and employment of their captive shops. Job shop wages lagged those of the automakers in the late 1960's and capital investment was low. At the same time, auto managements further applied to tool and die making the same Fordist methods they used for assembly operations.

Exemplary of managerial initiative on the shop floor of the auto plants was the introduction of numerical control (NC) machine tools in the 1960's and of TOPS (Total Operations Planning System) in the 1970's. (45) In both cases the objectives were to reduce skill requirements for and worker discretion in work, enhance managerial control and increase productivity. In the traditional system of production in metal working, as in the job shops, the very variability and the limited quantities of products militated against standardized procedures and rules of practice. Managements had to recognize a large degree of worker discretion to plan and set up and produce parts. But with NC the auto managements sought precisely to reduce the skilled worker's role by substituting for their judgment machine tools which could be programmed to automatically perform the required operations. According to Harley Shaiken, NC did not change any of the traditional operations or tools; the only innovation was to reduce human input in the work. Nonetheless, as he points out, someone still has to program the machines and oversee them. The auto managements transferred this work to employees who were not members of the union's bargaining unit.

The TOPS program was similar. Ford devised TOPS in 1974 for its major diemaking plant. (46) Diemaking is a very complex mechanical and organization process because dies are typically unique and may involve hundreds of separate pieces which may take nine months to construct. Traditionally the process is managed by diemaker "leaders" who are union members. TOPS was designed to increase productivity by computerizing the planning of diemaking operations and the scheduling of parts and assemblies. The company sought to make the craft "a semi-production operation" in which the diemaker leaders' jobs would be eliminated and the timing of operations would be Taylorized.

The International union's response was to cooperate with the introduction of new technologies and managerial initiatives. The UAW fully supported increasing employment in the captive shops in the 1960's and 1970's. The leadership's vision remained that skilled work would decline in the industry. (47) When workers objected in these cases, the union did respond and file grievances. But on the broad issues of changing blue collar work raised by NC, the International's actions were half-hearted, whereas the narrower application of TOPS made management's plan vulnerable to local resistance. In neither case was skilled work re-concieved as crucial for the industry: existing boundaries of union and management were maintained and the primary issue at stake was jobs. This point is

highlighted by the perspective of some of the radical skilled tradesmen, according to whom the new techniques in the captive shops were welcome as long as skilled workers were assigned to do the new work in programming and scheduling. But this fell on deaf ears. On the contrary, managements used the new technology to replace skilled workers while the union suspended area-wide bargaining in the job shops and won rights to strike sub-contracting by the Big Three. (48)

Notes

1. William Abernathy, Kim Clark and Alan Kantrow, Industrial Renaissance (Basic Books New York 1983) chapters 4-7 and Michael Piore and Charles Sabel, The Second Industrial Divide (Basic Books New York 1985).
2. Gavin Makenzie, The Aristocracy of Labor (Cambridge University Press New York 1973) and Stanley Aronowitz, False Promises: The Shaping of American Working Class Consciousness (McGraw-Hill New York 1973) pp 156f. Cf. Charles F. Sabel, Work and Politics (Cambridge University Press New York 1982) pp 82-92 and Stephen Woods ed., The Degradation of Work? Skill, Deskillling and the Labour Process (Hutchinson London 1982).
3. Detroit Baroque, Emma Rothschild, Paradise Lost: The Fall of the Auto Industrial Age (Random House New York 1973). Increase in skilled workers, "Wage Structure of the Motor Vehicle Industry: Part I", Monthly Labor Review (February 1942) and "Machine Tool Industry Employment", Monthly Labor Review (May 1941). Cf. Sumner Slichter, James Healy and E. Robert Livernash, The Impact of Collective Bargaining on Management (The Brookings Institution Washington, D.C. 1960) pp 74-5.
4. Jack Skeels interview with Orrin Pepler, March 16, 1961, Oral History Collection, Archives of Labor History and Urban Affairs, Wayne State University. Henceforth ALHUA. Russell Leach remarks in the Minutes of the Meeting of February 4-8, 1952, UAW International Executive Board (IEB) Collection, p 258f, Box 5. ALHUA. Author interview with Walter Dorosh, October 14, 1982. Harry Dahlheimer, A History of the Mechanics Educational Society of America in Detroit from the Inception in 1933 through 1937 (Wayne State University Press Detroit 1951).
In 1936 two large Detroit locals of MESA merged with the United Auto Workers. The 1939 Tool and Die Strike at GM is usually credited with reorganizing GM for the UAW-CIO after the union split into CID and AFL factions. Other skilled trades, frustrated by the conservative AFL craft unions, also actively supported the UAW-CIO. John Barnard, "Rebirth of the United Automobile Workers: The General Motors Tool and Diemakers' Strike of 1939", Labor History 27(2) Spring 1986.
Reuther had a "close association with the Detroit-Wayne County Tool and Die Council (which dates way back to the Homer Martin days)..." according to a letter to Reuther from Pepler, reprinted in the Tool Die and Engineering News 16(1) February 1951. (Homer Martin was the UAW-AFL leader.) Also see Pepler interview, *ibid.*, and Steve Babson, "Pointing the Way: The Role of British and Irish Workers in the Rise of the UAW" (Unpublished paper December 1980). "1937, Fall--Detroit Common Council

Election Campaign--WPR Speeches", Walter P. Reuther Collection, Box 579. ALHUA.

5. As discussed in Chapter Three, the plans were "500 Planes a Day" and "The Challenge of Peace", Reuther Collection, Box 579, *ibid.* The plans echoed Matthew Smith from years earlier: MESA's "immediate task is to temper wage slavery; its ultimate goal is to function in a planned society as a national instrument of production, co-operating with a recast distributive system..." Quoted in Sydney Fine, The Automobile Under the Blue Eagle (University of Michigan Press Ann Arbor 1963) p 173.

The Tool Die and Engineering News reminded readers of the cooperative goal, but noted that "monopolists oppose cooperation in favor of doing business at their old monopolistic stands. Economic and social cooperation is accomplished almost exclusively by organized labor and other progressive forces." July 1950 15(7) p 3. The News was the paper of the Detroit-Wayne County Tool and Die Council.

6. In joining the UAW the tool and die workers had preserved their independent council in Detroit and later won recognition for it in the UAW constitution at the 1939 Convention. The 1942 Convention sanctioned "wage and hour" councils for other occupational groups.

The maintenance trades especially were agitated over wages in the late 1940's. See the report of a skilled trades meeting in the Tool Die and Engineering News July 1950 15(7). Maintenance seems to have provided the skilled leadership at this point. The tool and die wage differential between captive and job shops became important with the military buildup. Workers left the captive shops for higher paying job shops, which further encouraged upgrading. *ibid.*, February 1951 16(1).

At the 1949 UAW Convention, Article 19 Section 3 was added to the union's Constitution. It required the Skilled Trades Department to sign-off on skilled trades local agreements. *ibid.*, October 1949 13(10).

"Skilled trades leaders" refers to the secondary leadership within the union, viz. the local representatives of skilled workers and the elected members of regional skilled trades councils.

7. Also the Taft-Hartley Act apparently made it easier for craft groups to split from industrial unions and join the AFL. More on this below. Although such splits and raids were attempted before the Act, the Act seemed to create the prospect of wholesale shifts. Some IEB members, such as Emil Mazey and John Livingston, were hostile to skilled trades' "craftism". On intra-skilled trades factionalism, see the John Blaich Collection, ALHUA; James Couser Oral History, November 19, 1960; and Russell Leach Oral History, July 27, 1961. ALHUA.

8. "Minutes of the Special Meeting of Skilled Trades Council Officers", October 11, 1949. Ray Kay Collection, Box 5, ALHUA. Cf. Tool Die and Engineering News October 1949 13(10) p 1.

9. Fear of buyer's market, see newspaper column by John Orr (Local 600) in *ibid.*, 12(2) April 1948, p 2 and James Couser Oral History, *op. cit.* Harless Wagoner, The U.S. Machine Tool Industry from 1900 to 1950 (M.I.T. Press Cambridge 1968) p 319. Council of Economic Advisors, Midyear Report (1948), part III.

10. Cheap labor, Emil Mazey in the Minutes of the Quarterly Skilled Trades Council Conference, Norman Matthews Collection. "Journeyman-Upgrader Program", March 30, 1948. Norman Matthews Collection, Box 4. ALHUA. The agreement had been signed to resolve issues remaining from the war. Hardly had the ink dried but the issues arose all over again. Skilled workers claimed the agreement never was implemented. Peppler also reported that the Detroit Tool and Die Council foiled an attempt to install time clocks for the purpose of timing work operations and projects. Tool Die and Engineering News April 1950 15(4).

11. Quote, *ibid.*, July 1950 15(7) p 1. Subcontracting was not among the demands in the skilled trades program because the UAW and Ford, the major offender, had concluded a special agreement on the issue in January 1949, included in the contract as Article IV, Section B. The contract provision appeared to commit the company to employ UAW workers on such work, but the private letter of understanding did no such thing. See Umpire Opinion B-23 (February 14, 1964) in "UAW Local 600, 1960-", Art Fox Papers, Michigan State University Library Special Collections.

On the general claim, pride is a source of collective consciousness, see Lawrence Goodwyn, "Preface" to Democratic Promise (Oxford University Press New York 1976). Wage militancy is a solidarizing tactic since all workers stand to gain.

12. The IEB gave two reasons for suppressing the News: fear of libel suits from employers and craftism. As for libel, the IEB also censored other local papers, both anti-Reuther and pro-Reuther. An example of the latter is the Toledo Union Journal, published by Local 12 and UAW Vice-President Richard Gosser, who was often the point man on skilled trades issues for the IEB. The Journal was engaged in a wild political and verbal battle with the publisher of the rightwing Toledo Blade and Toledo employers. Compared with this the Tool Die and Engineering News was sober. As for craftism, the skilled trades leaders vigorously denied it. Tool Die and Engineering News February 1951 16(1). Cf. Jack Steiber, Governing the UAW (Wiley Baltimore 1962) p 141.

13. The Skilled Trades Committee was Vice-President and Skilled Trades Department director Gosser, Chrysler Department director Norman Matthews, and Region 1A (West Side Detroit) director Joe McCusker. Resolution of the Quarterly Skilled Trades Council Conference, Milwaukee, November 10-11, 1950. Matthews Collection, Box 4. UAW Administrative Letter No. 11, March 21, 1951. ALHUA. At the first International Skilled Trades Conference, held in Chicago, March 3-4, 1951, the policy won approval. Minutes of the First International Skilled Trades Conference, Chicago, March 3-4, 1951. Matthews Collection, Box 5. Delegates condemned GM for ignoring trade lines in assigning workers, disrupting pay scales, for refusing recognition of local apprenticeship committees and for wholesale upgrading of production workers into single-purpose jobs. They supported the International's oversight of local contracts and encouraged Reuther's efforts in Washington. See below.

Despite the apparent endorsement, the International had been wary of holding the conference. The IEB made Gosser the chair to guide discussion, which angered delegates. They demanded and were able to elect from the floor members of the Resolutions committee. Delegates were told that if they wanted more service from the Skilled Trades Department, they should support a dues increase, then a cleavage issue within the union between Reuther and the anti-Reuther coalition formed around Ford Local 600 President Carl Stellato.

14. Grant McConnell, Private Power and American Democracy (Knopf New York 1966) p 313. Philip Taft, The AFL From the Death of Gompers to the Merger (Harper New York 1954) p 334.

15. Business Week December 12, 1950, pp 62-3 and February 24, 1951, pp 19-20. Labor won a 9% increase. The Bureau of Labor Statistics reported the cost of living went up 14.7% between January 1950 and January 1951. Business Week August 4, 1951, page 30. At this time the BLS changed its formula for computing the index.

16. Taft, The AFL, op. cit., pp 335-8. Art Preis, Labor's Giant Step: Twenty Years of the CIO (Pioneer Press New York 1964) p 428f. Business Week April 7, 1951, pp 35-6. Business Week March 17, 1951. Auto managements were using the defense mobilization to cut the labor force and reorganize work, according to Business Week July 21, 1951, p 34. "Over 2500" dispute cases from the auto industry were certified to the regional Wage Stabilization Board in 18 months. Report of the President, UAW Convention Proceedings 1953, p 37. ALHUA.

17. Minutes of the Meeting of February 2-4, 1952, pp 60f, IEB Collection, Box 5. ALHUA. "UAW Tool and Die Study Committee", Ray Kay Collection, Box 7. Preis, op. cit., pp

442-51. Cf. Seth Wigderson, "The Rise of Service Unionism" (Unpublished paper Wayne State University 1985). Robert MacDonald, Collective Bargaining in the Automobile Industry (Yale University Press New Haven 1963) p 175. Sydney Lens, "Wage Stabilization From Labor's Viewpoint", Harvard Business Review March 1952 30(2).

18. Minutes of the Meeting of March 12-14, 1952, p 316. IEB Collection, Box 5. Russell Leach, president of job shop Local 155, reportedly reneged on his approval of the program. Richard Gosser Collection, Box 13. ALHUA. Minutes of the International Skilled Trades Conference, November 2-3, 1951, p 2. Matthews Collection, Box 4. Tool Die and Engineering News February 1951 16(1), p 3, discusses the "intelligent isolationism" of Robert Hutchins of the Ford Foundation: a "third course from both meddlesome intervention and armed isolation".

The ratio of apprentices to journeymen was set at 1 to 5 rather than 1 to 10. Minutes of the Meeting of March 12-14, 1952, op. cit. GM agreed to a modified Changeover Agreement effective only on October 1952. Minutes of the Second Skilled Trades Conference, January 17-18, 1953. Matthews Collection, Box 5.

19. Report of the President, op. cit., p 110. Eighteen of twenty-one UAW administrative regions had skilled trades councils in 1953. Report of the Skilled Trades Committee to the Second Skilled Trades Conference, pp 31, 73, op. cit. The U.S. Department of Labor was pushing apprenticeship programs in construction trades. It had helped convince the 1949 UAW Convention to endorse "bona fide" apprentice training. Tool Die and Engineering News December 1949 13(12). Minutes of the Second Skilled Trades Conference, p 2, op. cit. The president of the Detroit Maintenance Council was hired on International staff and sent to Milwaukee "to organize".

On the increase in "machinery" apprentices (which includes tool and die) nationwide in these years, see "Registered Apprentices in the U.S.", Technical Bulletin I-142 (U.S. Department of Labor Bureau of Apprenticeship Washington, D.C. October 1954).

20. Minutes of the Third Skilled Trades Conference, December 10-12, 1953, pp 8, 18-19, 34, 42. Matthews Collection, Box 5.

21. Lawrence White, The Auto Industry Since 1945 (Harvard University Press Cambridge 1971) pp 203-16. Alfred Sloan, Jr., My Years with General Motors (Doubleday Garden City 1963). American Machinist October 12, 1953, pp 121f on the Ford modernization program. "Auto Industry Equipment Expenditures 1947-1966", UAW Research Department Collection, Box 65. ALHUA. Moody's Industrials, various years. "Price Policy and Public Responsibility", Walter Reuther testimony before the U.S. Senate Judiciary

Committee, Subcommittee on Anti-Trust and Monopoly, January 28, 1958, p 47. Transcript in Industrial Relations Collection, Harvard University. Employment increased at the Big Three; most of the decline was centered in the Independents.

22. Automation, CIO Committee on Economic Policy (Washington, D.C. 1955) pp 5-6. Harold Shepard and James Stern, "Impact of Automation on Workers in Supplier Plants", Labor Law Journal October 1957, page 715. Report to Ken Bannon from Alex Henderson, Secretary of the Joint Apprenticeship Committee, August 17, 1956. Bannon Collection, Box 7. ALHUA.

23. The average annual swing from the monthly high to monthly low employment at Ford 1947 through 1957 was 25,370. Minus the strike year of 1949, it was 22,745. Calculated from "Ford Motor Company Employment Statistics 1947-1959, Hourly Rated Workers in the U.S.". UAW Research Department Collection, Box 81. SUB as politics, author interview with Nat Weinberg, former Research Department director, November 10, 1982.

24. Automation: A Report to the UAW-CIO Economic and Collective Bargaining Conference, November 12-13, 1954. Also, "The Impact of Changing Technology and other Problems of Contract Administration", Proceedings of the Third Annual Industrial Relations Conference on Making the Labor Agreement Work. Institute for Labor and Industrial Relations, University of Michigan and Wayne State University, May 3-4, 1957. Remarks of Kenneth Robinson, director of UAW Region 1-D, pp 45f. Ken Bannon and Nelson Samp, "The Impact of Automation on Wages and Working Conditions in Ford-UAW Relationships", paper presented at the Conference on Automation and Major Technological Change, Sponsored by the Industrial Union Department, AFL-CIO, April 22, 1958. Bannon and Samp reported the company position, p 19. Cf. MacDonald, op. cit., pp 99f.

A letter to Bannon from Region 9 (Buffalo) International Representative Frank Telakowicz, February 14, 1958, reported that the new classification "controls all the basic classifications..." Ford was laying off workers in traditional trades but keeping workers in the "automation" classification. Bannon Collection, Box 7. Bannon and Samp reported that solidarity worked in the traditional source of union strength in Dearborn (Local 600), but less well elsewhere. op. cit., pp 10, 14-16, 19-20.

25. Eg. Bannon and Samp, *ibid.*, and Robinson, op. cit.

26. Minutes of the Third International Skilled Trades Conference, op. cit., pp 51-3, 64-5.

27. Philip Taft, The AFL, op. cit. Alex Henderson report:

see note 22. "Proposed Skilled Trades Demands", February 1958. Bannon Collection, Box 7. Maintenance grievance, "1958 Skilled Trades", *ibid.*

28. Since 1948 some 50,000 skilled workers of all kinds had immigrated. Slichter, Healy and Livernash, *The Impact*, *op. cit.*, p 66. Minutes, *op. cit.*, pp 52f.

29. Tool Die and Engineering News June 1955 15(6), quoted in Muriel Beach, "The Problems of the Skilled Worker in an Industrial Union: The UAW Case" (MS Thesis Cornell University 1959) p 88.

30. *ibid.*, pp 81f. Minutes of the Meeting of October 5, 1955, kp 240. IEB Collection. Report of the Skilled Trades Committee to the Fourth International Skilled Trades Conference, January 20-22, 1955. Matthews Collection, Box 5.

31. Minutes of the Meeting of October 5, 1955, p 269, *op. cit.* Tool Die and Engineering News August 1955 15(7), cited in Beach, p 90. Cf. News and Letters July 22, 1955 1(3) p 3.

SST organizers had the examples of the AFL Pattern Makers League and the independent International Die Sinkers Conference, both of which recently had won petitions to hold elections in UAW-organized plants. Some auto workers already were represented by them. In the 1955 contracts these unions took increased hourly wages in lieu of the 5c SUB contribution. Between June and November 1955 the UAW lost several elections and barely won a few others to these two. The Detroit Free Press November 7, 1955 and The Detroit News November 3, 1955. The Maintenance Unit at Local 600 voted for the 1955 contract by just 1874 votes to 1780. The principal dissenting issue was reportedly subcontracting. IEB Minutes, October 5, 1955.

32. Carol Isen, "Solidarity Forever? The United Auto Workers and Its Skilled Trades Members" (Unpublished paper June 1982). At least one of the three was given a staff position. Maverick Gazette (c. December 1955). This was a paper of the Genessee County (Flint) SST. Kay Collection, Box 3. There were about 250,000 skilled workers in the UAW. Report of the Skilled Trades Department, Proceedings of the 1955 UAW Convention, p 59D. ALHUA. SST membership figures from The Detroit Free Press and The Detroit News, *op. cit.* The American Craftsman (c. Winter 1957) pp 3-4. This was the "official publication of the International Society of Skilled Trades" at GM. Bannon Collection, Box 7. Beach presented SST data from Flint showing toolmakers most prevalent of the trades involved. But not only were all trades involved but even some "bastard" classifications or "new" trades were represented, such as machine repair. Workers came from all major companies and both captive and job shops. Transmission plants seemed very well

represented. Kay Collection, Box 5. The issues raised by the SST were mostly indistinguishable from non-SST workers'. Eg. "Skilled Trades Questions", Kay Collection, Box 5 and the Maverick Gazette, op. cit.

Good trade unionists readily signed up, including recent British immigrant Al Gardner. Isen, op. cit., Part I p 53. Gardner, twenty years later, was instrumental in leftwing skilled trades agitation as chair of the Tool and Die Unit at Local 600. Also in the late 1960's and 1970's, remnants of the SST often cooperated with leftwingers. Author interview with Pete Kelly, August 3, 1983. On SST conservatism, see note 38.

33. Kay Collection, Box 3 and 5. Beach says the Detroit Tool and Die Council led the anti-SST fight, p 128. Kay Collection, Box 3.

34. Minutes of the Meeting of October 5, 1955, p 230. IEB Collection. Also pp 255-6, 245. Mazey wrote the formal rejection which strongly rejected all charges and points and cited improved contract language on subcontracting, journeyman status, and area-wide seniority at GM. Beach quotes Mazey's letter to Kay, op. cit.

35. Letter from Joe Shaner, president of the Detroit Tool and Die Council, to Ray Kay, February 27, 1956. Reuther Collection, Box 74. Leaflets in the Kay Collection, Box 5. The Detroit Free Press November 7, 1955.

36. Decisions and Orders of the N.L.R.B. (Bureau of National Affairs). Cf. John Abodeely, The N.L.R.A. and the Appropriate Bargaining Unit (University of Pennsylvania Press Philadelphia 1971).

37. The Detroit Times March 8, 1955. Cf. GM Corporation and Ford Motor Co. 120 NLRB 1215. The Detroit News December 11, 1956. MacDonald, Collective Bargaining, op. cit., p 184. Proceedings of the UAW Convention, April 7-12, 1957, p 280. The Report of the President to the 1957 Convention, pp 57, 272-5. ALHUA. An example was made of the on-going organizing drive among engineers at Honeywell in Minneapolis. The new organization was necessary to retain and prevent decertification of these workers. Later, the Honeywell engineers chose "no union" in an NLRB election. Cf. Carl Snyder, White Collar Workers and the UAW (University of Illinois Press Urbana 1973) pp 60-3.

38. Beach points out the union subcouncils were created only in 1957 and were hardly firmly in place. Some SST activists became more ideological and, according to Dunnebeck, he himself became a Republican in 1958. The American Craftsman (1966). Reuther Collection, Box 160.

39. James L. Sundquist, Politics and Policy: The Eisenhower, Kennedy and Johnson Years (The Brookings

Institution Washington, D.C. 1968) pp 31f. Cf. Sar Levitan, Programs for Distressed Areas UAW Special Convention, Kay Collection, Box 7. Proceedings of the Special Collective Bargaining Convention, January 22-24, 1958. ALHUA. "Conference--Joint UAW GM, Ford and Chrysler Councils, May 1958", minutes, Reuther Collection, Box 57. Ambitious agenda, see eg. Iron Age June 7, 1956, pp 88f. Though some union activists believed that modest agenda was a deft political maneuver by Reuther, many workers rejected the strategy, especially at Chrysler and among skilled workers. Indeed the 1958 contracts were the first with no major innovations or wage gains. B.J. Widick, Labor Today: The Triumphs and Failures of Unionism in the United States (Houghton Mifflin Boston 1964) pp 194f. "Proposed Skilled Trades Demands", February 1958. Bannon Collection, Box 7.

40. Telegram from Joe Shaner and Ray Kay urging rejection. Bannon Collection, Box 7. The "highest ranking" dissident officer at the Local 600 Tool and Die Unit was Walter Dorosh, then the recording secretary. "Contract Ratification, Ford Motor Company", Reuther Collection, Box 158. MacDonald, op. cit., p 189 reports the companies refused to recognize separate strike rights.

41. "Defend Your Rights", Kay Collection, Box 5. Reuther Collection, Box 74 and 158. The Committee became the Unemployed Production and Skilled Workers Committee. Telegram to Reuther signed by Joe Shaner and Art Fox, February 9, 1959. Reuther Collection, Box 158. "Unemployed Committees", Art Fox Papers. Minutes of the Meeting of February 5, 1959. IEB Collection. UAW Administrative Letter February 13, 1959 11(3). ALHUA. "Pressure tactics", author interview with Leonard Woodcock, December 10, 1982.

Robert Mills became the first chair of the Advisory Committee. Walter Dorosh was hired onto Reuther's staff and later was elected president of Local 600. Interview with Walter Dorosh, op. cit.

42. Harold Arnett and Donald Smith, The Tool and Die Industry: Problems and Prospects (Graduate School of Business Administration University of Michigan Ann Arbor 1975) pp 15f. Cf. Robert Averitt, The Dual Economy (Norton New York 1968) page 95f.

43. Arnett and Smith, op. cit., pp 15-7.

44. *ibid.*

45. Harley Shaiken, Work Transformed: Automation and Labor in the Computer Age (Holt, Rinehart and Winston New York 1984).

46. *ibid.*, pp 190-97.

47. Irving Bluestone letter to Robert Mills, April 28, 1966, Box 159-5, Reuther Collection.

48. For TOPS, Shaiken, op. cit., pp 213-14; for NC, see eg. "Skilled Trades Conference on New Technology (1969)", Art Fox Papers; United National Caucus leaflet, March 18, 1969, Box 159-5, Reuther Collection and Timothy Foley memo to Walter Reuther re Skilled Trades Advisory Committee, April 3, 1966, ibid. Rigidity, Arnett and Smith, op. cit., p 70; Michael Piore and Charles Sabel, The Second Industrial Divide (Basic Books New York 1984) pp 216-20; and Barnaby J. Feder, "New Challenge of Automation", The New York Times, October 30, 1986, p D2: "The American manufacturers failed to exploit the flexibility of the (new) systems" by not investing in the "technical literacy" of the skilled workforce".

Chapter Five

Restructuring Labor-Management Relations: The Failure of Studebaker Corporation

The New Deal labor system operative among the major players in the economy also shaped the responses of other, more minor players in small companies and competitive industries to changes in their economic environments. Studebaker Corporation's abandonment of the automobile market in the early 1960's demonstrates both the power and limits of the postwar settlements. With the cooperation of the United Auto Workers and the encouragement of outside management consultants, Studebaker managers in the 1950's sought to transform their firm into one whose labor relations and market strategy conformed to that of industry leader General Motors. Their failure to do so sheds light on one of the key industrial dilemmas of the 1980's. Can firms construct an alternative form of work organization capable of producing an economically viable, flexible response to the stagnant or unstable mass markets which have come to characterize much American manufacturing? Or are mass production firms in high wage regions doomed to lose out to companies which reap cost advantages by producing for mass consumption in world markets and locating their factories in low wage countries?

This chapter claims that at Studebaker Corporation, a small firm in a mass production industry dominated by giant

organizations, pieces of an alternative "flexible-specialization" industrial strategy were already in place when financial crisis enveloped the firm in the 1950's. (1) A fully realized flexible-specialization strategy combines a flexible production process with a product strategy aimed at filling market niches overlooked by mass producers. As a locally-controlled producer with a long history of production in South Bend, Indiana, Studebaker might have been able to capitalize on the growing segmentation of the auto products market and the high degree of labor solidarity in its plants. Such a strategy would have avoided a head-on clash with Ford and GM and concentrated the firm's energies on a strategy which proved more viable when the first wave of small car imports arrived. But the political and institutional formulas which had come to govern postwar production politics foreclosed an exploration of any such unorthodox solution to Studebaker's dilemma. To the contrary, the firm's effort to mimic GM and Ford locked its managers, workers and bankers into an insoluble conflict which reduced Studebaker to near bankruptcy. As this strategy backfired, management pursued the orthodox alternative: disinvestment and diversification into other products. Studebaker became a successful conglomerate in the 1960's, but only after it closed its South Bend factories and left the auto business.

Fordism and Flexible Specialization at Studebaker

The quarter century after the end of World War II represented the high noon of American Fordism, a production system characterized by long production runs, mass markets, relatively high wages and low unit costs. The pattern setting UAW-GM contract settlements of 1948 and 1950 helped codify the new order by establishing wage rules which linked workers' purchasing power to the rising prices and productivity of the U.S. economy. These formulas stabilized class relations in the industry and spurred managerial efforts to reassert its sovereignty in the workplace. Although an increasingly elaborate set of work rules and grievance procedures protected workers from the foreman's full authority, the postwar era saw the gradual reassertion of management's "right to manage". Legal limits on the scope of collective bargaining, the "management rights" clauses inserted into manufacturing industry union-management contracts and the accommodative policies pursued by the leadership of most large trade unions laid the groundwork for the resurgence of management power that began in the 1960's. (2)

This system of production was linked to the political coalitions established in the New Deal era. After a few brief years of experimentation in the 1940's, corporatist planning efforts were abandoned and the government allowed unions and corporations to settle their disputes largely by their own means. And, although the federal government

gradually adopted a liberal program of Keynesian demand management and free trade designed to spur economic growth at home and abroad, the Congress and the Executive maintained an arms length involvement in the labor market at the same time that the federal Courts deferred judicial review of labor contracts to private arbitrators. Scanty welfare state benefits were supplemented by private programs of "social insurance", including livable pensions, and health and welfare benefits. (3)

For producers like GM and Ford, the system was a boon. Government macroeconomic demand stimulation and pattern increases in wages guaranteed a mass market for standardized products and a payoff for expensive labor-saving investment. GM produced 3.4 million cars and trucks a year during the mid-1950's and its most popular model, Chevrolet, sold over a million and a half units in each year of the decade. In 1955 its market share stood at over 50 per cent; its return on investment was over 30 per cent during 1953-57. (4) Given its enormous market strength GM adopted product innovations only after they had proven themselves elsewhere. Instead, it focused its resources on improving production methods and passed on any increased costs to consumers.

In contrast, Studebaker had a radically different relationship to its market. Its market share was 2.6 per cent in 1946 and 4.0 per cent in 1950 when it sold 268,000 cars. After 1953 its share declined to 2.4 per cent in

1954, 2.1 per cent in 1955, and 1.1 per cent in 1957. (5) As a consequence, small changes in the quality of demand could have a large impact on its cash flow and profitability. To flexibly shift with changing markets and efficiently produce comparatively small batches of products, its employees took on a broader range of work tasks and responsibility. Rather than driving to standardize products and the production process, Studebaker management emphasized distinctive product design and quality.

Studebaker had an incipient flexible-specialization strategy. Crucial to the success of flexible-specialization is that the production process and market strategy are each dependent on the other: filling product niches as they develop requires that process technology and labor-management relations adjust flexibly to accommodate new products. Studebaker had first adopted a specialist strategy in the early 1920's, when it began production of the Light Six, a high quality low-priced car with distinctive styling. Yet a disastrous policy of liquidating operations to maintain dividends bankrupted the company early in the depression. But after coming out of receivership in 1933, the company again sought a market niche. Studebaker's strategy proved very successful in the 1930's and, except for 1938, the company made money. Strong sales of its new economy Champion model in 1939 promised growing success on the eve of World War II. During the war Studebaker built amphibious vehicles, big

trucks, and aircraft engines. Government officials even suggested that Studebaker management take over Ford, which was faltering on its production commitments. (6)

In the postwar consumer market, Studebaker was first among all companies with a new model. Market share stood at 5.4 per cent in 1951, its best year ever. Studebaker also expanded abroad in order to broaden its sales base. It sold cars in dozens of countries in 1953 and operated or licensed manufacturing facilities in twelve in 1955. Again in 1953 Studebaker set the new car pace in the industry, adapting Chrysler's novel power steering to its model line and introducing the long, low body style which later came to dominate the industry. In 1953 its sales were \$594 million. Moreover, the company had invested in new plant and machinery at a rate equal to the Big Three after the Second World War, and its production facilities were up to date. (7)

Paul Hoffman, who had been a star salesman for the company in Los Angeles and its vice-president for sales, presided over the rebirth of Studebaker after its depression era bankruptcy. Taking over in 1935 Hoffman sought to capitalize on the company's tradition of product quality and historical roots in the South Bend community. According to Hoffman, the company could only compete in the larger auto market if it took full advantage of the "intangibles entering into value--and particularly those which did not cost us money. Morale and good will of the

working force were two such intangibles." Under Hoffman Studebaker emphasized pride of workmanship in its product marketing and traded on its 100 years of manufacturing experience in South Bend. The company boasted that over one-third of the workforce were father-son-daughter "teams". (8) This was more than advertising gimmickry, for Studebaker's economic position was too precarious after 1933 to withstand the strikes and job actions which characterized auto industry labor relations during the late depression years when the UAW established its position at GM, Chrysler, Briggs and other major producers. Thus Studebaker readily accommodated itself to the rise of industrial unionism in the 1930's. It bargained with an AFL federal local in the mid-1930's and recognized without a strike UAW Local 5 in 1937.

Hoffman's politics also differed markedly from those held by most other automobile executives in the 1930's and 1940's. He was a leading internationalist Republican and served as first chair of the Committee for Economic Development. (9) By 1948 Hoffman's stature was such that President Truman appointed him director of the European Recovery Program. In the early 1950's he was president of the Ford Foundation and a founder of the anti-McCarthyist Fund for the Republic.

In the immediate postwar era Studebaker's unique style of labor management seemed to provide a basis for a flexible-specialization manufacturing strategy that might

enable the company to compete with its larger rivals. The company did not fight the union over wages or institutional security. Studebaker had historically followed the wage pattern set in Detroit and, in 1945, it willingly granted the union a 12.5 per cent wage increase and promised to match any further increase won from GM. Although UAW Local 5 did not have a union shop, the company voluntarily agreed to a dues check off during the war, and in fact encouraged workers to sign up with the union. And until the mid-1950's, no management rights clause existed in the short and generally worded UAW-Studebaker collective bargaining agreement. (10)

The scope of bargaining was "almost unlimited", remembered one local union president. Management could act unilaterally, though both sides consulted with each other on important issues. For example, the company went to considerable lengths to accommodate union plans for revising wage rates and job assignments to achieve greater equity among local members. Disputes were handled by a grievance system, as elsewhere in the industry, but there were no written grievances, little adherence to "common law" precedent and no arbitration. The company's top officials held a problem-solving, pragmatic approach to labor relations issues, which they saw as a part of, rather than distinct from, production questions. Compared to GM, the firm had an extremely thin personnel department, so its top management, including Presidents Hoffman (1935-48) and Harold Vance (1948-54), frequently bargained directly with

union officials, "talking out" difficulties in a relatively flexible give and take fashion. "The logic of production has been the logic of industrial relations", reported two academic observers in 1947. "And the solution of production problems has been immediate, forthright and to the point". The system seemed to pay off in "mutual trust" and "glass-smooth labor relations". Surveys of grievance cases at Studebaker and General Motors in 1944 and 1945 found that 20 per cent of grievances at GM were complaints about unfair treatment from supervisors compared to just 5.5 per cent at the South Bend company. (11)

Studebaker workers combined a solidaristic tradition of active unionism with a strong sense of allegiance to the company. Their local had played a key role in founding the UAW International in the mid-1930's and had supported a farmer labor party in 1936. Democratic and highly participatory, Local 5 supported a wide range of cooperative or union sponsored social services in the following decade, including a credit union, food store, lending library and housing cooperative. It was one of the few CIO locals to demand from management and win a union controlled pension fund in the 1930's. (12)

Although Studebaker workers would prove themselves extremely militant when it came to a defense of what they considered customary work norms, these same workers were intensely loyal to the company itself. Compared to Detroit area auto workers, they were an older and more often home-

owning group who overwhelmingly thought Studebaker the best place to work in South Bend. Jealously guarding their autonomy, Local 5 conducted its affairs, including negotiations with Studebaker, almost entirely without aid or interference from the International UAW. During the 1930's the Studebaker local not only refrained from calling any strikes, but kept discipline at work. In 1939 the union even did some independent advertising for the new Champion model. Then in 1946, when stoppages at auto supply factories threatened to disrupt Studebaker's effort to get a production jump on the Big Three, Local 5 used its UAW connections to provide the company with information about the timing and likely duration of these supplier strikes. (13)

On the shop floor level worker collaboration with management rested upon the local's extensive influence over operation of the company's group piece rate system and its control of an elaborate seniority scheme. Studebaker was one of a handful of auto industry companies which had kept a piece rate system rather than switch to measured day work (hourly rated). Although the International UAW had campaigned against the piece rate system in the 1930's and 1940's as a principal cause of "speed up" and unhealthy working conditions, Studebaker workers insisted on its retention because their influence in the factory enabled them to exercise control over the actual operation of the system. Workers ran the jobs themselves, a local member

recalled, and supervisors were "just clerks". Studebaker workers regularly joined together to control the work pace and their wages were higher and work effort lower than in Detroit factories. (14)

Local 5 shop stewards were the linchpin of this system. There were proportionately five times as many at Studebaker as at GM and Ford. It was standard practice for shop stewards to meet every morning to plan their approach to the day's work and to monitor the composition of work groups to ensure equitable individual effort, group morale and pay. (15)

The seniority system provided the second pillar of shop floor union strength. Seniority rules at Studebaker, as elsewhere in mass production industry, were designed to provide an equitable method for deciding who shall be layed-off, recalled, transferred and promoted, in such a way as to prevent political manipulation by supervisors favoring apple-polishers, rate-busters, or younger workers. To long-tenure workers, seniority rules also provided short-run job and income security.

Compared to other auto companies, seniority rights at Studebaker were unusually extensive. Workers in South Bend had the right to transfer to any job anywhere in the plant and "bump" a current job holder with less seniority. Lay-off and recall operated the same way. In contrast, seniority rights at the Big Three usually were limited to bumping only lowest seniority workers and bidding on jobs only within a given task or skill group ("non-

interchangeable occupational classifications"). At South Bend and Detroit bumping rights could be exercised only if the worker could qualify for the new job, but at Studebaker workers had won generous qualifying periods and options for further bumps. (16)

Toward Fordism

In the post-Korean War years a buyer's market returned and the first casualties were firms in the auto industry. GM and Ford engaged in a market share and production war, and rapidly automated their plants, which put pressure on the so-called auto Independents: Nash, Hudson, Willys, Kaiser-Fraser, Packard and Studebaker. Except for Nash and Hudson, which merged to form American Motors, all went out of business in the next ten years. As financial difficulties quickly mounted top Studebaker management came to believe that the company's problems were rooted in its insufficiently orthodox manufacturing strategy. There were two basic elements inherent in this analysis: first, they thought the company was too small to reap the needed economies of scale in the auto industry. It would have to increase production and sales and compete head to head with the other major auto producers in order to reduce unit costs. Second, labor practices and productivity would have to be brought into line with Ford and GM. Studebaker management had exhibited "poor judgment" in attempting a flexible accommodation with its workers, argued labor economist Robert MacDonald. Its "weak, complacent and

short-sighted (managers) virtually relinquished control of their plants..." The company, thought most observers, needed to adopt a Fordist strategy to survive in the more competitive auto market of the 1950's. (17)

Studebaker began a significant change in its long-time corporate strategy in 1953 and 1954. The company merged with the Packard Motor Company in June 1954, and under the presidency of Packard's James Nance, who had spent much of his career as a GM manager, began to shape Studebaker-Packard's labor and product policies to make the firm conform to a Fordist model. Major features of the new strategy were to abandon the distinctive styling required for a niche strategy, field a full line of cars to cover the entire market, expand the dealer network, and integrate product components and production to gain better economies of scale. (18)

But rather than reviving the company, the new strategy was the beginning of the end. Although S-P's combined production capacity stood at 470,000, which was well above what most economists considered the minimum level necessary for efficient production, sales never came near this level. Studebaker-Packard's new product strategy followed the industry pattern by filling the market with 33 cosmetically different models of four basic cars in 1955 and 25 models in 1956 (up from 17 models in 1953). Moreover, unlike a flexible-specialization strategy, the company did not produce small batches of different cars on

the same production lines. Instead, it maintained multiple production facilities--Studebaker's plus Packard's--which was an enormous financial drain without volume sales. But, as one business editorialist observed, Packard was an "ex-car of distinction" and Studebaker designs were "dolled up" to industry norms. Studebaker's chief designer still argued for new products to meet the "market emerging for specialized cars", but S-P rejected his counsel. Its prices were slightly above those of its Big Three competitors in 1955, so without a distinctive product, the merged company lost \$29.7 million on sales of 148,000 that year. When sales dived to 105,000 in 1956 red ink splashed to \$103.3 million. These losses, combined with the large new debt taken on to deploy the full line strategy, contributed to the company's virtual insolvency by the end of that year. (19)

The strategic turnaround also disrupted the old Studebaker management hierarchy. Under Nance's presidency, a thorough corporate reorganization was begun, which brought a phalanx of Packard managers to South Bend, split industrial relations from operations management and rigidified Studebaker's traditionally informal authority structure. Lower and middle level Studebaker managers resented and resisted the new regime, and Nance's relationship with Paul Hoffman, who had returned to the new firm as chairman of the board, quickly deteriorated. Finally, the new management focused its energy on

production engineering and the rationalization of the production process. (20)

These difficulties made Studebaker managers all the more determined to impose GM-style shop discipline and convinced them that a radical reduction of labor costs was essential to corporate survival. In a report commissioned for the firm in the summer of 1953, Anna Rosenberg and Associates reported that Studebaker's labor relations system needed a thorough overhaul. Rosenberg, a former labor relations trouble-shooter for President Franklin Roosevelt, was among the influential group of New Dealers who had sought to end unpredictability in worker-management relations and replace their episodic confrontations with a more routine system of contract negotiation and administration. Her report recommended stronger contract administration, a foreman training course and a "communications" program aimed at production workers. (21)

Studebaker managers were determined to bring the firm's production standards "up" to those at GM. To do so the number of direct and indirect labor hours per car would have to be cut by 34 per cent, which required a sizable reduction in the labor force and an increase in the amount of work performed by the remaining employees. Studebaker wanted a completely new labor contract that would include a management rights clause like that at GM, a union shop, a grievance procedure ending in arbitration, tough anti-wildcat strike language, management-controlled production standards and a pay cut of ten to twenty per cent. (22)

In its efforts to transform shop floor labor relations, Studebaker management considered abolition of the piece work system and a thorough reform of the local's elaborate seniority arrangement essential to its success. In 1954 management demanded that the local agree to replace the long-standing incentive pay system with a day work pay schedule. Under the day work arrangement, a worker is paid a basic hourly rate and is expected to meet a standard of production per hour, which is set by an engineering department time-and-motion study of the operation performed. Managers thereby gain much greater discretion to control the pace and volume of work. Note that the worker is paid in exchange for a "fair days work": the job itself is determined by management. In freeing wages from production of particular pieces and emphasizing production flow and time, management can easily change the process and the content of work.

Studebaker management also complained vigorously about the seniority system because it inflated employment and training costs. The system triggered great chain reactions of bumps during large layoffs. As manning levels in various departments were cut workers bumped into jobs in other departments. Those who were bumped then bumped others, who bumped others .. all around the plant. During the time workers had to qualify, jobs were double-manned. If the worker could not qualify for one job he or she was allowed more bumps. Not surprisingly, people were "lost in

the bumps": either management could not keep track of all the changes, or a department supervisor might ask a bumping worker to temporarily perform a different task, after which the worker would never return to the previous job. In the meantime workers drew more pay and held onto their jobs, while management footed the bill. In 1954 management insisted that abuse of this system could only be curtailed if Local 5 agreed to a limitation of job transfers: three per year interdepartmental and two intra-departmental. (23)

Officials of the International UAW, including Walter Reuther, had met with management over the winter of 1953-54 and were convinced that Studebaker was in desperate straits. The International had made a study of Studebaker's market position and, in a reversal of its position that weak companies had to swim or sink, apparently accepted the view that only a Fordist strategy could insure the firm's survival under the new competitive conditions. Reuther argued before the Joint Economic Committee of Congress that the root problem was the rationalization of the industry: "automation in Detroit is creating unemployment in South Bend". The International agreed with Studebaker management that the company's contract should be put on an equal footing with the Big Three and that Studebaker workers' superstandard wages were keeping production costs uncompetitively high. This was consistent with the UAW's historic position in favor of industry-wide standards, although applied for a novel

purpose, and managerial initiative in work organization. Moreover, the International had long opposed piece work and this was an opportunity to get rid of it at Studebaker. It put great pressure on the Local leadership to be accomodative and to sell the membership on the new contract. (24)

Shop Floor Politics

The response which Studebaker workers offered management and their own International tells us a good deal about the transformation of labor politics and consciousness in the early postwar era. On the shop floor level, these workers fought Studebaker to a virtual standstill. They used slowdowns, wildcat stoppages, official strikes and "abuse" of the bumping system to resist the managerial work reforms. For five years in the mid-1950's they kept Local 5 in turmoil, but no alternative strategy emerged from any of the leadership factions which managed to take control of the local in this period. Some leaders upheld the International's position against their own private inclinations, while opponents promised only more vigilant bargaining. But when the opposition was elected to local office, their defensive posture proved ineffective against the company's longterm plan for further concessions.

The decline of "movement" unionism in the postwar era and the failure to institutionalize labor participation in decision-making about work organization provides part of

the explanation for Local 5's inability to formulate a coherent response to the management onslaught. Organized by George Hupp, Ray Berndt and J.D. (Red) Hill, a self-described "right wing" faction took over the local in 1945 and thereafter dominated the local officialdom. It had a strong rank and file base among the workers added to the labor force during the war and probably relied heavily upon Catholics for much of its support. Redbaiting their opponents, the Hupp faction had attacked local president Bill Ogden for splitting his time between the local and the state capitol, where he sat in the legislature, and they campaigned successfully to purge the Regional UAW staff of "Communist" supporters of the George Addes group in the International. (25) They became influential in city and county politics, but less so state-wide. In the state CIO (and later AFL-CIO) Council, they were largely unsuccessful at uniting the labor movement behind a liberal program, largely because AFL and some CIO unions would not participate in a common political organization with UAW militants. (26)

The right wing program was centered on defending and extending workers' job rights, which it believed Communists were willing to sacrifice for labor participation in corporatist planning schemes. Yet personality and fiefdoms characterized Local 5 politics after the victory of the right wing. One right wing stalwart volunteered that they dominated the local "like the one-party South". And in fact, like one-party regimes, the local opposition was

reduced to a rump organization which gathered together at local election time to set a slate of the "outs" against the "ins". Shop stewards became practically autonomous in their attention to ad-hoc deal making with shop management; they were uninterested in a debate on the larger purposes which the union might play in production. One local president recalled that departments were "unions unto themselves". (27)

Although union officials adopted a generally defensive posture toward managerial reform initiatives in the late 1940's, they were not unwilling to make some concessions. Hupp and other local officials counselled the company to take a more principled stand in grievance bargaining and maintenance of work standards. They were also willing to entertain some reform of the union's complex seniority system, if only to protect workers from too frequent job changes. But in fact there was little cooperation which these local officials could offer Studebaker without appearing to "give in" to management. Their claim to legitimate power rested on defense of workers' job interests. Indeed job control was an important source of union solidarity, especially after 1950 when employment at Studebaker became increasingly erratic. (28)

Although Local 5 members had agreed to re-open the contract in 1954, union leaders were very apprehensive about the reception rank and filers would give the company's proposals. After reaching a tentative agreement

with the company in August, local president Louis Horvath simply dumped the detailed contract reforms in workers' laps and called for a "yes" vote. The members rejected it. The company immediately announced it would lock-out the workers, so local leaders quietly encouraged rank and file petitions for a new vote. At a massive school field rally held to reconsider the concessions later in August workers passed the new contract on a voice vote. (29)

During the next year workers refused what they had ostensibly voted for, namely that management had sole control over the organization and content of work, while their job control rights were sharply diminished. Studebaker workers were willing to take a pay cut--they already were working only every other week--but they balked at the newly asserted management rights over working conditions, effort norms and job transfers. A steward later charged that these would "tear the heart out of the union". (30)

At first Local and International leaders were able to convince the rank and file to avoid resistance and see how the system would look once in place. Then in January 1955, the company began to build up its inventory as it anticipated a strike later in the year when new contract talks were scheduled and when further concessions would be demanded. Workers began wildcat strikes and the stewards organized a slow down to the old rate. (31) The management sent the whole line home January 6, asserting that

"operating schedules" were a "management function". The stewards replied that management should "cooperate" with the union and negotiate the standard or the workers would set it unilaterally. The company refused and for several days slowdowns were followed by mass one-day suspensions. Then on January 17 the local voted strike authorization 7188 to 806 and prepared for an actual strike. Studebaker began intensive negotiations which led to modification of the standard in the union's favor. (32)

A few months later the company girded itself for new negotiations, fully expecting a strike. President Nance talked to Reuther "several" times in advance to reconfirm the International's perception that the company needed concessions. At the same time, the company began a systematic department-by-department program of standards enforcement and "force reductions". The number of man-hours per unit fell from 160 to 122.5. Workers resisted with a one-day plant shutdown in mid-May after the union refused to order an absent worker back to work when there were no relief workers to replace him. Ten days later there was another plant shutdown. (33)

By early July 1955 the International UAW had to send Studebaker Department representatives to South Bend to prevent a breakdown of local negotiations over "speed up and layoffs". On July 8 the company layed-off 1700 workers, about 17% of the workforce, and cancelled all bumping rights. The next day workers voted to take a strike

vote. The UAW Studebaker Department and local president Horvath criticized the company, but wanted to keep negotiations going. They opposed a strike over the layoffs and cancelled rights and successfully, if "narrowly", defeated the motion to strike. (34)

Local union elections scheduled for that same July were a kind of referendum on the new industrial relations, but it offered only one choice: to ratify rank and file frustration with their impotency. Local politics were constrained by the fact that Studebaker had already made the decision to pursue the new strategy without local consultation. A second constraint was the opportunistic character of Local 5 factionalism. Thus, although the workers believed their stake in the company was threatened and that management had broken its trust, the election simply led union leaders to fight over local office and a militant defense of contractualism. In effect the union had accepted the parameters of postwar Fordism.

The right wing faction maneuvered to avoid responsibility for concessions and keep control of the local by slating Les Fox for President, a right winger who had singularly opposed the concessions. But Local 5 members were so provoked by the new work regime that they rejected this ploy and decisively defeated Fox and most of the rest of the rightwing slate in favor of Bill Ogden. Yet the former oppositionists offered no coherent plan to change the situation and now tried to stick to the contract. Rank and filers continued their own opposition (now with help

from the right wing faction) and rejected Ogden's plea to avoid wildcat strikes, act "responsibly" and use the grievance procedure. (35)

When official contract talks began August 5, 1955, the company again demanded major changes which would bring S-P's internal plant regime close to that of General Motors'. Their proposal would reduce the number of stewards by two-thirds; restrict seniority bumping to non-interchangeable occupational groups with no bumping at workers' discretion; create a division-wide (all South Bend) unskilled labor pool; company-wide social insurance (ie. merge Studebaker's plan with Packard's inferior one) with joint control (instead of unilateral union control at Studebaker); de-unionize plant guards; allow foremen to re-assign workers within job categories out-of-seniority; limit seniority in layoff and recall; reduce relief time; and eliminate contractual standards for break-in time on new jobs, among other demands. (36)

Members put intense pressure on the union negotiators to resist management demands and contract talks reached an impasse in September. However, the International would not authorize a strike and, after the negotiations dragged on for another three months, it took over from the Local. The Studebaker Department, with a new director, Norman Matthews, agreed with the corporation to most of the changes. The new contract was narrowly ratified in January 1956, 2456 votes to 2139. (37)

Management believed it had a very good contract. President Nance reviewed for the Board of Directors the "successes" of 1955. Studebaker had made its labor costs competitive with the industry. Labor hours were down to 96 per unit in January. The "right of management to manage" had been won. Studebaker had adopted the GM-style divisional management structure and it had restyled its product lines. "Now our problems are the problems of the industry", he asserted. (38)

For Studebaker workers the big fight was seriously undermined, but not over. Although over 3600 workers had been cut from the payroll and standards had increased, the workers' power to claim job rights was not completely lost. Throughout 1956 wildcats continued, especially over the revision of cleanup and relief time. Stewards from all departments organized "mass relief" in defiance of the contract. When one department continued wildcatting and supervision discharged them, layed-off workers refused to hire-in to replace them. Stewards refused to follow the grievor model, according to which workers must follow orders until grievances are settled. They argued that the company should write a grievance if it disputed the workers' application of the contract: the company was forced to back down, at least temporarily. (39) Over the next several years Studebaker's labor relations settled into an adversarial pattern typical of unionized heavy industry.

The electoral merry-go-round continued. Ogden was defeated for re-election in 1957 by Forrest Hanna, a former vice-president under Horvath who split-off temporarily from the right wing. Yet Hanna also lost a re-election bid in 1959 and was replaced by Fox who, as vice-president from 1961 to 1964, became a chief negotiator. On the one hand, the new management's hardball tactics created a lasting "bitterness" among the rank and file and stewards. Fox argued that the union's financial "sacrifices" were not appreciated and workers simply ended up "sharing scarcity and misery" and "subsidizing" the company. On the other hand, Ogden claimed that "mismanagement" and management "cronyism" caused Studebaker's plight, including the "loose production standards". Fox and Ogden each later explained that production standards were a "power situation" in which stewards represented workers' demands to protect jobs and income by keeping the pace of work reasonable. It was management's "responsibility" and "right" to resist them and tighten standards, said Fox. But management's new wage system changed the local leaders' situation by removing problem-solving from the shop floor. Attempts by stewards to leverage influence through militant job control tactics were unavailing with the new authority structure and without International support (40)

National Industrial Politics

UAW strategy in this crisis was two-fold. On the one hand the International used collective bargaining to win

fair distribution of gains from the rationalization of production at GM and Ford. In the 1930's and 1940's the UAW had insisted on better production planning to stabilize employment in what was a notoriously seasonal industry. The UAW formulated this into a demand for a guaranteed annual wage in the early 1950's, which it hoped would provide a financial incentive for employers to regularize employment. The companies retained control of manning schedules, but the UAW did win employer paid supplementary unemployment benefits (SUB) in the 1955 national contract negotiations. By the 1960's and 1970's SUB had become very generous for individual workers who qualified for it, but it did little for Studebaker workers. Benefit levels in the 1950's were too low; they did not help high seniority workers, especially at Studebaker where SUB was paid to both layed-off and short-week workers; Indiana disqualified SUB recipients from unemployment compensation until 1957; and in 1958 the UAW agreed to let Studebaker defer its SUB contribution for 15 months. (41)

On the other hand, as it cooperated to make Studebaker competitive (much as it did at American Motors and Chrysler in 1958), the UAW sought to transform the workers' demands for job security and local control into a public welfare obligation for local redevelopment aid and into evidence of the need for vigorous Keynesian growth policies. The UAW made a stab at getting national policy attention paid to unemployment and community disinvestment during the 1950's. The union effort was inconclusive, at first because of

uneven AFL-CIO interest, and then because of Congressional factionalism and Eisenhower Administration opposition.

In the late 1950's Senator Paul Douglas (D., Ill.), a prominent spokesman for the liberal coalition which supported moderate Keynesianism, free trade and progressive unionism, introduced legislation, supported by Reuther and the AFL-CIO, to provide capital and planning for "distressed" high unemployment communities. A Federal loan and grant fund would buy land and machinery and provide public works and manpower training assistance. In conjunction with local "public advisory committees", a new federal agency would be in charge of administration. In South Bend this would have meant participation by the heavily Democratic and union-staffed local government. (42)

Douglas's bill passed the Senate in 1955 with the help of a liberal coalition that included the leading industrialist, Senator Ralph Flanders (R., Vt.), and the Committee for a National Trade Policy, an influential group of liberal businessmen who sought to reinforce labor support for free trade by support for programs to compensate those hurt by broadening competitive pressures. The Administration blocked the bill in the House with the aid of the conservative faction of the Democratic Party, but the steady, slow increase in the number of Congressional Democrats in the late 1950's led both Houses to pass it in 1958 and then again in 1959. President Eisenhower vetoed it both times. (43)

Meanwhile, Studebaker's employment had fallen from 20,000 in 1950 to 10,000 in 1954. By early 1956, S-P's precarious existence had become the object of special attention in the Eisenhower Administration. As a candidate in 1952 Eisenhower had endorsed the liberal public philosophy that the federal government had a responsibility to counteract serious inflation and unemployment, but as President he followed a neo-Keynesian policy based on the essential soundness of the private forces driving the economy. The government's role was to ensure growth through the macroeconomic tools of balanced budgets and monetary policy. Hence the Justice Department approved mergers among the small auto companies while allowing GM to increase its market share above 50 per cent. Nonetheless, the Administration very much wanted to prevent Studebaker's bankruptcy, apparently for fear of its impact on financial markets and the combined impact of these at the polls. (44)

Studebaker management's strategy at merger with Packard had been to rely on defense contract profits to bridge the company over to its full-line product strategy. But the Eisenhower Administration, through former GM President and now Secretary of Defense Charles Wilson, was reducing military spending as part of its policy of fiscal restraint, and it was cutting back its supplier base to fewer large companies, which undercut Studebaker's plan. Paul Hoffman now busied himself lobbying the Defense

Department and his good friend Eisenhower for defense contracts. The President was responsive because Studebaker had a good defense production record; moreover this kind of aid could be considered ad-hoc rather than a departure from Administration economic policy. The UAW supported these efforts. Local 190 in Detroit, the former Packard local, voted to support Hoffman. The UAW Studebaker Department appealed to Wilson to give defense orders to S-P, while Democrats urged greater government spending on the military. (45)

At the same time Studebaker sought to secure more capital from the firm's creditors and/or find another merger partner to perform both of these purposes. The banks did want the company to survive somehow, if only because the company's assets were so devalued they would be insufficient to pay back even preferred debt. First National City Bank, Chase Bank and Metropolitan Life Insurance Company refused further funds in January and February 1956. The New York Federal Reserve Bank was cool to a loan and eventually said no. The U.S. Federal Reserve would not guarantee a loan and they blocked any talks between S-P and American Motors, formed in a 1954 merger of Nash-Kelvinator and Hudson. (46)

In August 1956 the Defense Department awarded contracts to Studebaker, which "sold" them to Curtiss-Wright, a major defense contractor, who also leased Studebaker's two most modern plants. In addition Studebaker sold its subsidiary in California, which had a

contract for the Dart missile. As another part of the deal, President Nance resigned; the Packard line was dropped; and elements of the old Studebaker management took control. (47)

With the money thus earned, Studebaker paid-off its creditors and launched its new compact Lark in 1959, which was very profitable. It also earned about \$10 million as the marketing agent for Mercedes-Benz. But rather than continue its specialty market strategy, Studebaker managers used its profits to diversify by acquiring a dozen manufacturing companies in the next three years. In doing so, a former Studebaker fleet sales manager argued, they failed to develop markets for police cars, taxis, and luxury designs, one of which proved profitable in the hands of independent producer Avanti. (48)

In late 1963 Studebaker suddenly announced it was suspending all car production. It left behind 7,200 active Local 5 members, a \$30 million unfunded pension obligation and a 9.1 per cent unemployment rate in South Bend. Luckily for Local 5 workers the national economy was broadly expanding at the time that Studebaker abandoned the auto business. Not only did the rate of unemployment in South Bend soon decline to the national average, but Local 5 survived by organizing the companies which bought the old Studebaker plants. (49)

Conclusion

In retrospect, Studebaker's crisis was not so much caused by high product prices, loose production standards or a management effort to GMize industrial relations, but by a broader political institutional limit on the alternatives available. The root of the problem was the postwar failure of the unions to establish either a public commitment to full employment or labor and community roles in industrial decision-making. The postwar settlement that did emerge truncated the vision which the UAW and other CIO unions had of an economic system in which labor would directly participate with management in production planning under state supervision. Instead, the unions were compelled to concede the shop floor to management and direct intervention in the structure of the economy for government management of the business cycle.

Of course there were legitimate strategies both of cooperation and dissent under the postwar system. Legitimate cooperation took place at the highest level of national collective bargaining and economic policy. Union dissent involved participation in the Democratic Party to win social reforms to boost growth and insure workers against economic insecurity. The latter were not guaranteed success, however, nor did reform advocates always observe the boundaries of legitimate labor aspiration in directing the economy. The political stalemate in the 1940's continued in the 1950's--exemplified by the distressed areas legislation--and

reinforced strategies for private bargains, managerialist solutions, union defensiveness and "market" outcomes. The companies' orthodox alternative strategy was disinvestment and diversification. The postwar settlement provided incentives for Studebaker management to emulate the Big Three's high volume, standardized strategy with all that that means for the internal organization of work. But a strong local union and strong postwar markets masked until 1953 the incoherence of Studebaker's actual market and labor strategies. When the crisis began there hardly seemed a hesitation by management to adhere to orthodoxy. It protected its leading investors first and foremost and cut labor costs while diversifying into other products.

The Fordist model was implemented at Studebaker in the post-Korea period, but the cut in labor costs did not save the auto company. Their real dilemma was that the company did not have crucial prerequisites either for Fordism or for flexible-specialization. It could not readily implement a Fordist labor policy, first because of the militant job control unionism of Local 5 and, second, because a high volume strategy was impractical given its relatively small market. At the same time, the political conditions for a flexible-specialist policy were missing, given the lack of economic planning on the part of the federal government.

Notes

1. For a more complete description of flexible-specialization see Michael Piore and Charles Sabel, The Second Industrial Divide (New York: Basic Books, 1984) pp 258-77. Cf. William Abernathy, Kim Clark and Alan Kanrow, Industrial Renaissance (New York: Basic Books, 1983), David Friedman, "Beyond the Age of Ford: The Strategic Basis of the Japanese Success in Automobiles" in John Zysman and Laura Tyson, eds., American Industry in International Competition: Government Policies and Corporate Strategies (Ithaca: Cornell University Press, 1983) and Peter Katzenstein, Small States in World Markets: Industrial Policy in Europe (Ithaca: Cornell University Press, 1985). For a standard view, see Michael Porter, Competitive Strategies (New York: Free Press, 1980).
2. Howell John Harris, The Right to Manage: Industrial Relations Policies of American Business in the 1940's (Madison: University of Wisconsin Press, 1982). Nelson Lichtenstein, "Industrial Democracy, Contract Unionism, and the National War Labor Board", in Labor Law Journal (August 1982), pp 524-30, and "UAW Bargaining Strategy and Shop-Floor Conflict: 1946-1970", in Industrial Relations 24(3) Fall 1985. Charles Sabel, Work and Politics (New York: Cambridge University Press, 1982). Cf. Steven Tolliday and Jonathon Zeitlin, eds., Between Fordism and Flexibility: The International Automobile Industry and Its Workers (London: Basil Blackwell, 1986).
3. Katherine Van Wezel Stone, "The Postwar Paradigm in American Labor Law", in The Yale Law Journal 90(7) June 1981, pp 1509-81. Andrew Martin, "The Politics of Employment and Welfare in Advanced Capitalist Societies: National Policies and International Interdependence" in Keith Banting, ed., The State and Economic Interests (Toronto: University of Toronto Press, 1986).
4. Charles Edwards, Dynamics of the United States Automobile Industry (Columbia: University of South Carolina Press, 1965), chart 2, p 24 and table 9, p 112.
5. Calculated by the author from Edwards, Dynamics, Table 6, p 74.
6. There are many sources which agree on Studebaker's market strategy, for example "Independent's Day", Forbes 69(12) June 15, 1952, pp 18-26, and "Last Stand of the Auto Independents", Fortune 50(6) December 1954. The suggestion that it take over Ford is reported in Peter Drucker, The Practice of Management (New York: Harper, 1954), pp 113-14.

1930's profits are reported in Frederick Harbison and Robert Dubin, Patterns of Union-Management Relations (Chicago: Social Science Associates, 1947), p 108.

7. Studebaker had the first postwar car, Edwards, Dynamics, page 106. Sales and market share calculated by the author from Edwards. Foreign plants, South Bend Tribune, September 3, 1948. Local History Newspaper Clippings File, South Bend Public Library. Also Wards Automotive Yearbook 1955, p 119. 1953 design, South Bend Tribune, January 25, 1953. Exports, R.A. Hutchinson Papers (vice-president for exports), Box 1, Studebaker Archival Collections, The Discovery Hall Museum, South Bend, Indiana. Up to date facilities, Edwards, pp 18, 146-7. Forbes 69(12) June 15, 1952.

8. Hoffman quote, Harbison and Dubin, Patterns, p 105. Studebaker was a leading citizen, William Dempsey interview with Eli Miller, April 11, 1983. Discovery Hall Museum. Miller was director of the South Bend Chamber of Commerce for twenty-five years. Involvement in the community, Dubin and Harbison, p 119 and Forbes 69(1) January 1, 1952. "Father-son-daughter teams", South Bend Tribune November 6, 1952. Studebaker Corporation file, South Bend Public Library. Harbison and Dubin, p 121 note 11. Also see Albert Erskine, History of the Studebaker Corporation (South Bend: Studebaker Corporation, 1924) pp 105-133. In the pre-World War I era, Studebaker managers were members of the Progressive National Civic Federation. Jack Detzler, A Decade Dedicated to Reform: South Bend 1910-1920 (South Bend: Northern Indiana Historical Society, 1960).

9. See Alan Raucher, Paul G. Hoffman: Architect of Foreign Aid (Lexington: University of Kentucky Press, 1985), Robert Collins, The Business Response to Keynes (New York: Columbia University Press, 1981) and Harris, The Right to Manage. Studebaker's bankers, Glone, Forgan and Co., Kuhn Loeb and Co., Lehman Brothers (Edwards, Dynamics, p 42), Chase Bank, First National City Bank, and Metropolitan Life Insurance Co., (Minute Book of the meetings of the Board of Directors, Studebaker Corporation, Studebaker Archival Collections) also were internationalist businesses.

10. Harbison and Dubin, Patterns, pp 114, 134, 138. Robert MacDonald, Collective Bargaining in the Automobile Industry: A Study of Wage Structure and Competitive Relations (New Haven: Yale University Press, 1963), p 365. "Effects of the N.W.L.B.'s Actions in the South Bend Labor Market Area", Appendix K-9, The Termination Report of the National War Labor Board (Washington, D.C.: U.S. Government Printing Office, n.d.) p 1146. Local 5 Collection, Box 18. Archives of Labor History and Urban Affairs (ALHUA), Walter Reuther Library, Wayne State University.

11. Harbison and Dubin, Patterns, pp 108-116, 147, 157,

164-6, 202. Their description, though supported by other opinion at the time, was roundly criticized later, especially by Robert MacDonald whose interpretation of Studebaker's problems has become the accepted one. Harbison and Dubin believed they saw at Studebaker what great results could be accomplished in the organization of work once basic issues of union security and wages were guaranteed. In contrast, MacDonald argued that management gave away the store to labor and paid the price of union irresponsibility and market uncompetitiveness.

In fact what Harbison and Dubin witnessed was a transitional period in the labor system in which diverse elements intermixed. They highlighted certain practices which they hoped would form a new pattern. MacDonald's work reflected the resurgent managerial view of the late 1950's and 1960's which simply ignored the complex historical and political conflicts that had created the contemporary industrial relations system. (MacDonald's book appeared before Studebaker left the business.)

"Other opinion", see for example, John Sembower, "What's Behind Studebaker's No-Strike Record", Industrial Relations (October 1946) and Glenn Griswold, "Humanized Employee Relations: Studebaker an Example", Public Opinion Quarterly (September 1940).

12. James D. Hill, U.A.W.'s Frontier (U.A.W. Region 3 Auto Council 1971). Note the title of this history of unionism at Studebaker. Farmer-Labor party, see Janet Weaver interview with Carl Shipley, December 31, 1982. Discovery Hall Museum. Al Rightly of Local 5 was on the board of the Filene Foundation which paid him, as a UAW organizer, to promote the coop movement within the UAW. "Minutes of the March 17-26, 1947 Meeting", UAW International Executive Board, IEB Collection, ALHUA. Also "The New Studebaker is Nice, But Have You Seen the Local? Rochdale Cooperation in South Bend Has Led to Farmer-Labor Unity" (UAW Education Department Publication #126 c.1948). Industrial Relations Collection, Littauer Library, Harvard University. As noted infra the political basis for this did not develop.

13. Harbison and Dubin, Patterns, pp 121-25, 156, 177, 160. Loren Pennington interview with George Hupp, May 19, 1972, pp 17-20. ALHUA. Hupp started work at Studebaker in 1929. He was president of Local 5 from 1946-47 and after 1948 worked for Studebaker management. Hupp interview, p 48.

14. "Clerks", Fox interview, June 21, 1971, p 24. "GM Wage Case Research 1945-7", UAW Research Department Collection, Box 13. ALHUA. The wage structure at Studebaker was high and also compressed, as actual production worker wages were higher and skilled wages were lower than at GM and Ford. Cf. MacDonald, p 271, for wage data from 1954.

15. Harbison and Dubin, Patterns, p 173. Hupp interview, p 50. Loren Pennington interview with Lester Fox, June 21, 1971, p 24. ALHUA. Fox was a second generation union official at Local 5. He was first elected a steward in 1949 and held office until 1964. Harbison and Dubin, p 153, note that workers quit early after achieving their rate.

16. Ibid., p 170-2. MacDonald, Collective Bargaining, p 267.

17. Ibid., pp 358-9, 367.

18. Full line strategy, Edwards, Dynamics, pp 70-73. Studebaker's major dealer in New York at 56th and Broadway went bust and the company had to create Whiteway Motors to replace it. Studebaker also invested in its largest Los Angeles dealer (Hoffman's son Lathrop Hoffman) to allow him to buy other dealers and maintain market coverage. Minute Book, September 25, 1953 and November 22 and December 17, 1954 and January 20, 1956.

19. Edwards, Dynamics, p 112 table 9, 166, pp 76-7, tables 6-8, p 157 note 14, and p 169. Cf. Lawrence White, The Automobile Industry Since 1945 (Cambridge: Harvard University Press, 1971) page 50, 292-3, shows that foreign sales doubled from 1954 to 1955 and almost doubled again in 1956. By 1958 they had almost quadrupled the 1956 mark and stood at 8% of the market. Cf. Brock Yates, The Decline and Fall of the American Automobile Industry (New York: Empire Books, 1983), pp 127-8. MacDonald, Collective Bargaining, pp 268-9. New models from the annual statistical issue of Automotive Industries, March 15, 1953-56. "Ex-car", Forbes 69(12) June 1, 1952, p 22. Raymond Loewy, "More Compact Power Plant Key to Better Automotive Design", Ward's Automotive Yearbook 1955, p 11.

20. Relations between Nance and Hoffman, see Loren Pennington, "Prelude to Chrysler: The Eisenhower Administration Bails Out Studebaker-Packard" (Unpublished paper in the Discovery Hall Museum) and Raucher, Paul G. Hoffman, pp 116-19. New management, Edwards, pp 42, 87-8. Many were trained at GM. Hupp says "a lot" of lower-level production people were brought, Hupp interview, p 76. Crises of 1956 and 1958, Edwards and Minute Book, February, March and May 1956. Reorganization, Minute Book, October 4, 1954. Management resistance, Fox interview, p 49.

21. Minute Book, December 18, 1953. Anna Rosenberg worked "half time" for the Rockefeller brothers, John Hay Whitney, Marshall Field, and Mrs. Albert Lasker. "Anna Rosenberg-- She Sells Intuitions", Fortune 50(5) November 1954.

Her liberal elite credentials also included having been a political confidant of Chester Bowles and William Benton. She was Assistant Secretary of Defense in the

Truman Administration and, like Hoffman, a member of the first Committee on the Present Danger. See Jerry Sanders, Peddlers of Crisis: The Committee on the Present Danger and the Politics of Containment (Boston: South End Press, 1983). Chester Bowles, Promises to Keep: My Years in Public Life (New York: Harper and Row, 1971) p 229.

22. "Operation '55", A.J. Porta, Vice-President Papers, Box 3, Studebaker Corporation Collections. Also, "Contracts 1937-55", Local 5 Collection, Box 18. ALHUA. South Bend Tribune, August 2 and 10, 1954.

23. High training costs, Memorandum of Anna Rosenberg to Paul Hoffman, May 18, 1954. "Studebaker-Packard Corporation II: Labor Negotiations--Misc. 1954" file. Paul Hoffman Collection, Box 152. Harry S Truman Presidential Library, Independence, Missouri. Hupp interview, p 21. Harbison and Dubin, Patterns, pp 170f. In 1954 the local agreed to one-way bumping: if cannot qualify, then only new bump into an open job. "Minutes of Executive Board and Membership Meetings, 1954", October 14, 1954, Local 5 Collection, Box 10. And they agreed to bump first in their current division, *ibid.*, January 19, 1954.

24. Testimony before the Joint Committee on the Economic Report, Subcommittee on Economic Stabilization, October 17, 1955. Transcript, p 20, UAW Local 5 Collection, Box 1, ALHUA. Meeting with the union, Minute Book, December 18, 1953. Also, January 14, 1955. Local 5 president Louis Horvath met with Anna Rosenberg "privately", Fox interview, p 16. Pressure on the local leadership, Fox interview, p 11 and Loren Pennington interview with J.D. Hill, May 12, 1972, pp 40-45. ALHUA. Hill was one of the early union organizers, president 1949-50, and then staff of the UAW Studebaker Department in Detroit.

25. The redbaiting was "viscious", Hupp later agreed. Hupp interview, p 64-5. Purge of regional staff, Janet Weaver interview with Raymond Berndt, April 1, 1980, pp 40-55. Discovery Hall Museum. Berndt became the single most influential person in the Indiana CIO Council. Melvin A. Kahn, The Politics of American Labor: The Indiana Microcosm (Carbondale: Southern Illinois University Labor Institute, 1970 edition). Dubin and Harbison note that South Bend was 55% Catholic, Patterns, p 117. South Bend Democratic politics were organized around labor and ethnic groups, especially Poles and Hungarians. John Million, "The Democratic Party of South Bend, Indiana" (Political Science Department, Kalamazoo College, 1965). Harlen Noel was chosen to become the CIO-PAC director in South Bend in 1948 in part because he was Catholic. Author interview with Harlen (H.J.) Noel, June 27, 1984. Noel was from Bendix Local 9, an Addes local. Annual Polish Day rallies regaled crowds with anti-Communism for ten years, greeted by "bursts of applause". South Bend Tribune, September 10,

1945 and November 26, 1955.

26. In other words the UAW's anti-Communist campaign did not win it union or Democratic friends since they themselves were considered extreme.

27. Postwar job control demand, Hupp interview, p 9. Job control militancy, see Harbison and Dubin, Patterns, pp 142, 161-63. Janet Weaver interview with Ray Berndt, April 1, 1980, pages 47-8. "One-party South", Pennington interview with Fox, June 21, 1971, p 4. Loren Pennington interview with William Ogden, May 15, 1972, pp 9-10, 78. ALHUA. Ogden was the principal oppositionist. He was originally a coal miner, like his father, and then an early organizer of the Local. He was its president 1944-45, 1951-52 and 1955-57. Autonomous departments, Hupp interview, pp 23-4.

28. MacDonald, Collective Bargaining, pp 262-66 for 1950 negotiations. For similar exchanges see "Minutes of Meeting Concerning Skilled Trades Policy", September 12 and 24, 1952, Local 5 Collection, Box 12, ALHUA. Compare Fox interview, p 17: "why should the workers bite the bullet?". In 1948 the Local Executive Board discussed the company's poor prospects. They sought out president Vance and met privately with him at his home to urge him to tighten up. Hupp interview, pp 27-8.

Between 1947 and 1953 there was more than one drop of 800 workers from the payroll per year. Robert Gold, Manufacturing Structure and Pattern of the South Bend-Mishawaka Area (University of Chicago Department of Geography Research Paper 36 1954). Gold calculated that a drop of 350 was enough to significantly affect the whole area's employment, pp 103-4. Total Studebaker employment in South Bend was:

21,868 on September 11, 1950
15,638 on September 8, 1952
23,247 on April 6, 1953
16,417 on October 12, 1953.

"Employment by Sex", Automobile Manufacturers Association survey, Industrial Relations Department, Box 1, selected weeks. Studebaker Corporation Collections.

29. South Bend Tribune, August 2, 6, 9, 10, and 13, 1954. Fox interview, pp 12 and 21.

30. The "heart" of the union, Fox interview, pp 12-13. There was major opposition to tighter discipline and the absence of "guarantees" and of company openness. South Bend Tribune, August 6 and 11, 1954.

31. "Minutes of Executive Board and Membership Meetings", Box 10, September 23, 1954. Minute Book, March 18 and May

20, 1955. "Grievance Memorandum No. 306", January 6, 1955. Industrial Relations Department, Box 1, Studebaker Corporation Collections. "Grievance Memorandum", January 13, 1955. ibid.

32. ibid. "Cooperate" with the union, South Bend Tribune, January 17, 1955. Cf. South Bend Tribune, January 20 and 21 and February 9, 1955. Business Week, January 29, 1955, p 126. Vote reported in "Local 5 Official Bulletins, 1953-55", Local 5 Collection, Box 1. Minute Book, March 18, 1955.

33. Minute Book, May 20, 1955. "Local 5 Official Bulletins, 1953-55", May 23 and June 1, 1955. Local 5 Collection, Box 1.

34. ibid., July 9, 1955. Minute Book, May 20, July 15, 1955. MacDonald, p 281. South Bend Tribune, July 8 and 21, and 29 and August 2 and 4, 1955. Note that the rhetoric of national labor law recognized the equal rights of unions and managements in collective bargaining and provided that nothing should interfere with the parties' attempts at self-help to remedy problems such as disputes over standards. However, in fact the federal courts at the time were interpreting "self-help" so as to proscribe slow-downs and to reaffirm unilateral management prerogatives to run the plants. Cf. James B. Atleson, Values and Assumptions in American Labor Law (The University of Massachusetts Press Amherst 1983). The International UAW of course had been fought to a standstill on the scope of collective bargaining. Now it sought to avoid conflicts which could end in legal battles which would only reaffirm management's rights.

35. South Bend Tribune, June 11, 1955. Fox's recruitment, Janet Weaver interview with Fox, March 5, 1979, p 16. Discovery Hall Museum. Slate loses, "Studebaker Workers Endorse a 'Get Tough' Policy", Business Week, July 16, 1955, p 132. "Strike and Strategy", Official Bulletin, August 15, 1955. Local 5 Collection, Box 15. There were 31 wildcats counted by the local press from July 1 to September 30. South Bend Tribune, November 23, 1955.

36. "Minutes of Executive Board and Membership Meetings, 1955", September 22 and October 10, 1955, Local 5 Collection, Box 10. Studebaker Weekly News (Local 5) December 16, 1955, pp 1-4. ibid., Box 15. South Bend Tribune, December 13, 1955.

37. ibid., September 6, November 10 and December 2, 1955. "1956 Working Agreement Ratification Vote", Local 5 Collection, Box 19. South Bend Tribune, January 8, 1956. MacDonald, Collective Bargaining, pp 282-3.

38. Minute Book, January 14, 1955. Cf. December 16, 1955

and January 20, 1956.

39. *ibid.*, November 18, 1955. "1956 Model Difficulties Thru 11/30/55", Industrial Relations Department, Box 1. "Work Stoppages From January 1, 1956 to...", Memoranda of February 14 and March 7-9 and 12, 1956. *ibid.*, Box 4. The company was still fighting over this issue in 1962.

40. Ogden interview, pp 18, 27, 30-32. Fox interview, *ibid.*, pp 8-9. Weaver interview with Fox, pp 15-16. "Bitterness", Pennington interview with Fox, May 19, 1972, page 1. Cf. Fox interview, June 21, 1971, pp 10-11, 15, 17-18, 25-26, 33, 48.

41. Disqualifying, South Bend Tribune, August 29, 1958. SUB payments, Pennington interview with Stanley Ladd, July 17, 1972, pp 58-9. Discovery Hall Museum. Deferring SUB, MacDonalld, p 283.

42. James Sundquist, Politics and Policy: The Eisenhower, Kennedy and Johnson Years (Washington, D.C.: The Brookings Institution, 1968). Sar Levitan, Federal Aid to Depressed Areas (Baltimore: Johns Hopkins University Press, 1964). Area Redevelopment Hearings, Senate Committee on Banking and Currency, 85th Congress 1st session (March 6-May 15, 1957) pp 281-5. Proceedings, First Constitutional Convention, AFL-CIO, December 5-8, 1955. Also, Proceedings, 1957, p 308, and Proceedings, 1959, pp 225-7. After the Democrats swept into office in 1955, seven local leaders joined city and county government, including former president Louis Horvath. "Minutes of Executive Board and Membership Meetings, 1955", December 29, 1955. Local 5 Collection, Box 10.

43. Redevelopment Hearings, pp 646-50, 668, 698f. Sundquist. John Bibby and Roger Davidson, On Capital Hill: Studies in the Legislative Process (New York: Holt, Rinehart and Winston, 1967). The Committee for a National Trade Policy included on its board of directors Studebaker's banker, Glore, Forgan partner John Fennelly. "Committee for a National Trade Policy", Box 72, Hoffman Papers. William Batt, the Committee's secretary, had been research director of the Democratic National Committee in the Truman years and, after the Congress again passed the distressed areas bill in 1961 and President Kennedy signed it, he became an administrator of the Area Redevelopment Administration.

Moreover, the UAW was unable to win higher and more extensive unemployment compensation benefits in Michigan in 1952 and in Indiana in 1954. "Minutes of Executive Board and Membership Meetings, 1954", March 24, 1954. Local 5 Collection. To the contrary, the UAW and the Indiana CIO Council had to fight for years to repeal Indiana's right-to-work law, which was passed in 1957 at the instigation of the Chamber of Commerce. Despite favorable party

alignments in the legislature in 1959, Democratic leaders' concessions to rural Democrats foiled repeal. The law was finally repealed in 1965. Kahn, Politics, pp 242f. My interpretation of the political conditions differs from Kahn's.

44. The story of 1956 comes from Pennington, "Prelude". William Harris, "The Breakdown of Studebaker-Packard", Fortune (October 1956), p 139. Eisenhower and elections, "Studebaker Corporation 1956", Donald Montgomery Collection, Box 79. ALHUA.

45. Pennington quotes from an entry in Eisenhower's diary following a meeting between Hoffman and the President:

"All day long I have been receiving advice to the effect that all of us must do our best to keep the Packard-Studebaker combine from liquidating, which it seems to be on the point of doing. For more than a year I have been working on this particular matter, especially urging the Defense Department to give this firm some defense contracts, in the items in which it has already established a fine production record."

Hoffman's efforts are discussed in the Minute Book, April 18, July 15 and November 18, 1955 and January 20, March 23 and May 2, 1956. UAW and defense contracts, Detroit Times, May 16, 1956. UAW Studebaker Department Collection, Box 1, ALHUA. Democratic demands for greater defense spending, see Seymour Harris, The Economics of the Political Parties (New York: MacMillan, 1962).

46. Minute Book, February 27 and March 23, 1956. Pennington, "Prelude", p 11. Studebaker's debt was high compared to other car companies, which made it sensitive to its creditors. "Independent's Day", Forbes 69 (12) June 15, 1952. One recent study argues that "the key determinant in the incidence of closings and phasedowns is whether absentee owners continue to invest in local plants". Charles Craypo, "The Deindustrialization of a Factory Town: Plant Closings and Phasedowns in South Bend, Indiana, 1954-1983", in Donald Kennedy, ed., Labor and Reindustrialization: Workers and Corporate Change (Department of Labor Studies Pennsylvania State University 1984) p 63.

47. Edwards, Dynamics, pp 73f.

48. Pennington, "Prelude", p 15. Edwards, Dynamics, pp 98-103. Also its top managers availed themselves of their stock options and reportedly made \$1 million. E.J. Widick, "The Tragedy at Studebaker", The Nation, February 17, 1962. After 1953, stockholder equity had been further reduced by over one-third during the years 1954-59. Edwards, table 8, p 77. Theresa Schindler interviews with John Duncan

(former Truck and Fleet Sales Manager of Studebaker) and Arnold Altman (former Packard dealer and later president of Avanti), March 29 and April 4, 1983. Note that the Avanti car was a Studebaker luxury design successfully developed, produced and marketed by Altman after Studebaker left the business.

49. Suddenness, "End in South Bend: Then There Were Four", Newsweek, December 23, 1963, p 57. Pennington interview with Fox, pp 22-3. There was also a furious, brief debate in the Johnson administration about whether to aid geographical re-location of workers or whether to keep skilled labor in South Bend to make it a more viable industrial district. See Federal Records: Council of Economic Advisors, Reel 45, Task Force on Studebaker. Lyndon B. Johnson Presidential Library, Austin, Texas. B.J. Widick, "Studebaker: End of a Dream", The Nation, January 6, 1954, p 29. About 500 employees moved, mostly skilled and management. \$30 million, Ogden interview, p 58. Fox became director of Project ABLE, a joint venture of the U.S. Labor Department and National Council on Aging to train workers over 50 years of age. 1300 of 3500 eligible participated; 70% finished the program and 70% of these found jobs. The New York Times, November 14, 1966, p 64. Studebaker bought annuities for those 60 and older; for those 40-60 they paid them 15c for every dollar accrued pension credit; and nothing for the rest. *ibid.*, November 28, 1966, p 63.

PART THREE

Chapter Six

The Liberal Democratic Reform Cycle

Collective bargaining has "lifted, directly and indirectly, a whole class of abused and deprived Americans into a new status of active economic and political citizenship..." but this "is significantly reduced in value by what is lost through the inequities and inadequacies of the public bargains that are struck through the current political process". (1)

Social-democrats in the trade unions and Democratic officials believed they had a new opportunity in the 1960's to advance the reform agenda and thereby to ensure the success of the labor system. After three rapid cycles of economic expansion and recession and inflation and unemployment during the Eisenhower administration, and in the newly integrated western monetary system after 1958, thinking crystalized among American leaders in both political parties, in business, labor and academia around a more global conception of the American economic system and a program to steer it toward sustained growth. The Kennedy and Johnson administrations wanted growth for full employment--fifteen years after passage of the Employment Act--and for the governmental resources required to prosecute the international role which the U.S. had adopted in the postwar 1940's. Growth would be achieved by trade liberalization, by neo-Keynesian fiscal policies to stimulate consumer demand and private investment, plus more

active intervention by the federal government in capital and labor markets to channel capital toward long-run investments and to involve "marginal" workers in the economy.

After some initial successes this "Keynes plus" policy was blocked in the 1960's and 1970's when domestic inflation mounted and triggered chronic balance of payments problems. Yet the source of reform's crisis was not inflation per se, but the forces which underlay it and these were precisely rooted in the postwar institutions which organized work and politics.

The primary locus of the postwar economic model was the macroeconomic stability among wages, prices, investment and trade, backed by a "consensus" coalition of unions and managements for liberal capitalism. Individual unions participated through national collective bargaining and collectively the AFL-CIO helped to mobilize political support for liberal Democratic leaders. There were three conditions for reform's progress in the 1960's. For labor to prosecute its macro role it needed to build support for the Democratic coalition both among the members of individual unions for collective bargaining, among national unions and, given that union organization was regionally confined to a half-dozen leading industrial states, among external allies, the most of important of whom were blacks and civil rights groups. Labor union unity was fragile because of the decentralized structure of collective bargaining and became further strained in the 1960's by

Democratic domestic and foreign policies. A second condition was that labor's micro role in the postwar system was limited to contract administration and wage bargaining and unions had to overcome the division of labor to cement the alliance of traditional union supporters and members of the expanded labor force among blacks, women, and youth. Finally, the national policy process was hampered by fragmented government and a Democratic Party which provided little forum for political negotiations among party constituencies and political leaders necessary to sustain the reform agenda. Indeed, in the late 1960's the Democratic reform coalition collapsed. The AFL-CIO was split by the disaffiliation of the United Auto Workers in 1968, which formed a "progressive" labor bloc and continued to support the "new politics", while the AFL-CIO re-formed around a new Coalition for a Democratic Majority which pugnaciously held onto crumbling American world hegemony and resisted domestic reform.

Toward An American Version of Social-Democracy

The Kennedy administration elected in November 1960 was faced with two obstacles to carrying out an expansionary economic policy. The first was its probable effects on the balance of payments and the second was so-called "structural" obstacles to growth. (2) Beginning in December 1958 European currencies became fully convertible with the dollar in recognition of Europe's recovered industrial strength. European central banks had by then

accumulated dollars via NATO and economic aid programs precisely as planned by American policy-makers in the postwar 1940's. On the one hand, American dollars provided liquidity needed for investment and trade; on the other hand, foreign balances of American currency potentially weakened the value of the dollar. Central bankers could exchange them for other currencies and gold which would undermine the value of the dollar and make more expensive the foreign purchases of the U.S. government and American corporations, which hindered the pursuit of American economic and political goals. Indeed in 1959 the U.S. had its first experience with a dollar crisis. Rather than hold and use their dollar balances European central bankers traded them for gold, leading to a run against U.S. reserves. Thus, any U.S. government attempt to stimulate a longer expansion was boxed-in by the apparent necessity to protect the international value of the dollar, viz. economic expansion meant rising wages and prices which led to declining competitiveness in world markets, increased imports, and ultimately a balance of payments crisis. Then, in order to restore the balance of payments and still protect the fixed rate of exchange, the government had to retrench and deflate the economy which, in turn, knocked-out the mass consumption basis of the domestic expansion.

Though hardly pleased, the lesson which American Treasury officials and the banking community learned was that European bankers would withdraw funds if and when the

U.S. government deviated from orthodox fiscal policy. If the U.S. inflated, ran deficits and generally followed a liberal Keynesian program, the balance of payments would be put into the red. Some way had to be found to protect the dollar and with it America's international power while raising domestic economic activity.

The second obstacle was related to the first. One of the lessons Republican liberals and Democrats believed they had learned from the 1950's was that the U.S. economic structure had a tendency to "premature inflation". That is, when economic activity picked up, prices and wages would rise more rapidly than predicted, creating inflation, and choking economic recovery. To the businessmen the key impediment to high production and employment was the "monopoly" power of trade unions to force up wages and keep them there even during recessions. This prevented supply and demand from operating to re-set price levels and forced employers to agree to trade-off high wages for less employment. Organized labor also had a structural analysis, in which "administered pricing" by oligopoly industries kept prices artificially high while labor market problems were linked to technological unemployment, distressed areas of declining industrial sectors, and bottlenecks in the supply of critical materials and skilled labor. (3)

The new Democratic administration had arrived in office very much as a consequence of a revival of the liberal-labor wing of the party in the late 1950's.

Nonetheless it accepted the validity of both explanations-- formalized in the so-called Phillip's Curve--and set itself up as the neutral expert to curb the "discretionary power" of unions and corporations. How could it prevent inflation and a balance of payments crisis where the Republicans had failed? The Democrats had one asset that the Republicans did not have, namely the goodwill and confidence of organized labor. Could the Democrats translate this political support into support for wage and price restraint?

The Kennedy administration's strategy was three-fold. First was fiscal stimulation to aggregate demand, as per Keynesian prescription. (4) The administration's preference was to create a deficit by spending more money for area redevelopment, public works, unemployment compensation, education and accelerated military purchases. But most of the spending programs were blocked in the Congress and eventually in 1963-64 the administration and Congress settled on creating a deficit by cutting income taxes. To meet the political obstacles to fiscal stimulation the administration had proposed two other policies. The first was an array of marginal money policies, keeping within the existing international monetary system, to pool gold with European nations to spread the costs of protecting the dollar; raising short-term interest rates to keep money in the U.S., while keeping longterm rates low to encourage capital investment

(the monetary "twist"); plus concerted cooperation from commercial bankers to cap the export of U.S. capital; and inauguration of trade talks aimed at opening up foreign markets for American manufactured goods.

Finally, the President's Council of Economic Advisors established wage and price "guideposts" to allay the fears of opponents of demand stimulation and its attendant inflation at the Federal Reserve, in Congress and in the administration itself. These were announced in the January 1962 Economic Report of the President. The wage-price policy was called the "local version" of European incomes policy. (5) The wage-price policy endorsed the view that there were organized groups in the economy--especially "big labor" and "big business"--which had enough market power to exercise discretion over wage and price decisions when there was not yet excess demand nor full employment on the one hand, nor on the other when the economy was suffering from substantial slack and underused resources. If these groups could be convinced not to exercise discretion to raise wages and prices during an economic expansion, then the recovery would more likely be sustained. This assumed that supply and demand were the normal and legitimate arbiters of economic distribution and took the economic growth process for granted in the sense that it was a managerial responsibility. The administration's "interim" employment goal was set at 4% and the suggested standard for non-inflationary settlements was to peg wages to

national productivity increases, calculated by the CEA in 1962 at 3.2% per year.

Determination of the guidepost itself was believed an expert, technical issue; also, businessmen and Republicans kept up a vocal vigilance against alleged politicization of economic policy and creeping Democratic socialism.

Although neither labor nor management representatives participated in setting the guideposts, the administration did seek their endorsement. It created a President's Labor-Management Advisory Committee (LMAC) in 1961 and the LMAC was called upon to endorse the guideposts, which it did, though with reservations. The management members were Elliot Bell (McGraw-Hill Publishing Company), Joseph Block (Inland Steel), Henry Ford II, John Franklin (United States Lines), J. Spencer Love (Burlington Industries), Richard Reynolds (Reynolds Metals) and Thomas Watson (IBM). The labor members included Reuther, George Meany, David Dubinsky, David McDonald and George Harrison. (6) No one wanted the guideposts to become a strict rule applicable in all cases; the Kennedy administration assured the committee that adherence to the guideposts was voluntary. Labor members especially served notice it believed labor's share of national income should increase to spur consumer demand and specific settlements should also reflect "equity". But they held-off rejection in part because they accepted the reality of structural imbalances and they probably thought that once the economy "got moving again" they would be able to do better.

The Council of Economic Advisors treated the guideposts as secondary to fiscal stimulation. Although they accepted the Phillips Curve analysis, they did not think the economy was near that nexus because there was too much slack in the economy. They needed wage-price policy to prevent monetary discipline imposed by the Fed. But, once a stimulative policy was in operation and the limits of economic capacity were reached, then the guideposts would kick-in and help prevent cost-push inflation.

Labor's Role in Expansion

The Kennedy administration's policy had promises and pitfalls for organized labor. Macroeconomic analyses and the guideposts assumed considerably more central guidance and public purpose for labor-management relations. (7) Collective wage bargaining was supposed to be the major benefit of postwar unionism, but the new policy seemed to undermine the role of union leaders in looking out for their memberships. On the other hand, if the unions did get organized they could gain leverage on the government's program and try to win social reforms. This was what Walter Reuther tried to do. Although the AFL-CIO was critical of the new administration's intention to try to restrain wages, in 1961 the national economy was still suffering from a severe recession and the first test of the policy in autos in 1961 met with fairly easy success. The UAW, as we have seen, in the 1940's and 1950's already had negotiated collective bargaining rules which tied workers'

incomes to changes in the rates of national cost of living and productivity. The top UAW leadership also had adopted a proposal for a national planning agency to forecast economic change and to devise plans to meet new needs. The UAW leadership was closely associated with the "Keynes plus" program. Reuther was on the executive board of the Conference on Economic Progress, Leon Keyserling's policy planning group which plumped for leftwing Keynesianism in the late 1950's. Keyserling himself was the key author of Democratic Advisory Committee on Economic Policy statements. Kennedy advisors, however, considered these too ambitious for public sector spending and too politically sensitive to publish in 1960. The UAW maintained its close ties as well with the Americans for Democratic Action and the National Planning Association, which in the 1960's began to develop models for the kind of indicative economic planning associated with French economic policy. Reuther in 1961 urged the LMAC to recommend to the Kennedy administration the creation of a board of review over wage and price decisions and, in 1962, the UAW called on Chrysler to join it in a campaign to solve broader employment issues through legislation for a national planning agency. Indeed, the UAW did not believe that collective bargaining was the locus for solving basic problems of employment and Reuther had long ago demonstrated that he was eager to maneuver in national politics to push a social-democratic program. In 1961,

Reuther broke with most of the AFL-CIO leadership on the 30-hour week and carried the Kennedy administration's argument against it into the AFL-CIO Executive Council. (8)

In 1961 Reuther agreed to hold back auto wages if auto prices and steel wages in 1962 also were restrained. In fact the three-year contract negotiated in that year was modest and the steel union leadership, after its bruising four-month strike in 1959 and after lobbying by Goldberg, who had been the USW's legal counsel, readily accepted an agreement with the steel companies which was a third less than the government's guidepost. The USW again in 1963 accepted a small wage increase. Although later in 1962 President Kennedy had to browbeat the steel corporations into price compliance which made the unions look virtuous, union collective bargaining moderation in steel, autos and elsewhere evaporated as the economy began to expand. (9)

Union collaboration in wage restraint was a risky policy at best. Recall that collective bargaining was based on a wage-work bargain in which managerial control with minimal worker involvement in production was traded for guaranteed wage gains. As automobile production rapidly expanded in the 1960's, auto managements sought to reduce unit costs by increased production standards, more mandatory overtime, automatic equipment and task-specific worker training. For union acquiescence, it was willing to trade extra benefits and more time for union committeemen to handle grievances. In 1965 General Motors formed the General Motors Assembly Division (GMAD) which became famous

equally for "driving" assembly line workers as for provoking strikes in those factories which it took over from local management. (10) Although in many unions the rank and file role was limited in policy-making, in fairly democratic unions like the UAW the very tenuousness of worker participation required leader vigilance. To pursue its broader policy the top UAW leadership always had to ensure itself of rank and file support. In fact, the union commissioned extensive surveys of membership attitudes and union publications constantly sounded the theme of UAW links to a broader reform movement. The International UAW continued to give most attention to increasing and fine-tuning the benefit package and to winning more time away altogether from the job. In the 1960's the union formulated bargaining proposals in response to rank and file demands for more daily relief time, extended vacations, limits on overtime and early retirement. Indeed, both wages and non-work time were the orthodox paths of labor-management bargaining since they preserved management autonomy. But working conditions issues were also a primary concern to workers and they were less tractable in the postwar system. Indeed, whereas Eli Chinoy's famous study of autoworkers in the late 1940's found that almost one-half thought of going into business for themselves, twenty-five years later only one-tenth did so. Workers realized their careers were tied to autowork and job satisfaction was associated with job control and

skill. (11) Moreover, working conditions could not easily be separated from national negotiations even though their locus was the local plant. After 1961 these local working conditions issues were aggravated by the increasing tempo of automobile production and the harsh strategies of labor management. They routinely resulted in stalled national settlements and widespread local strikes.

Whether acquiescing in the guideposts or just waiting for better economic conditions, union leaders also backed policies to increase employment, domestic investment and exports of manufactured goods. They were very apprehensive about high rates of unemployment, then at postwar high levels, and feared that new investment in automated machinery would aggravate the situation by creating technological unemployment. The AFL-CIO began to raise concern about the direction of technological changes and to campaign for domestic policies to compensate workers "displaced" by economic development. One of the first tasks of the LMAC in 1961 was to study the question of unemployment and automation. Its January 1962 report, "Benefits and Problems Incident to Automation and Other Technological Advances", accepted the link between labor-saving investment and unemployment and proposed a mix of private and public policies. These included the neo-Keynesian tax cut for general economic expansion, plus public works and extended unemployment compensation; and private and public programs for re-training and education;

pre-notification to workers of plant closings and reliance on attrition for workforce reductions; and improved employment service programs. However, the LMAC report rejected the AFL-CIO's demand that the federal government become "employer of last resort" and begin to shift industry toward a 30-hour work week (at 40 hours pay) to spread the available jobs. What the unions wanted was acknowledgement that the private means for settling labor-management claims, namely collective bargaining, could not resolve the basic problem of how to create jobs.

The problems of automation and technological change clearly cannot be solved just by private parties in the collective bargaining arena. Such efforts can point the way toward constructive answers, as indeed they have. But automation and technological change are having a profound and far-reaching impact and they have generated problems which require government action. (12)

Only the government could help the community get a handle on this problem.

Moreover, basic changes in work organization undermined the utility of union economic strength. For example, the oil refining industry was notable for its highly automated operations and its ability to continue production despite strikes by its blue collar workforce; in coal mining the United Mine Workers had for decades pushed the fragmented industry to rationalize production, but by the 1950's and 1960's unemployment among Appalachian coal miners was at staggering levels; the introduction and spread of jet airplanes led to the elimination of flight engineers in commercial aviation; and prefabricated

electrical and mechanical components severely affected the building trades unions, which led to fierce jurisdictional clashes among skilled tradesmen. (13) The AFL-CIO in its 1962 convention agreed to a new means to settle jurisdictional conflicts (without much success as it turned out), but the continuing sluggishness of the economy focused labor's sights on the apparently one-sided benefits of technological change and on winning new public policies.

The union federation had two early successes in 1962: the Manpower Development and Training Act (MDTA) and a provision in the Trade Expansion Act for "trade readjustment assistance" (TAA) for workers "disemployed" by free trade policies. The MDTA initially was legislated to respond to problems created by "dislocations in the economy arising from automation or other technological developments" and to fill the need for "improved planning...to assure that men, women and young people will be trained and available to meet shifting employment needs". The Act funded skill and occupational programs for workers already employed or in the labor force, such as the steelworkers in the Pennsylvania district of MDTA's House sponsor Elmer Holland. (14) It was meant to lay the foundation of manpower planning and it created an annual Manpower Report of the President (paralleling the Economic Report), a National Commission on Technology, Automation and Economic Progress and an Office of Manpower, Automation and Training in the Department of Labor.

The Department of Labor pressed the AFL-CIO's program

within the administration and with the LMAC during 1962-64. Secretary of Labor Willard Wirtz (who took over in September 1962 from Kennedy's first Labor Secretary, Arthur Goldberg) and labor experts such as Frederick Harbison advocated creation of a Council of Manpower Advisors, with labor and management advisory committees, to coordinate the labor market programs to create jobs and train workers for them. They wanted to reorient the administration's economic policy and raise manpower issues to the level of fiscal and monetary policies. Collective bargaining was too limited, agreed Wirtz. However, the CEA was scornful of the "softness" of Harbison's manpower analysis and downplayed the problems associated with technological change. The CEA then was pushing hard for the tax cut, but they did not stand in the way of manpower programs, especially if it meant new spending. Moreover, Wirtz was willing to defer to CEA leadership of economic policy. (15)

The Kennedy administration and CEA remained primarily intent on general expansion, but the connection between labor management and economic growth was thrust to the fore by a crisis in the railroads which threatened to halt the nation's transportation in 1963. The railroad Trainmen refused to budge on work rule changes demanded by management in recognition of new deisal engine power which would eliminate two types of traditional jobs. President Kennedy called on the Congress to pass legislation to compel the union to submit the issue to binding

arbitration, which the union subsequently lost. At the same time that the president was engaging in this unusual intervention in industrial relations, he announced that he would appoint a tripartite National Commission on Technology, Automation and Economic Progress. (16) The labor members of the Commission were Walter Reuther, Joe Beirne (Communications Workers of America) and A.J. Hayes (past president of the International Association of Machinists). Business members were Pat Haggerty (Texas Instruments), Edwin Land (Poloroid) and Thomas Watson (IBM). The public members included Daniel Bell, Robert Solow and Whitney Young, Jr.

The Commission made a thorough study in 1965 and concluded with recommendations for policy which challenged the administration to extend the postwar model and adopt updated policies of domestic compensation for economic change. The Commission's final report, "Technology and the American Economy", made clear that displacement was a necessary price of economic progress and technological change. But it equally made clear that the federal government had a responsibility to enact policies to see that the gains of change were equitably distributed and to reduce workers' resistance to change.

A package of policies was recommended to ensure economic security for all Americans: growth for leading industrial sectors and skilled labor and public opportunities and income maintenance programs for those less able or unable to compete in the marketplace. With

problems of economic security reduced, the government then could pursue policies to increase efficiency and employment. These policies included improved and expanded education and broad-based skill training; reform of the U.S. Employment Service to provide on-the-job training; and policies to end discrimination. However, the final failure of the Commission to endorse national economic planning drew criticism from the labor members and from public members Daniel Bell and Whitney Young, who argued that "it is our firm conviction that some form of democratic national planning is essential in the United States" not only for "sustained full employment" but to assure "proper allocation of economic resources". Yet, despite the orthodoxy of the Commission's recommendations, the report's publication in 1966 met with little policy response as the debates had shifted away from full employment--the unemployment rate fell below 4% in 1966--and toward programs to restrain wages and expand the labor market.

Running the System

By the time of the Keynesian tax cut in February 1964, the national economy already was expanding. Inflation was still low and unemployment was dropping. (17) These new conditions led to renewed labor pressure for action on policies to respond to automation and for various social reform programs and to shifts in the administration's wage-price and manpower policies. However, it quickly became apparent that the American "incomes policy"--both wage-

price policy and manpower policy--was built on a pretty flimsy institutional foundation. In November 1963 the CEA had warned Johnson that the government should "strengthen its anti-inflation policy" and insist more vigorously on the use of the guideposts, which had receded from view. The tax cut added billions more to consumer purchasing power. In their January 1964 Report the CEA asserted that the guideposts would enable the economy to avoid the alleged Phillips Curve trade-off of inflation for unemployment by winning restraint on union and corporation discretion to set wages and prices higher than advances in productivity. President Johnson's annual Economic Report of 1964 fully endorsed the guidepost policy. But labor leaders like Reuther rejected the implication that workers' incomes should be held to a constant share of national income, while profits exploded with increased plant utilization and dividends were excluded altogether. (18)

The automobile managements not surprisingly were some of the principal promoters and recipients of the benefits of the Democratic administrations' program. The embodiment of the close ties of the industry to the government was Kennedy administration Defense Secretary Robert McNamara, former vice-president and price-maker for Ford Motor company. Henry Ford II himself spearheaded the business committee for the 1964 tax cut and was a strong supporter of Lyndon Johnson in the elections of 1964 and 1968. (19) Most importantly, the auto industry had long ago learned

the value of general prosperity to the profitability of a consumer durables industry. The mid-1960's saw the industry reap returns on equity more than double the rate for manufacturing generally on record sales volumes (20):

	After Tax Return on Equity				
	1964	1965	1966	1967	1968
GM	22.4%	25.8%	20.6%	17.6%	17.8%
Ford	12.6	15.7	13.0	1.8	12.7
Chrysler	19.1	14.7	11.1	10.9	14.1

Production of Passenger Cars in the U. S. (millions)

1963	7.6
1964	7.7
1965	9.3
1966	8.6
1967	7.4
1968	8.8

At the same time that the industry appeared to cooperate with the price and wage guideposts by holding prices stable 1963-67, they in fact were garnering an increasing share of consumer income for automobiles by upgrading and making standard previously "optional" equipment, for which they charged higher prices. They were able to comply formally with the guideposts however, despite a fierce if arcane debate among consumer advocates, the UAW, CEA and Bureau of Labor Statistics, since the BLS and CEA considered the price rises non-inflationary if they "delivered more car" for the money. (21)

In December 1963 Reuther wrote to CEA chairman Walter Heller and informed him that the UAW intended to demand a "big" wage increase in the 1964 negotiations. Reuther said

that the UAW would take significant price cuts as the cost of guidepost wage restraint, but Reuther publicly announced that the UAW would not be bound by the guideposts. George Meany backed Reuther at the 1964 UAW Convention. Though President Johnson warned the UAW against breaking the guideposts, as did Heller in a speech before the Economic Club of Detroit, the administration's private view was that "big profits make big wages". That is, unless the administration could convince the auto companies to cut prices the UAW would be justified (and unstoppable) in getting a high wage settlement. However, Henry Ford II had announced that Ford would not cut prices and Johnson rejected a major push against the auto companies, perhaps in return for Ford's election support. At the same time, at GM, national bargaining was characterized by massive strikes over local working conditions, which caught both GM management and top UAW leaders by surprise. The UAW had emphasized working conditions in the negotiations and Reuther called the auto plants "gold plated sweatshops", but in negotiations the union had jumped at GM's offer of increased time-off for UAW shop committeemen to process worker grievances. Locals insisted on resolving plant issues first and held up auto production for weeks beyond the settlement of the national agreement. (22)

Reuther asserted at the conclusion of the GM strike that "no strike in the history of our union...has yielded the kind of meaningful results as...this strike", which

certainly referred more to the wage settlement than to changes in shopfloor relations. The collective bargaining outcome in autos was a settlement which broke through the 3.2% guideline and was worth about 4.5% in wages, early retirement, increased pensions, longer vacations, two additional holidays and 50% more relief time (to two 12 minute periods per shift), plus no cut in product prices. The CEA told itself the result was not too bad because, although the CEA's productivity standard was a national, not sectoral one, the settlement was within the rate of productivity of the auto industry. (23)

The restlessness of the ranks and the intensity of wage and working conditions claims continued to press leaders' second thoughts on cooperation with the administration's policy. Indeed the leaders of major unions in the steel, electrical equipment and aircraft industries were voted out of office in 1965 and 1966 and there were major challenges within the UMW and Teamsters. Union leaders led a campaign to break the guidelines definitively in 1966. Although the UAW had signed a three-year contract in 1964, Reuther took a leading role.

As president of the AFL-CIO's Industrial Union Department (IUD), Reuther launched a program of "coordinated collective bargaining" in which many unions would appoint members to a committee to bargain with a common employer. The IUD acted as a clearinghouse and coordinating agency with a computerized information system

on companies, markets and contracts. In the first two years, over 70 such multiple union committees were set up. One of the purposes of the program was to help unions gain leverage by uniting against increasingly diversified conglomerate companies who not only had many plants in any one product line, but multiple product lines among which to switch resources and/or play off unions against each other. (24)

Another purpose of coordinated bargaining was to accept the opportunity of more centralized government economic policy-making to concert the unions' own agenda. This agenda was notably traditional: increase mass purchasing power, organize the unorganized and social policy compensation for failures of private enterprise. Even conservative union officials, such as Roy Seimiller of the Machinists, were enthusiastic supporters of a program for more effective bargaining. Some old AFL unions even joined the IUD. (25)

1965 was a bad year for the guideposts, especially in construction and in steel, where insurgent union leaders baited USW president McDonald with the UAW's big 1964 settlement. Finally in 1966 coordinated bargaining in the electrical equipment industry, plus bargaining in the airlines, broke the guideposts. Moreover, the settlements in these industries had direct repercussions on internal politics in autos because wage structures in part are based on wage comparisons among workers across particular industries. One key wage group is the skilled trades. The

practical experience of skilled workers was that tool, die, machinist, and maintenance and construction tradesmen often worked in proximity to each other, either at one site or at different sites in more than one industry as workers "bounced around" comparing and looking for better working conditions and wages. The general economic expansion and the Vietnam war had raised demand for skilled construction workers to build new industrial, military and commercial buildings. Building trades unions took advantage of this to rapidly raise hourly wages. Skilled workers in steel won a big increase in 1965 and helped I.W. Abel upset David McDonald for the union presidency. By 1966 skilled workers in the automobile industry were demanding pay comparable to rates in the construction industry. (26)

Reuther decided the rank and file skilled workers' wage militancy could be useful. Reuther had become impatient with Meany's refusal to take a public stand on a "positive" wage program. In something of a reprise of the Korean War tool and die scenario described in chapter four, Reuther ran out in front of the workers to head their pressure toward change of national policy. They were very willing to oblige. At the May 1966 UAW Convention, Reuther and Douglas Fraser met with skilled trades delegates and proposed a campaign to break open the auto contracts a year early to win a wage increase. After the Convention skilled trades leaders organized the Dollar An Hour Movement among the rank and file to win a dollar wage increase. Leaders

came from the GM Technical Center local 160 in suburban Detroit, Ford local 600 (including Art Fox and the Committee for Militant Unionism), and Detroit job shop locals 155 and 157. The movement quickly spread across the U.S. and Canada. Large demonstrations were organized; there was a one-day strike of local 600 skilled workers to attend a Movement conference; civil disobedience; and general enthusiasm. The UAW demanded that the Big Three and Detroit Tooling Association re-open the contracts that summer. However, by late August, the guideposts were broken and Reuther called-off the campaign for immediate wage increases. (27)

Reuther's goal was to substitute an incomes policy for the administration's guideposts. At the urging of Reuther, Meany, business executives on the LMAC and the Secretaries of Labor and Commerce, the Johnson administration decided to reactivate the Labor-Management Advisory Committee in late 1965 after over a year of little activity. (28) The administration asked the LMAC in early 1966 to consider either higher taxes; wage and price controls or perhaps stricter adherence to the guideposts; or higher interest rates and lower money growth. The UAW and AFL-CIO argued against the guideposts for holding back wages, which the government's own figures confirmed. As a proportion of national income wages had declined and corporate income increased during the economic expansion. (29) They also opposed a tax increase and higher interest rates; they wanted domestic expansion to continue. They argued that

controls on prices and a profits tax would be a more equitable way to halt inflation.

In early March 1966 Reuther met with President Johnson and recommended a Price-Wage Public Review Board and a "progressive spending tax". He told the President that the executive was overburdened by the demands of ad-hoc incomes policy; it needed an institutional mechanism to concert private decision-making. The new Board would still be voluntary, though more effective, in part because it would publicize judgments about price and wage changes. The spending tax would affect high income consumers hardest and thus ensure "equality of sacrifice". Yet neither the CEA nor many in the "labor fraternity" were enthusiastic about Reuther's plan. The AFL-CIO Executive Council in February stated that if the President needed controls, they would have to cover all incomes equitably, but Meany would not publicly advocate an incomes policy. After several months of debate, the LMAC issued a report in August 1966 which re-endorsed voluntary wage and price restraint and included a phrase proposed by Reuther which asserted that "we believe that in a free society any policy to achieve price stability will be acceptable and effective only if it bears equitably on all forms of income". Reuther hoped thus to commit the LMAC and the government to a policy which regulated not just wages and prices but salaries, interest, and dividends. He used the phrase to press the CEA to compel the auto companies to cut prices (without

success) and it was the stepping-off point for a formal presentation of his Price Review proposal to the LMAC in December. (30)

Reuther also committed IUD and UAW resources to push the Democratic administrations' social policy. Labor and its Labor Department allies reacted angrily in the spring of 1964 to CEA-sponsored regional LMAC meetings called to discuss "private" collective bargaining techniques of worker adjustment to technological change. William Batt, Jr., veteran of the "left turn" during the Truman administration and now an administrator at the Area Redevelopment Administration, argued that the government should use the Employment Service "like the Swedes do". Walter Reuther made a "very strong pitch" to the LMAC for a manpower-oriented economic policy, which the LMAC endorsed. (31)

The CEA had recommended to Johnson the idea of an "anti-poverty" program to expand the labor supply through policies to include "marginal" workers in the labor force. The employment rate of married men had continued to rise in 1962 and 1963 and dislocation was less pressing. The issue now shifted toward expanding and improving the quality of the labor force. Already in 1963 the MDTA had been amended to add basic literacy and education programs, enhanced youth employment training, and new focus on workers not in the labor force. The Department of Labor and labor leaders also began to expand their focus from

technological change and dislocation to problems of marginal workers. The AFL-CIO Executive Council in February 1964 called the anti-poverty program "hardly a first small step". The AFL-CIO actively supported legislation for public employment, equal employment opportunity for minorities, expanded welfare state programs, skill upgrading, limits on overtime, and study of family allowances and negative income taxes. (32)

The social program of the Kennedy-Johnson administrations was, as Heller explained, part and parcel of the economic program, although it seemed good political salesmanship to emphasize the intrinsic value of education and employment for the poor rather than the rights of the poor or the self-interested motives of policy-makers. It was also good politics to emphasize the role of local social forces and to place the programs in new agencies to protect them from old bureaucratic routines and clients. Businesses were encouraged by a "creative federalism" to jointly sponsor and administer programs with the Federal government. The new programs were administered by the new Manpower Administration (and after 1964 in conjunction with the new Office of Economic Opportunity) in order to circumvent the old state Employment Services. The Office of Economic Opportunity was set up in 1964 as an independent agency, which helped pro-OEO staff in the Department of Labor prod the Employment Services to cooperate. The Neighborhood Youth Program and Jobs Corps were made separate from the Department of Labor. Later

these programs, plus New Careers (to boost marginal workers up the job ladder), Operation Mainstream (work program for the elderly), and Special Impact Program (unified manpower program for small areas, eg. Bedford-Stuyvesant in New York City), were shifted to Labor administration, but with the conditions that they continue independently of the Employment Service and maintain the Federal-to-local connection bypassing state government. In 1967 a new vehicle was established for the coordination of all local manpower programs, viz. the "prime sponsor" which, the Department of Labor planned, would be the local Community Action Agency. Moreover, the 1967 amendments mandated active outreach and recruitment of un- and under-employed people, much as other social programs then sought "maximum feasible participation" by poor persons. (33)

Yet the government's new manpower policy was not without economic costs and major political risks. The "manpower program" combined the two objectives of Labor Department policy of support for economic growth with an end to the "hardship" of un- and under-employed workers. To keep the economic expansion going meant actively confronting the structural unemployment apparently embodied in workers with low skills, poor education, and even bad geographical location, many of whom were minority racial and ethnic groups, women, and youth with little employment experience or interest. It meant providing programs of basic literacy, education, vocational education, and

training, counseling and relocation assistance to ease worker transitions to work and put a floor under consumption. The "hardship" approach tended to focused on remedial and "treatment" programs for sufferers of poverty to improve their labor market performance. Government policy-makers were not, however, concerned with job quality and the economic consequences of low-skill jobs. (34)

The UAW and liberal allies focused on the prerequisite for active manpower policy, namely the political demand for it. (35) If initially the demand for it came from organized labor, civil rights organizations and national government officials who could foresee labor force bottlenecks impeding growth, the real constituency was elsewhere, viz. the unorganized, unemployed and rank and file of the Democratic Party. Good policy and good politics seemed to coalesce behind a mobilization strategy. But, once mobilized outside the unions and local party organizations, these anti-poverty groups could (and did) declare autonomy from labor and the Democratic Party. The anti-poverty appeal to justice legitimized their claims, which they turned against the powers-that-be when the pay-offs began to come harder in the late 1960's.

Reuther saw a political opportunity to swing the AFL-CIO Executive Council in a more progressive direction by taking the lead of the new social forces outside of the union by starting his own anti-poverty program. At the OEO hearings in March 1964 Reuther told the House Education and

Labor Committee that the anti-poverty program was "wholly inadequate" and advocated expanded programs and national economic planning. The 19th UAW Constitutional Convention held also in March voted \$100,000 for its own anti-poverty program and a year later the UAW Executive Board committed the union to a multi-year program of action. With Martin Luther King, Jr., James Patton of the Farmers Union and others, Reuther created and chaired the Citizens' Crusade Against Poverty (CCAP) in October 1964. The UAW sustained CCAP's operating expenses, spending over \$500,000 of its own funds in four years, plus raising \$100,000 from the AFL-CIO Industrial Union Department (of which Reuther was director) and over \$1 million from the Ford Foundation (of which McGeorge Bundy was president) and the Stern Family Foundation. CCAP trained anti-poverty community organizers and sought to create a network for 5000 grass-roots poverty organizations, in part by helping tie together efforts into regional resource pools. This program in turn was meshed with the government's anti-poverty program through DEO and the Labor Manpower Administration. CCAP also launched programs to aid southern tenant farmers and launched a campaign to highlight the need for government programs to end hunger. (36)

In addition, the UAW actively engaged in VISTA and Headstart; helped recruit autoworkers from Appalachia and inner-city Detroit to suburban Detroit auto plants; signed a \$2.1 million contract with the Labor Department to provide skill upgrading and retraining to workers in the

auto parts and supply industry; campaigned to open up the skilled construction and metalworking trades to blacks; helped finance unionization of California farmworkers; supported the major black voter registration drives in the south; promoted the organization of "community unions"; and aided the 1968 Poor People's Campaign and march on Washington, among many other projects. (37)

Problems generated by the reformist strategy soon appeared in the labor movement. Within the UAW a new political alignment was being forged, centered on rank and file groups in the UAW who wanted to go further and faster than the leadership. These forces also were potentially useful allies for the leadership. Black union activists and radicals in particular raised a new militancy in the late 1950's and 1960's and skilled workers again arose as a pivotal force in union politics. A lightning rod for black worker insurgency was the 1961 Local 600 elections in which president Carl Stellato ran at the head of an "all-white" slate. By 1961 Stellato, the old oppositionist, had largely made his peace with the Reuther group and was himself the target of opposition groups. (38)

One of these groups was the black-led Trade Union Leadership Conference (TULC). They mobilized both to win black representation on the International Executive Board and in the Local 600 leadership. They lost the 1961 local election, but demonstrated their effectiveness in when TULC scored a coup d'etat against the Reuther leadership in the

1961 Detroit mayoral contest. TULC and a neighborhood block club movement, which had been stimulated by government programs, helped elect Jerome Cavanaugh over the less liberal but UAW and Party incumbent candidate Louis Miriani. Then in 1962, Reuther reversed long-held opposition to affirmative action and appointed Jack Edwards the first black UAW vice-president. TULC also demanded that the skilled trades be opened up to blacks and finally real progress began to be made on this in the mid-1960's. (39)

In the 1963 Local 600 elections Stellato held off a strong challenge only by massive voting by retirees. (40) But then the International was clearly moving with the new forces. The International's support was indicated in 1963 by their alliance with Local 600 activists and non-labor liberals in the ouster of Michigan Democratic Party chairman Neil Stabler and the election of Zolton Ferency. Ferency became one of the few Democratic leaders to stand with the no-compromise militants of the Mississippi Freedom Democratic Party in the 1964 Democratic National Convention. Finally, in the 1965 Local 600 elections, the International blocked Stellato's re-election bid and forged a victorious "Unity Slate" headed by Walter Dorosh, the old tool and die militant, and Buddy Battle of the TULC. (41)

The practical basis for the new alignment was progress on working conditions and wages. But on both counts activist-workers considered the International's

successes too meager and new fissures developed between blacks and whites and between production and skilled workers. Thus the International's support for the Dollar An Hour Movement brought cries of protest from production workers, who already rejected the skilled trades' premium; they wanted their wages increased, too. (42) A second conflict emerged on opening the skilled trades to production workers.

The increased demand for skilled labor raised the perennial question of how to supply it. There were two principal avenues: apprenticeship and breaking down craft skills or "lines of demarcation" into more basic, less-skilled tasks. Generally the labor movement and its academic allies favored increased apprenticeship. But there was a new issue added to the debate, viz. the underemployment of minority workers and their severe underrepresentation among the skilled trades. The most serious and sometimes violent three-way conflicts emerged in the construction industry between black workers, the building trades, and employers. Employers had an incentive to dilute the trades to avoid simply bidding workers away from each other, while most skilled workers were preoccupied with defending "lines of demarcation" against management attempts to assign work without regard to craft jurisdictions. The Democratic Party and national leaders of the trades agreed to voluntary programs--linked at first with Model Cities--to increase the number of blacks in

apprentice programs, but years of conflict over implementation cracked local Democratic coalitions where liberal Republicans were available as alternative allies, as in New York City and Boston. Inside the UAW a similar conflict emerged. Although some radical tool and die makers demanded that new skills be added to the trades and began to ally with black militants and with civil rights and anti-poverty organizations, this was contingent on preventing the MDTA from being used for task training and on extending the "job ladder" for skilled work by letting workers perform new tasks such as programming the new automated machine tools. Neither point was won. (43)

Finally, the AFL-CIO top leadership was split by this issue and other conflicts generated by the reform struggles. A bitter hostility between Meany and Reuther embodied many of the problems. (44) Meany and his allies were afraid of Reuther's power base in the IUD and extra-union social movements and, with academic supporters, came to reject the centralization of union power implied in coordinated bargaining and the broaching of political class struggle.

These issues were confounded by Reuther's shift away from automatic Cold War consensus on international labor cooperation and the Vietnam War in the mid-1960's. At the 1965 AFL-CIO Convention, UAW Secretary-Treasurer Emil Mazey had attacked Johnson's war policy and Reuther's brother Victor, who was the director of the UAW's international

affairs department, charged the AFL-CIO with fellow-travelling with the CIA. Walter reinforced this charge at the 1966 UAW Convention by criticizing Meany's preoccupation with anti-Communism to the detriment of a "positive" foreign policy and organizing workers in the U.S. The criticism created a storm in the AFL-CIO Council, but the Council was able to deflect the charges to its own satisfaction. (45)

If the initiative was Reuther's, inertia was on Meany's side. Given the voluntarism of the AFL-CIO and that a quarter of the Executive Council leadership had no "operating" or representative responsibilities with their home unions, Meany only had to do nothing in response to Reuther to satisfy the varied collective bargaining and political interests of the member unions. Although Reuther could have played John L. Lewis' old game of personally smashing the guideposts--somewhat as the construction unions and the IAM were doing in 1966--he did not simply want to break the guideposts, but to replace them with a more inclusive policy. But without the support of the AFL-CIO Reuther began to take the UAW out of the federation and eventually to establish a new progressive labor bloc. (46)

Technocratic preoccupation with macroeconomic policy tended to overshadow problems associated with maintaining a reform coalition, which were linked to problems of economic growth. The legitimacy of black (and other minority) worker aspirations were squeezed by the new Federal policy

of domestic spending restraint. On the one hand, the UAW leadership was opposed to domestic cuts and was moving toward an openly anti-war position. The union had committed and spent its own money for social reform which the union augmented by contracting with government agencies and by appealing for corporate funds. For example, in early 1967 the UAW proposed an urban renewal program for Detroit. The UAW would put \$100,000 seed money for planning and the four major auto companies were urged to share multi-million dollar costs of housing construction. They also organized to have the auto companies hire ghetto youth into the auto plants in 1967 and 1968. But, on the other hand, the union became identified with Federal policy and with sectoral corporatism. The union's strategy increasingly looked like not enough--it was not paying off for black workers. The hiring of ghetto youth by the auto companies in 1967 only followed the massive rioting in Detroit that summer. Finally, although the Democratic Party was visibly resistant to programmatic debate and innovation, the UAW, in the two party context, did not want to create an open breach in the labor movement before the 1968 presidential election. (47)

In the 1967 collective bargaining the UAW leadership saved their strategy but were losing the rank and file activists. Recall that the union role was to grieve management actions already taken within a context of production efficiency. But key work rules to which workers could appeal were often weak reeds against the weight of

managerial faits accomplis. Indeed, except for the brief economic slowdown in early 1967, the auto companies continued their practice of scheduling weekly overtime work well above the national average and avoiding "overinvestment" in physical plant. (48)

year	average weekly auto overtime	overtime all mfg.
1960	3.2	2.4
1961	2.6	2.4
1962	4.2	2.8
1963	4.4	2.8
1964	5.0	3.1
1965	6.2	3.6
1966	4.9	3.9
1967	3.6	3.4
1968	5.8	3.6
1969	4.2	3.6
1970	3.3	3.0
1971	3.6	2.9

Overtime especially affected skilled workers, those who worked in "continuous operations" such as foundries and in such perennial bottlenecks as stamping plants. There were over 32,000 overtime grievances at GM alone in 1969-70, while GM's total grievance case load more than doubled from 106,000 in 1960 to 250,000 in 1969. Moreover, absenteeism rose dramatically, reportedly more than doubling at one of the Big Three during the 1960's, while a majority of unskilled new hires quit within one year. Finally, work stoppages at GM increased four-fold and days lost from production rose to five times the level in the 1950's by 1970; most of the increase occurred in the latter part of the decade. (49)

At the UAW's April 1967 Bargaining Convention, delegates approved demands for more daily relief time, more holidays, early retirement, higher skilled trades wages plus a guaranteed annual wage and a general wage increase of about 90c per hour, or a 6% total wage increase. The union also demanded the right to strike over subcontracting disputes. The Big Three concerted their strategies to hold the UAW and to limit cost-of-living-allowances, as the Johnson administration advocated. The UAW struck Ford on September 6 and settled in October. At both Chrysler and GM there were local pre-bargaining strikes and, at all three, widespread post-contract local strikes. There was major independent skilled trades action, including purchased TV time to rebut a Reuther TV appeal to Ford workers to accept the Ford contract. The major terms of the 1967 Ford pattern contract were major improvements in the fringe benefits and skilled wages and a guarantee of 90% of income for up to one year for laid off workers with at least seven years seniority. The union also agreed to cap COLA, a clear signal of the leadership's intention to act responsibly toward the coalition. Moreover, the union won two additional holidays; a company promise that no workers would be laid off as a direct result of subcontracting; broader transfer rights for senior workers; and a 33% increase in relief time for assembly line workers. The national contract had not resolved many working conditions issues, such as voluntary overtime and overtime equalization; skilled trades demarcation (it set

up a joint study committee); discipline and production standards (it did win improved contract language to dispute changes in jobs); and grievance handling. Also, the union did not win a demand for the right to strike over subcontracting disputes. Many provisions--for SUB, pensions, and transfers---benefitted senior workers most, but had little salience for young workers. Skilled trades militants were unsatisfied with the 30c won and rejected the cap on COLA. Local strikes involved over half of Ford workers and local strikes at GM persisted into 1968. (50)

The new national contract was overwhelmingly ratified by Ford workers, but the combination of weak local legal remedies for working conditions problems, national government backing-off from reform, and an International leadership apparently allied with management and the government all provided the impetus for the Revolutionary Union Movement and the United National Caucus--radical black production workers and skilled trades--which rapidly spread 1967-71. Both were sundered by IEB counterattack and rank and file non-acceptance by the mid-1970's. Black radicals gravitated to RUM, while many skilled trades became hostile to reform, to blacks and to anti-war radicals among the skilled trades activists. Also, the International created a rival pro-International caucus among the maintenance trades at Ford local 600, the home of radical tool and die workers. (51)

The escalation of the war was a turning point for the

national coalition. Unbeknownst to the CEA, President Johnson in 1965 planned to significantly escalate the war in Vietnam and when in late 1965 military expenditures and future demands suddenly pumped up spending, the CEA foresaw an overheated, inflationary economy and moved quickly to reorient government economic policy toward fiscal restraint in the non-military budget. Collective bargaining now looked like a serious problem. Real wage and price decisions were very decentralized and there was no institutional mechanism which aggregated them through which government could readily raise issues and influence decision-making. The IUD coordination program had potential, but only if there were further policy compensations. But in fact, to the extent that the CEA understood the IUD program, they were against it. Yet the main alternative to explicit political bargaining was also not appealing. John Dunlop, who had done more than anyone to formalize thinking about the postwar system, argued that it was precisely because of the decentralized nature of the American system that the wage-price policy had to be rooted in sectoral traditions and conditions which only direct participants and labor experts could know. But the CEA was leery of such labor expert involvement because it seemed they were more interested in industrial peace than holding the inflation line. The CEA at first had wanted firmer national union and management commitment to its guideposts, but the fragmented status quo was better than other

alternatives. By 1968, labor was no longer part of White House and CEA economic planning. (52)

Coalitional Rigidity

The administration began to reap the problems of its ambitious domestic and international agenda and President Johnson sought to postpone or avoid policy choices which might threaten either part. The AFL-CIO had performed exceptional yeoman service for the President and the party in 1964 and 1965 by mobilizing Congressional support for the Civil Rights Act and by sacrificing repeal of the "right to work" section of the Taft-Hartley Act in order to win passage of Medicare. (53) Yet, as reform forces were mobilized and the commitment to Vietnam escalated, the Democratic Party was increasingly incapable of aggregating both new and traditional supporters.

Johnson at first backed away from the tax surcharge recommended by the CEA, apparently fearing the political repercussions in Congress once the administration had alerted the nation of the depth of mobilization demanded by the war, but in his State of the Union address in 1966 the President called on Congress to restore auto and telephone excise taxes and to accelerate corporate and personal income tax collections (which it promptly did). Similarly, he apparently believed that to impose wage and price controls or begin an incomes policy would jeopardize his domestic goals. Congressional conservatives already were demanding that the war on poverty be slowed and, if a

full war mobilization was needed, they would insist on a full halt to reform. Nonetheless, mounting inflation in 1965 perpetuated the United States' continuing balance of payments problems and provoked a dollar crisis early in the year. The administration planned to resolve the payments problem by pursuing policies to ease deflationary pressures by expanding the liquidity of the International Monetary Fund and continuing the "Kennedy Round" of trade liberalization negotiations which ultimately would help U.S. manufacturing exports. However, the domestic structure continued to generate overheated, inflationary sectors and the political balance of power threatened to cut-short programs for the poor. In September 1966 the government suspended the investment tax credit, stretched-out future spending plans, cut federal borrowing and the Fed began to tighten the money supply. (54) In early 1967 Johnson asked the Congress to impose a 10% income tax surcharge.

The LMAC subcommittee on guideposts reported in December 1966 and rejected "Keynes plus". The Report contained an interpretation of its August "equity" statement different from that of the UAW. Equity now meant the "total involvement of segments of the nation--personal, institutional and governmental"--in a policy of "restraint". No national policy was proposed on fair shares of income and their relationship to the direction in which the social-economy should move. Instead, it said government program expenditures were reaching the limit of

the economy's ability to absorb them and the existing system of micro decision-making should only be aided by "behavioral goals" enunciated in the guideposts. If there were "recalcitrant" sectors, perhaps special remedial government action would be justified. In particular the Report mentioned manpower problems in skilled labor and service industries (especially health and doctors). Finally, the main "price stabilization" tools remained fiscal and monetary policy. In part the report reflected the realities of postwar industrial relations, but it also seemed to mirror the technocratic bias of the CEA and to ignore the need for reform of labor-management institutions. (55)

The UAW called the report of "no practical use", "confused and inconsistent", and based on the "dangerous and false assumption" that the root of economic crisis was "excess of demand". The UAW said it was inconsistent to endorse involvement of all segments of the nation and then focus only wage and price decisions; the report had favorably mentioned use of a "post-audit" procedure but still failed to propose that all forms of income be covered. Moreover, though the Report noted that the guidepost policy had "not gone unchallenged" it endorsed the CEA view (reiterated in the 1966 Economic Report) that "discretionary power" had raised prices and wages beyond supply and demand, as though market results were the standard of justice. The UAW felt compelled to point out

that redistributing income was one of the "legitimate" goals of unions in collective bargaining and it argued that government policy should continue to be stimulative to reach those segments of the population and those physical resources still not sharing in growth and prosperity. (56)

Also at the December LMAC meeting Reuther presented his proposal for a Wage-Price Review Board. Although there was "spirited discussion" of it, with W.B. Murphy of the Campbell Soup Company leading the opposition, the administration apparently wanted to avoid the issue of prior notification of price changes and the AFL-CIO and Labor Department rejected interference with collective bargaining. No action was taken on his subsidiary proposal to establish a tripartite economists' panel to study the question, but they agreed to debate it themselves at the next meeting. Before the next meeting, however, Secretary of Labor Wirtz readied his own alternative of a merger of the Departments of Labor and Commerce, which won administration support; the CEA asked the LMAC to endorse it. Crucial to the administration's support was concern about a balance of payments crisis implied in the breakdown of the guideposts. They feared the 1967 collective bargaining round and the weighty automobile negotiations. Although perhaps a timid step toward reform, the merger proposal had substantive merit because it would tie labor market policies and the collective bargaining services of the Labor Department to the marketing and growth policies of the Commerce Department. It would allow the government

to go beyond rigid macroeconomic policies. Although initially favorable, the AFL-CIO Executive Council vetoed it. The crucial and only real objection to it was labor's claim that no administration would place a labor representative in charge of this new department because of the sensitive business programs involved. Therefore, organized labor would lose its only Cabinet representative. The Johnson administration gave mute affirmation to the claim and the proposal died. The LMAC in early 1967 then accepted the proposal for an economists' panel, but it was never appointed and the administration let the LMAC itself go inactive. (57)

By the beginning of 1967, virtually all major industries had broken through the wage guideposts. In fact the administration's program was collapsing under the cross pressures of major dissent from the war; international economic fallout from the war-heated American economy; and redoubled militancy from blacks and skilled workers. The government removed the guidepost number from its January 1967 Economic Report, but still claimed to be no less committed to an active "wage-price" policy. But in fact micro politics were beyond its control and macroeconomic policy was off-track. The economy "paused" in early 1967 and the administration temporarily soft-pedalled its tax surcharge plan, which the AFL-CIO strongly opposed, but soon renewed its campaign for a tax increase. The liberal policy was beginning to impose its own logic in which

international balances are adjusted by deflating the domestic price level through reduced government expenditures and wage and price restraint. Since the latter was not forthcoming, the former seemed inevitable. The instruments of fiscal deflation in the U.S. are largely autonomous from the executive branch--Congress and the Federal Reserve Board--but Congress and, initially, the Fed, were only too willing to oblige. The reform coalition lost its enormous, but necessary, partisan majority in the 1966 Congressional elections. Moreover, the Great Society had become very unpopular with many Congressmen for raising new forces within their districts and the price that Congressional leaders exacted for the tax surcharge was a halt to new social programs. Yet the Congress was slow to act on the tax increase, so the Fed squeezed the money supply in late 1966, contributing to the "pause" in 1967, and then obliged the political status quo by expanding the money supply at a record rate to meet war and domestic financial demands. (58)

The loose monetary policy provided a little breathing room for liberal Democratic leaders to decide what to do: protect their current position or fight for the domestic agenda by allying with the new social forces they had helped unleash. As the costs of the war mounted in human life and destruction in Southeast Asia and in frustration of domestic reform, increasing numbers of Democrats made the choice which the administration had said was not

necessary, viz. butter versus guns. The Johnson administration searched for a way to negotiate an end to the war. If nothing else the war threatened to break the cold war consensus which had sustained liberal Democrats as partners in government. The strong challenge within the party from Senators Eugene McCarthy and then Robert Kennedy threatened to create the no-exit "alternative" familiar in two party systems. If the insurgents lost within the party (either the nomination or some lasting institutional and policy role) they might stay home on election day and the party would lose to the only available alternative, namely the Republicans. The AFL-CIO Executive Council plainly saw the looming disaster and adhered more closely to the administration, despite deep dissatisfaction and anger with its economic policies. When Americans for Democratic Action jilted Johnson and endorsed Eugene McCarthy, most of the labor members of its executive board resigned.

The Fed's loose money policy plus rapidly escalating war expenditures caused balance of payments crises in late 1967 and again in early 1968. As in 1961, the administration resorted to pressure on allies to shoulder greater risks, maintain their dollar balances, and inflate their economies and it imposed greater controls on U.S. capital exports. Congress finally passed the 10% surtax in June 1968 and continued to cut into domestic spending. Business leaders such as Henry Ford II came out publicly for these actions, while the AFL-CIO opposed them. Johnson dropped out of the presidential race and stopped the

bombing in Vietnam and began peace talks with the North Vietnamese. But it was too late and, despite 191,000 AFL-CIO volunteers getting out the vote in the week before the November election and labor contributions of a record \$7.6 million to the party, the Republicans won in a close election and the new Nixon administration embarked on a general deflation program. (60)

Viscious Cycle

When the Republican administration faced the chronic balance of payments crisis Nixon completed what Johnson began and in 1971 ended American commitment to the postwar system of fixed exchange rates. The administration deflated the currency, imposed an across the board tariff and froze wages and prices for three months. Once the freeze ended, Nixon established a tripartite Pay Board to control wage settlements. The AFL-CIO, UAW and Teamsters rejected the administration's "incomes policy" and they took the government to court. Once the Nixon administration finally ended its series of wage controls, in the context of floating exchange rates, there seemed to be nothing to stop collectively bargained wage increases. By this point the AFL-CIO Executive Council had retreated to an orthodox business unionism in which it looked out for itself and abandoned its professed reformism. (61)

The AFL-CIO's and Meany's orthodoxy was reflected first in the narrow terms of challenge to the Pay Board, viz. the Board's rules abrogated collective bargaining

contracts and the legal rights of labor. That the Board and the Nixon administration clearly ignored controls on other sources of income than wages and that it was firmly backed in this political assault by business groups were not capitalized on. Yet another aspect was that organized labor stood more firmly than ever for voluntary incomes policy based on private discussions among leaders of unions and big business on the one hand, and similar negotiations at the sectoral level. Just such sectoral negotiations had begun in construction (after years of work by John Dunlop) with labor's blessing and in 1968 the AFL-CIO had vetoed a public tripartite conference proposed by Johnson's Cabinet Council on Price Stability in favor of continued private negotiations in the LMAC. But the actual labor union strategy was to reject downward adjustment of living standards and to win wage indexing via COLAs. Between 1970 and 1972 the number of workers covered by COLAs nearly doubled; even the UAW won back COLA in the 1970 auto negotiations. Needless to say, COLAs left non-union workers to bear the brunt of the government's anti-inflation program. During the 1970's real wages of auto, construction and steel workers exceeded the inflation rate, while non-union wages lagged. (62)

Another AFL-CIO retreat from the broader reform coalition that had emerged in the 1960's was its official hostility to non-labor liberals who opposed the war in Vietnam and who advocated for environmental issues, the

increasingly interventionary advance of civil rights enforcement in employment--intervention because of industry intransigence--all exacerbated by economic slowdown. Indeed the AFL-CIO adopted a kind of "politics of resentment" against the new social forces and supported the neo-mercantilism of the American government. The AFL-CIO helped sponsor the 1972 Burke-Hartke bill which would freeze imports at 1965-69 levels. The UAW, at least, resisted protectionism; it did join the AFL-CIO and urge federal licensing of American foreign investment. Liberal Democratic Party leaders sought to open the party to more blacks, youth and women by rewriting party rules. The AFL-CIO opposed this and when in 1972 the "new politics" candidate Senator George McGovern was nominated for president, the AFL-CIO Executive Council sat out the election. They also sat out the 1976 presidential primaries. Although the UAW (and a few other unions affiliated with the AFL-CIO) continued to work with the broader array of allies and supported party reform, the main labor trend was to retreat and create a new "centrist" coalition within the party, the Coalition for a Democratic Majority. (63)

Labor's resentment derived in part from the persistence of ethnic suspicions and racism, but it was also a consequence of the meager legislative progress through labor's agenda, which reinforced the institutional incentives for fragmentation. A comparison of the recommendations of the 1962 and 1966 reports on automation

and the actual legislative output is indicative: virtually nothing was accomplished. Moreover, the unions--and in particular skilled tradesmen--had made concessions to unskilled workers, albeit often extremely reluctantly, which were accompanied by management attacks on craft labor. But whereas, in the early 1970's, a go-it-alone policy by the top labor leadership seemed to make sense since collective bargaining could secure at least minimal income protection, once the economy slipped into wilder cycles of deep recession and rapid inflation industrial managements adopted an increasingly aggressive stance against these settlements. (64) Although top union leaders began to meet again with top corporate officials during the Ford administration (under Dunlop's tutelage), these same business leaders helped block labor law reform in the Carter years and UAW president Doug Fraser angrily charged them with waging a "one-sided class war". In fact by then workers had won limits on management's unilateral ability to reorganize work. This was as true in the UAW as elsewhere, where the number of union demands in 1973 contract negotiations numbered 39,200, compared with 11,000 in 1958. The 1973 and 1976 auto settlements resulted in substantial wage and benefit improvements plus new limits on overtime, upgrading production workers to perform skilled tasks and subcontracting. (65)

At the same time the other forces within the Democratic orbit no more adjusted to the new conditions

than did labor. Few had programs which were more than interest group agendas. Few leaders confronted the equities of the sunk costs of the war not yet paid in the international economy by a lowering of the U.S. standard of living. Few had ideas about restructuring economic institutions in the new context. This became evident in the Carter administration. Carter had put together a semblance of the New Deal Democratic coalition and was elected to office on a liberal platform. Carter reflatated the economy to stimulate growth and employment, in part by vastly expanding income maintenance programs. But growth brought rapid inflation and the administration instituted wage-price "guidelines" in April 1978 to restrain private decisions and hold down inflation of the domestic price level. The union leadership was initially cooperative. But as international pressures mounted and a dollar crisis arrived, the Fed and the Carter administration then chose the orthodox macroeconomic alternative: deflate the economy, cut social spending and raise military spending, and raise interest rates. The new policy turn fractured what remained of the Democratic mass base as social policy clients were cut loose and unemployment soared.

Notes

1. Leonard Woodcock, "USA" in Charles Levinson ed., Industry's Democratic Revolution (Allen and Unwin London 1974) pp 199, 204.
2. Balance of payments, Fred L. Block, The Origins of International Monetary Disorder (University of California Press Berkeley 1977) chapter 7; David P. Calleo, The Imperious Economy (Harvard University Press Cambridge 1982) chapter 1.
3. Eg. Rockefeller Brothers Fund, The Challenge to America: Its Economic and Social Aspects (Doubleday Garden City 1958); and "Employment, Growth and Price Levels", Hearings before the Joint Economic Committee, U.S. Congress, 86th 1st (GPO Washington, D.C. 1959-60). Arthur M. Schlesinger, Jr., A Thousand Days (Houghton Mifflin Co. Boston 1965) p 622. William Domhoff, Fat Cats and Democrats (Prentice-Hall Englewood Cliffs 1972) pp 161-62, reports that the CED in 1962 explicitly repudiated a benign view of cost-push inflation after the NAM vigorously protested a CED staff report to that effect. The AFL-CIO obtained a transcript of a private NAM program which was sharply critical of "labor monopoly". "November 1962 Executive Council", Box 306-13, Walter P. Reuther Collection, Archives of Labor History and Urban Affairs (ALHUA), Wayne State University.
4. Seymour Harris, The Economics of the Political Parties (MacMillan New York 1962). Robert Collins, The Business Response to Keynes (Columbia University Press New York 1981). Harry Johnson, "Balance of Payments Controls and Guidelines for Trade and Investment", in George Shultz and Robert Aliber eds., Guidelines, Informal Controls and the Market Place: Policy Choices in a Full Employment Economy (University of Chicago Press Chicago 1966).
5. The term is used by Robert Solow, who was staff of the Kennedy CEA, in "The Case Against the Case Against the Guideposts", in Shultz and Aliber, Guidelines, *ibid.* Cf. Frank Pierson, Unions in Postwar America: An Economic Assessment (Random House New York 1967). Economic Report of the President 1962; William Barber, "The Kennedy Years: Purposeful Pedagogy", in Craufurd Goodwin, ed., Exhortation and Controls: The Search for a Wage-Price Policy, 1945-1971 (Brookings Institution Washington 1975) p 175. Technocratic, Schlesinger, A Thousand, *op. cit.* Socialism, Jim Heath, John F. Kennedy and the Business Community (University of Chicago Press Chicago 1969).
6. William Moye, "Presidential Labor-Management Committees:

Productive Failures", Industrial and Labor Relations Review 34(1). "Labor Management Committee", Box 387, Reuther Collection (ALHUA). Guideposts when needed, cf. Robert Solow, Industrial Relations (October 1962).

7. William Gomberg, "The Future of Collective Bargaining", The Nation, January 20, 1962, pp 56-61, who severely criticizes the Kennedy administration's "Swedish-style" policy for interfering with pluralistic collective bargaining and for focusing on company-level costs and not societal equities.

8. See Herbert Farnet, The Democrats: The Years After FDR (MacMillan New York 1976) chapter nine. The original source of the Review Board proposal reportedly was Gardner Ackley, James Cochrane, "Moral Suasion Goes to War" in Goodwin, Exhortation, op. cit., p 268. Break on 30 hours, B.J. Widick, Labor Today (Houghton Mifflin Boston 1964) pp 201-2. 1962 Chrysler, The Nation, January 20, 1962 p 61.

9. UAW, Barber, "Purposeful", op. cit., p 156. Steel, Grant McConnell

10. Ed Cray, Chrome Colossus: General Motors and Its Times (McGraw-Hill New York 1980) pp 448f.

11. William Form, Blue Collar Stratification: Autoworkers in Four Countries (Princeton University Press Princeton 1976) p 125. Cf. Eli Chinoy, Automobile Workers and the American Dream (Beacon Press Boston 1955).

12. Quoted in Theodore Kheel, "The Changing Patterns of Collective Bargaining in the United States" in Jack Steiber ed., Employment Problems of Automation and Advanced Technology (St. Martin's New York 1966) p 374.

13. William Gomberg, "The Work Rules and Work Practices Problem", Labor Law Journal 12(7) July 1961. Cf. idem., "Featherbedding", The Annals January 1961.

14. Garth Mangum, The Emergence of Manpower Policy (Holt, Rinehart and Winston New York 1969) p 38.

15. John P. Lewis to Walter Heller, January 23, 1964, Council of Economic Advisors, Microfilm Reel 7, Federal Records, Lyndon B. Johnson Library.

16. My account of the Commission closely follows Richard Kazis, "The Automation Debate of the 1960's" (Unpublished paper, Department of Urban Planning, M.I.T., 1984).

17. CEA memo to LBJ, November 23, 1963, cited in Cochrane, "Moral Suasion", op. cit., p 200.

18. Ibid., p 203. Reuther testimony, "The 1964 Economic Report of the President", Joint Economic Committee, 88th, 2nd session, Pt. 2, pp 17-31.
19. G. William Domhoff, Eat Cats, op. cit., p 50.
20. Generally see Alfred P. Sloan, Jr., My Years with General Motors (Doubleday Garden City 1964). Table sources: Gardner Ackley memo to Vice-President Humphrey, May 10, 1967, EX BE 4/automobiles, Lyndon Johnson Library. Ward's Automotive Reports for 1978. Fortune, June 15, 1968, p 188 and May 15, 1969, p 168.
21. Federal Records: Council of Economic Advisors, Reel 2.
22. Reuther letter, Cochrane, "Moral Suasion", op. cit., pp 199-200. Renounces guideposts, The New York Times, February 2, 1964, p 71. Meany, DEA Microfilm Reel 1. LBJ and Heller, The New York Times, March 24, 1964, p 1 and Reuther Collection, Box 375. Real wages, CEA Microfilm Reel 13: Walter Heller to Walter Reuther, February 20, 1964. Working conditions demands, Ford Facts, April 18, 1964. Company resistance, The New York Times April 26, 1964, p 79 and June 11, 1964, p 22. Local strikes, The New York Times, September 26, 1964, p 1 and September 127, 1964, p 33. There also was a strike of the tool and die job shop industry, The New York Times, November 10, 1964, p 36. UAW-GM trade, Nelson Lichtenstein, "Reutherism on the Shop Floor, 1946-1970", p 23. Big profits, CEA Reel 2: Walter Heller to LBJ, May 21, 1964. Henry Ford II, The Wall Street Journal, April 22, 1964.
23. Reuther quote, Lichtenstein, "Reutherism", op. cit., p 24.
24. CEA analysis, "Briefing Paper for WP-3 Delegation", September 9, 1964; and Walter Heller memo to the President, September 15, 1964, Federal Records: CEA Reel 2. The CEA urged the Fed to keep the money supply responsive to the settlements. CEA Reel 2: Walter Heller to LBJ, September 15, 1964.
24. Industrial Union Department Executive Board Meeting minutes, July 7, 1966, Box 324-1, Reuther Collection. Cf. IUD minutes, December 15, 1966, Box 324-4. The International Chemical Workers Union was the original source of the coordinated bargaining idea.
25. Reuther speech to the IUD Convention, November 18, 1965, Box 588-4, Reuther Collection.
26. Baiting McDonald, John Herling, Right to Challenge: People and Power in the Steel Workers Union (Harper New York 1972) p 101. Skilled trades and Abel, Richard Herding, Job Control and Union Structure (Rotterdam University Press Rotterdam 1972) pp 287-89. The AFL-CIO Executive Council considered the guideposts broken at its

August 24 meeting and did the CEA, Cochrane, "Moral Suasion", op. cit., pp 259-63. Key wage comparisons, John Dunlop, "The Task of Contemporary Wage Theory" in George Taylor and Frank Pierson eds, New Concepts in Wage Determination (McGraw-Hill New York 1957) especially pp 131-34. Auto skilled trades, Ken Bannon Collection, Box 20. By 1967 the difference between the wages of non-auto building trades in Detroit and construction workers employed by the Big Three was as much as 25% in some crafts.

27. Reuther speech to I.G. Metall Automation Conference, March 17, 1965, Walter P. Reuther Collection, Box 397, File 6; AFL-CIO News, March 20, 1965. Carol Isen, "Solidarity Forever? The U.A.W. and Its Skilled Trades Members" (Unpublished paper 1982) pp 33-4. "UAW Ponders Pay Hike Impasse", Detroit Free Press, August 26, 1966 and "Wait Till '67, Reuther Tells Skilled Trades", *ibid.*, August 29, 1966; "Skilled Trades Department 1966", Box 159, files 6-7, Reuther Collection. Reuther gave up the skilled trades agitation; the militants said he "ckicked out", Victor Reisel, "The Inside Story of New Reuther Strategy", New York World Journal, January 3, 1967, Reuther Collection, Box 40, file 6.

28. Moye, op. cit.; James Cochrane, "Moral Suasion", op. cit., pp 244, 254.

29. LMAD data show various calculations of the same relationships and all agree. Eg. table 6 shows aggregate wage and salary compensation as a per cent of GNP declined from 62.3% in 1960 to 60.6% in 1965, while corporate pre-tax profits increased from 10.9% to 12.0%. Table 7 reports that real compensation increases 1960 to 1965 fell behind aggregate increases in output every year except 1963-64. Walter Reuther Collection, Box 390, File B. ALHUA.

Another source shows that national income increased 36.1% 1960-65, while wage and salary compensation (including supplements such as empolyer pension contributions) in the private sector increased 32.2%, and corporate profits after taxes increased 74.1%. Historical Statistics of the United States, Colonial Times to 1970, Part One (U.S. Bureau of the Census Washington, D.C. 1975) series F 163-185.

Major collective bargaining settlements (affecting 10,000 workers or more) averaged 2.3% in 1963, 3.0% in 1964, and 3.3% in 1965. Figures sent to Reuther by James Reynolds, attached to a letter of March 11, 1966. Reuther Collection, Box 390, file 7.

30. Walter Reuther letter to LBJ, March 22, 1966, CEA Reel 38. Sacrifice, Reuther Collection, Box 377, File 17. Walter Reuther memo to the Labor Management Advisory Committee, November 28, 1966, Walter Reuther Collection, Box 377, File 17; and Nat Weinberg memo to Walter Reuther,

April 30, 1966, ibid., Box 390, File 8. Walter Reuther letter to George Meany, November 18, 1966, Reuther Collection, Box 40, File 4; Joseph Goulden, Meany (Atheneum New York 1972) p 349.

31. Wirtz, Reuther and Batt, Myron Joseph memo to the Council, May 11, 1964. The Department of Labor supported the AFL-CIO's bid to break the guideposts by arguing in the 1964 Manpower Report that 3.6% was a more accurate calculation. John P. Lewis to Walter Heller, January 23, 1964,

32. Charles Killingsworth testimony, "Hearings on the Nation's Manpower Revolution", U.S. Senate Subcommittee on Employment and Manpower of the Committee on Education and Public Welfare, 88th 1st (1963), pp 1751f; AFL-CIO witnesses at "Hearings on Toward Full Employment", U.S. Senate Committee on Education and Public Welfare, 88th 2nd (1964); and George Meany letter to Luther Hodges, Secretary of Commerce, December 14, 1964, Walter P. Reuther Collection, Box 397, File 5, Archives of Labor History and Urban Affairs (ALHUA), Wayne State University. Walter Heller, New Dimensions of Political Economy (Norton New York 1967); Ruttenberg Oral History, op. cit., p 9; and Mangum, op. cit., p 50. Small step, Louise Lander ed., War On Poverty (Facts on File New York 1967) p 7.

33. Cf. Margaret Weir, "The U.S. Federal Government and Unemployment: Policy Innovation in the New Deal and Great Society" (Social Science History Association Conference, Toronto, October 24-28, 1984).

34. Henry Aaron, Politics and the Professors: The Great Society in Perspective (The Brookings Institution Washington, D.C. 1978); Kotz and Kotz, Passion for Equality: George A. Wiley and the Movement (Norton New York 1977) p 164; Robert Haveman ed., A Decade of Federal Anti-Poverty Programs (Academic Press New York 1977). Walter Reuther letter to Rep. Donald Rumsfeld re Human Investment Act, March 30, 1967, Reuther Collection, Box 377.

35. Reuther told the CCAF Convention in April 1966 to "mobilize a counterthrust" to "stiffen the political backbones in Washington", Lander, War, op. cit., p 141.

36. Reuther at hearings, Lander, War, op. cit., p 14. CCAF, Reuther Collection, Box 477.

37. Other anti-poverty projects, Reuther Collection, Boxes 377, 378.

38. Ford Facts (Ford Local 600 newspaper) November 19, 1960, February 16, 1963, and May 11, 1963. Detroit Free Press December 8, 1966. Jack Steiber, Governing the UAW

(Wiley Baltimore 1962) p 148.

39. Blacks were fractions of a per cent of skilled tradesmen in Detroit, except machinists, according to B.J. Widick, Detroit: City of Race and Class Violence (Quadrangle Books Chicago 1972) p 148. Jack Steiber, Governing the UAW (Wiley New York 1962) p 41. Also, the NAACP launched a national campaign to integrate the Big Three. The New York Times, June 11, 1964, p 22.

40. In-plant vote totals show Harry Becker defeating Stellato 11,651 to 7,692, but losing overall 12,860 to 12,225. "Local 600, 1960-", Art Fox Papers, Michigan State University Library Special Collections.

41. Dudley Buffa, Union Power and American Democracy (University of Michigan Press Ann Arbor 1984) p 57. Steve Babson, Working Detroit (Adama New York 1984) pp 166-68. J. David Greenstone, Labor in American Politics (Vintage New York 1969) p 122. Neither Dorosh nor Battle were then at the leading edge of rank and file agitation, but their tie does reflect the changes going on within the union.

42. Locals' support and criticism of the skilled trades wage re-opening, Box 159, files 6-7, Reuther Collection.

43. Fox, Ford Facts, March 14, 1964. For the general phenomenon of Lindsay-style coalitions, see Walter D. Burnham, Critical Elections and the Mainsprings of American Politics (Norton New York 1970) chapter six. For Massachusetts see my "The Politics of Labor Market Segmentation" (Unpublished paper, Political Science Department, M.I.T., 1981).

44. Meany strongly criticized Reuther (although without naming him) for his support of Model Cities' pre-apprenticeship training in a speech to the 12th National Legislative Conference of the Building and Construction Trades Department. Box 324-13, Reuther Collection.

45. Reuther letter to Meany, November 18, 1966, Reuther Collection, Box 40, file 4. Goulden, Meany, op. cit., p 349. The UAW had done work for the CIA, too. The AFL-CIO endorsed guns and butter, Meany New Year statement, Washington Post, January 1, 1967 and said dissent was harmful to democracy, The New York Times, November 16, 1966. UAW statement, September 9, 1966, Reuther Collection, Box 375, folder 15.

46. The IUD Executive Council voted 30-8 to support the UAW's call for a special convention without pre-conditions. Minutes, March 11, 1968, Box 324-8, Reuther Collection.

47. Hiring, Cray, Chrome Colussus, op. cit., pp 431-33.

Housing, Detroit Free Press, February 8, 1967.

48. UAW President's Report, Pt. 1, pp 10-11. ALHUA.

49. Absenteeism, Kimbal Kehoe, "Strategy in a Labor Union: A Study of the UAW" (MBA thesis, Harvard University, 1975) pp 88, 108. Total grievances and quits, Babson, Working Detroit, op. cit., p 183. Stoppages, Cray, Chrome Colossus, op. cit., p 461; most in late 1960's, see Lichtenstein, "Reutherism", op. cit., p 37 note 42. "1967 Production Standards", Bannon Collection, Box 26.

50. "Wage Chronology: Ford Motor Company, June 1941-September 1973" (U.S. Department of Labor Bulletin #1787 1973) and "News From the UAW" (UAW Public Relations Department), October 22, 1967, Bannon Collection, Box 26. Skilled trades, Isen, "Solidarity Forever?", op. cit. and The New York Times, October 25, 1967, p 43 (militants reject the contract) and November 28, 1967, p 35 (issue of more committeemen time at GM).

51. Dan Georgakas and Marvin Surkin, Detroit: I Do Mind Dying (St. Martin's New York 1975). Author interview with Pete Kelly, August 3, 1983 and June 21, 1984. Author interview with John Snow (Local 600 Maintenance and Construction chairman), May 9, 1984.

52. John Dunlop, "Guideposts, Wages and Collective Bargaining", in Shultz and Aliber, op. cit.

53. Eric Goldman, The Tragedy of Lyndon Johnson (Dell New York 1968) pp 346-8 and Greenstone, Labor, op. cit., pp 336-55 and especially pp 350-55.

54. Lyndon B. Johnson, Vantage Point (Holt, Rinehart and Winston New York 1971) p 445. Block, Origins, op. cit., p 191. Economic Report of 1966, pp 165-8. Calleo, Imperious, op. cit., pp 52-3, 60. Cochrane, "Moral Suasion", op. cit., p 215.

55. The subcommittee did not include Reuther. Its members were George Taylor, Meany, Joe Keenan and Thomas Murphy. Nat Weinberg to Reuther, December 13, 1966, Reuther Collection, Box 392. John Herling wrote in 1966 that "never before--with the exception of the Eisenhower administration--has the White House staff been so alien, in knowledge and attitude, to organized labor", quoted in Goulden, Meany, op. cit., p 339.

56. Nat Weinberg memo to Reuther, December 13, 1966, Reuther Collection, Box 392. Economic Report of 1966,

57. Cochrane, "Moral Suasion", op. cit., pp 276-8. Willard Wirtz memo to the President, January 25, 1967; and Joseph Califano and Larry Levinson memo to the President,

January 11, 1967, EX LA; and John T. Connor memo to the President, December 20, 1966, FG 730, Lyndon Johnson Library. Weinberg to Reuther, May 27, 1966, Reuther Collection, Box 390. EX LA 6/Airlines: Ackley to LBJ, July 27, 1966. Minutes of LMAC meeting, Reuther Collection, Box 392, folder 1. The UAW's choices for the economists' panel were Lloyd Ulman, Alvin Hansen, Gerhard Colm and Neil Chamberlain, *ibid.*, folders 2 and 5.

58. Still committed, Cochrane, "Moral Suasion", *op. cit.*, pp 271-2. Johnson, Vantage Point, *op. cit.*, p 451. From November 1966 when the decision was made to expand the money supply until November 1969 the money supply increased from \$169.2 billion to \$199.2 billion.

<u>date</u>	<u>money supply</u>
November 1965	\$167.2 billion
November 1966	169.2
November 1967	181.0
November 1968	193.6

Beginning in the Spring of 1969 the money supply was kept almost static. Federal Reserve Bulletin, July 1967, July 1968, November 1968, November 1969 (Board of Governors of the Federal Reserve System Washington, D.C.).

59. Farnet, *op. cit.*, pp 262, 283. Reuther Collection, Box 472. Labor anger, Barefoot Sanders memo to the President, February 8, 1968, EX LA: Labor Management Relations, Lyndon Johnson Library. Johnson, Vantage Point, *op. cit.*, pp 456-9.

60. David Brody, Workers in Industrial America (Oxford University Press New York 1980) pp 229-30.

61. Arnold Weber, The Pay Board's Progress (Brookings Institution Washington 1978); Leonard Woodcock Collection, Box 37, files 1, 5, 7, 8, ALHUA.

62. Brody, Workers in Industrial America, *op. cit.*, p 240. Between 1970 and 1979 the proportion of union workers covered by COLA clauses increased from 25% to 60%. Richard Freeman and James Medoff, What Do Unions Do (Basic Books New York 1984) p 54. Woodcock Collection, Box 37.

63. Brody, Workers in Industrial America, *op. cit.*, p 243; and Farnet, The Democrats, *op. cit.*, pp 295, 305, 313. For the "non-black, non-poor" coalition, see Ben Wattenberg, The Real Majority (Coward, McCann New York 1972). AFL-CIO, "A Program to Build America's Jobs and Trade in the Seventies". UAW Convention resolution (1972), cited in Kehoe, "Strategy", *op. cit.*, p 194. UAW and new politics, John Herling's Labor Letter, October 23, 1971, pp 3-4, Woodcock Collection, Box 36.

64. On the formation of the Business Roundtable, see Paul Hartman and Walter Franke, "The Changing Bargaining Structure in Construction", Industrial and Labor Relations Review 33(2) January 1980. Cf. Sar Levitan and Martha Cooper, Business Lobbies: The Public Good and the Bottom Line (Johns Hopkins University Press Baltimore 1984) and Thomas Byrne Edsall, The New Politics of Inequality (Norton New York 1984) chapter 3.

65. Fraser, Brody, Workers in Industrial America, op. cit., p 249. Demands, Harry Katz, Shifting Gears (The MIT Press Cambridge 1985) p 43.

Chapter Seven

Dilemmas of a Social-Democratic Union

The 1970's saw the end of the institutional incentives for incrementalism associated with the New Deal coalition for most practical economic purposes. This fact was thrust onto American consciousness by the weakened dollar and by the rush of imported manufactured goods from revived European and Asian states. Domestic automobile employment fell by 40% 1979 through 1983 and foreign producers had captured over 25% of the U.S. product market. Suddenly the U.S. no longer obviously represented the successful future toward which everyone else aspired. The Germans, the Italians, the Japanese and others were not beating the Americans simply by more up-to-date technology and plant based on Fordism, but by national systems which adapted pieces of American technique to their own historical practices of combining labor and capital. These turned out to be more capable of exploiting the new world car markets which are both more segmented into smaller sub-markets and saturated with production capacity. Firm success now depends less on giant production volumes to drive down unit costs of production and more on product distinction, performance and production flexibility. (1) But stating the problem was difficult enough and finding solutions has been harder. Indeed persistent practices and major

assumptions of liberal economy have blinded political leaders to the need to re-compose the pieces of the labor system if just to preserve their power.

Since the 1930's the Democratic Party has played a mass integrative role, acting as the umbrella for disparate groups and classes to affirm their general political support for the prosperity system. The system was conceived as flexible because of consensus; politics was loosely organized; it was decentralized; and it relied heavily on private decision-making about economic issues. Thus the national role of unions in the labor system became wage bargaining and plant-level labor management was based on legalist job rights and on restricting workers to minute job classifications with elaborate supervisory systems. The economic process itself--investment, organization of work, product strategies, etc.--was beyond the boundaries of public action, although "interest group" lobbying was rife. Institutions of "collective memory", such as party policy institutes, a government administrative elite and organic intellectuals of various types, to maintain and rethink the requirements of the political formation of unions and corporations and other economic institutions which tie together micro and private and macro and public policies were underdeveloped. Instead, an irredentist neo-liberalism has gained sway among employers and influenced both major political parties. Issues of full employment and economic democracy have little currency as the public

discourse focused on deregulation and shifting resources to the supply side of the private sector. And with them has gone much of the need for New Deal "consensual" multi-class arrangements. Doug Fraser's 1978 outburst against the "one-sided class war" by top corporate leaders, who were instrumental in blocking labor law reform in the Congress, made public the crisis in the system.

The dilemma of social-democratic labor already was structured by conflicting pressures to advance the immediate economic interests of the membership and to act responsibly toward employers who control income and employment. If union leaders do not respond to rank and file demands they risk their bargaining leverage with employers which depends on their ability to mobilized the ranks. Yet, they have to be able to control member militancy to make agreements worthwhile for employers and political leaders. And, whereas across business cycles rank and file satisfaction could wax and wane within narrow bounds since benefits were available in the short run, in a context of secular decline this is less possible. The leaders then can redistribute bargaining responsibility to local groups and let them confront local managements over work organization while persisting in national bargaining for wage gains which cut-loose disemployed members. And they can pursue the more difficult path of seeking a greater role in business planning and public policy to socialize the aggregate costs and benefits of change. Social-democratic unions like the UAW saw themselves as organizations working "with the

community" (2) and had tried to work with the postwar settlements. The union's dilemma is not whether to contribute to a flexible form of work organization but whether, in the absence of political power which makes this participation real and/or which provides policy compensation for wage moderation, there is any practical alternative to defensiveness backed by blunt disruptive economic power. It is not surprising that managers, and many political leaders as well, see unions as irrelevant: after all, if they forsake their contractually-based job rights in the plant, what is left for them to do?

In principle, the Americans could do the same thing as their chief competitors, namely regain economic health not by copying their rivals, but by learning how to adopt useful models to historic practices in a world in which the U.S. is no longer hegemonic. In fact, U.S. auto companies have tried, and are trying still, several competitive strategies. They began to shift new operations and employment away from traditional industrial centers to the American south (GM's southern strategy) and abroad (especially Chrysler and Ford) to escape high labor costs and American inflation, but also experimented with various forms of "participative" management to remove collectively bargained restrictions on work reorganization. The future of these experiments is very much in doubt. (3)

Similarly, when conditions began to change, automobile workers reacted "rationally"--as they had been encouraged

to--and demanded inflation-protected wages, less work and more controls on management discretion. Yet union officials like the UAW's Leonard Woodcock and some Democratic leaders perceived that such defensiveness was not sufficient if jobs were to be saved and societal equities protected. Moreover, the old policies of aggregate demand stimulation only seemed to price American products out of world markets and contribute to both inflation and unemployment. The top UAW leadership encouraged local union participation in new managerial styles and sought legislative incentives for foreign investment in the U.S. Not surprisingly, the Canadian "region" of the UAW (and other sections of the union, including the radical skilled group) rejected the national focus explicit in the top leadership's strategy as well as the profit-sharing clause in the 1984 contracts. In 1985 they began a successful move toward establishing an independent Canadian autoworkers' union. Part of the Canadians' calculation--beyond exchange rate problems--was that job losses as a consequence of higher labor costs were relatively more politically sustainable in Canada where workers rely more on public welfare than job-related benefits. (4)

The structure of choices embodied in these different American and Canadian responses--neither of which is very satisfactory--are historically rooted. In the 1940's complicated domestic problems in the U.S. were settled by

public action, even though they hardly fulfilled the social-democratic reform agenda and were more responsive to the conservative balance of power. Basic laws first opened up new possibilities at work for the exercise of working class and labor union authority and then deliberately restricted and placed incentives in the way of further developments in labor relations--restricting the scope of bargaining, limiting unions largely to blue collar workers, freezing the job-wage classification system--which ratified traditional managerial ideas about efficiency and labor job control.

The UAW's responses to its industry after the 1940's was largely a consequence of this new balance of power and in part of own its defining visions. UAW leaders had made several strategic retreats from the union's social-democratic objectives to enable them to preserve some important labor principles and to secure income gains. First the UAW sought and won directly from employers those welfare state benefits which the Congress would not legislate, including health and hospitalization plans and livable pensions. Instead of a role in production planning, the UAW sought and won grievance procedures, a version of a guaranteed annual wage and a formula for sharing annual gains to productivity. And instead of an active government policy to control the cost of living, the UAW won a cost-of-living allowance to protect workers' wages from inflation. These private arrangements were renewed steadily until the 1980's.

The second part of the strategy was the commitment of UAW leaders to active partisanship with the Democratic Party. The immediate cause of labor's retreat was that employers in the automobile, steel, electronics, coal and other industries had regained their economic and political strength during the Second World War and they found aid and support from Republican leaders, conservative Democrats (mostly from the south) and farmer organizations, such as the American Farm Bureau Federation. Walter Reuther and other union leaders sought to transform the Democratic Party into a reliable reform vehicle for the future. To do so they jettisoned the Communist Party influence in the CIO, allied with liberal Democrats like Hubert Humphrey and Chester Bowles and built a national organization to mobilize votes.

However, union leaders, in carrying out their strategic plans, enmeshed themselves in political and economic institutions with negative consequences for unionism. Most notable was that, just as employers in the automobile industry and elsewhere reluctantly recognized the permanence of unionized employees, the UAW transformed its concern over working conditions from prior planning to ex post facto grieving of management initiatives and to liberal-Democratic macroeconomic management. The International union became less involved in the local labor process and more of a contract administrator and advocate for workers in a legalistic industrial world. Also, the

collectively bargained wage rules set a standard of good union practice for regularly increasing wages and benefits.

Although in this system managers retained the almost undisputed right to make unilateral decisions concerning investment in technology and plant, work design, market strategies and prices, the outcome was congenial to liberal Democrats who either rejected any further assault on undiluted property rights of managers or feared that class conflict would result in even worse terms for unions. In fact, one of labor's contributions to this increasing workplace rigidity was its defensive response to management's reassertion of a manipulative paternal interest in its employees. (5) Part of the 1948 productivity formula was an agreement that the key to productivity and competitiveness was new technology and management efficiency and not worker responsibility and effort. Of course, whatever the top UAW leaders did, the local unions still faced management in a constricted environment which as often served to resolve disputes by generating new rules as it transformed the local into a bureaucratic machine which generated little rank and file enthusiasm. A consequence was that the union responded to managerial-directed change in ways which appeared negative and not supported by the membership while managers sought to avoid relying on the workforce.

Labor turned its reformist hopes on the Democratic Party, but had to confront the fact that the Democratic Party had a weak and decentralized structure and counted

among its top leadership business executives and a powerful racist contingent in the Congress, mostly from the south. Neither group would adopt the CIO's social-democratic agenda. Although change in the Democratic Party's alignments as a consequence of southern modernization and unionization was predicted and planned, it came very slowly--too slowly in fact in the 1960's and 1970's for many activists in the civil rights, antiwar, feminist and ecology movements. These groups often identified the UAW and other unions, with good reason, with the Democratic Party's Vietnam policy and with the rather minor and ephemeral gains of the war-on-poverty. The unions looked bureaucratic and the membership self-satisfied with their relative affluence and "sectoral welfare" benefits. Moreover, it was to a large extent true that the UAW had adapted its political goals to the Democratic realities as least as much as vice-versa. The Party was not very programmatic nor was it organized to be so; labor's electoral appeals became pragmatic and ritualistic. The unions focused on voter mobilization and campaign contributions for Democratic candidates and on issue-lobbying in Congress. These tactics had some beneficial results (just as collective bargaining had) but the union-liberal Democratic alliance largely failed to educate its broader constituency about its longterm political strategy and to identify the Party's fortunes with those of the labor movement.

The labor system was abetted by the long economic expansion from the postwar 1940's until the 1970's. The virtual certainty of economic growth encouraged the auto companies to be generous with stock-owners and employees. Except for pockets of local resistance, such as at Studebaker and among skilled workers, most of the bothersome objections to work organization could be bought out. More broadly, economic growth underwrote the multi-class politics which characterized the neo-Keynesian growth coalition centered on the Democrats. Then the liberal economic agenda was to sustain growth and to promote technological modernization and a broader distribution of "growth dividends". Certainly for most workers the character of work and politics in American must have seemed natural phenomena. Indeed, for most academic experts the system was virtually inevitable and they confidently proclaimed its universality in studies of the modernization of Europe and the "developing world".

The new conditions have so far tipped the balance of power toward management. There has been flexibility for private re-ordering of resources: unemployment rates were allowed to skyrocket in the 1980's; capital and jobs have been exported and communities abandoned; business taxes plummeted and corporate profits soared; and the percentage of citizens in poverty reached a twenty-year high. Manufacturers have broadly asserted their control of the labor process to achieve production and market flexibility.

They have demanded and won substantial concessions from labor in wage and work rules and have often shifted production to foreign sites and employed a whole new generation of labor-saving technologies.

But greater power does not guarantee a workable solution to industrial problems. The historical record suggests that workers will reject a system that fails to be just as it purports to be efficient and that a narrowed consumer base undermines employment. "More democracy" seems part of the answer to how to ensure sustained economic security. In the traditional model, labor and management were ostensibly equally bound and equally free to bargain collectively, carry out agreements and search for mutually satisfying solutions to problems. Of course they were not. The industrial relations and political processes--apparently fair on their faces--did not alter the unequal conditions of the postwar settlements. Workers still were dependent on weekly wages supplied by their employers, and the major industrial unions, though flush with millions in dues income, were no match for the financial and politically ratified initiative of the major firms in their industries. Democracy did not extend very far into the production process. But workers were not powerless and managements did not have things all their own way. Workers discovered ways to use contractual provisions and local power to increase job control and to limit the ostensibly complete management right to run the plant. And while union leaders often disciplined these tactics, they

themselves pressed the wage side of the wage-control bargain.

In the current crisis, the "more democracy" solution--ie. more power for workers and unions--seems to imply ratification of labor's defensive strategy toward the old settlement: greater restriction of the capacity to reorganize work and less capital formation to finance industrial modernization. These outcomes appear as unacceptable as unemployment and community abandonment. One alternative direction is less democracy and more management control (managerial flexibility). Another is new forms of politics from which a new settlement of labor-management and private-public boundaries of responsibility for investment and democratic participation can be made. The new politics, then, implies not just "more", but a "different" democracy which admits an autonomous labor aspiration to shape the relationship of work to society.

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Notes

1. Michael Piore and Charles Sabel, The Second Industrial Divide: The Possibilities of Prosperity (Basic Books New York 1985).
2. Walter Reuther, "Labor and the Community" (1947), Reuther Collection, Box 578, Archives of Labor History and Urban Affairs, Wayne State University.
3. Jeffrey Allen Hunker, Structural Change in the U.S. Automobile Industry (Lexington Books Lexington 1983) pp 33-43.
4. Employee participation innovations, Harry Katz, Shifting Gears (MIT Press Cambridge 1985). Remarks of Bob White (UAW Canada director) in Final Offer (Film Board of Canada 1985).
5. Loren Baritz, The Servants of Power: A History of the Use of Social Science in American Industry (Wesleyan University Press Middletown 1960). Howell John Harris, The Right to Manage (University of Wisconsin Press Madison 1982) chapters 6-7.
6. Cf. Walter Dean Burnham, "The Appearance and Disappearance of the American Voter", in idem., The Current Crisis in American Politics (Oxford University Press New York 1984).