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978-0-521-56622-3 - Industrial Democracy in America: The Ambiguous Promise

Edited by Nelson Lichtenstein and Howell John Harris

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## Introduction: A century of industrial democracy in America

NELSON LICHTENSTEIN and HOWELL JOHN HARRIS

This collection of essays had its origins in a series of conversations between the two editors and Michael Lacey, director of the U.S. Studies Division at the Woodrow Wilson International Center for Scholars. The conversations centered on something that struck all three of us as anomalous, even paradoxical: that labor history was a flourishing subdiscipline in the American academy, enjoying mutually stimulating relations with business history, cultural studies, women's history, and the history of law, but the contemporary labor movement was dying on its feet, politically and socially marginalized to a degree greater than at virtually any other time in the twentieth century.

More was at issue here than two professional historians' concern that they, like the institutions they studied, might be becoming irrelevant. The United States had once been the world's most dynamic, rather than merely still the largest, industrial society. Economic growth and transformation were its defining characteristics, prosperity for an exceptionally large fraction of the population its key promise. That productive system depended upon a vast blue-collar working class, a social group mid-century contemporaries often referred to as the "armies of industry," concentrated in the construction, transportation, mining, and manufacturing sectors.

That class of wage earners had numbers, it had a voice (indeed, many

The editors would like to thank Michael Lacey and the staff of the Woodrow Wilson Center for the support they have given to this project. Our greatest thanks are reserved for our contributors, for the quality and interest of what they have written, for their readiness to make revisions and respond to our suggestions, and for their patience in awaiting the appearance of this collection.

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voices), it had votes, and it had its own leaders and organizations that projected its particular grievances, values, and aspirations. All these facts created what late nineteenth- and early twentieth-century observers referred to as the “labor problem”—a compound of overt industrial strife and a widespread perception of growing social injustice and dislocation—that troubled Americans between the great railroad strikes of the 1870s and the Great Depression.

It was in the context of discussions about the labor problem that the phrase “industrial democracy” came into use in the United States. At one level, the phrase is simply descriptive—the United States is an industrial society whose political culture and system are democratic. But as the term was actually used, it was freighted with hope—it referred to a variety of schemes involving the spread of producers’ cooperatives and workers’ control, or public ownership and the gradual socialization of the economy, or trade union recognition and collective bargaining, or simply the improvement of workers’ participation in, and acceptance of, the organizational purposes of the firms where they worked.

Thus, in the decades when the labor problem stood near the top of the political agenda in the United States, that problem was often summed up as resulting from a lack of industrial democracy, or from its imperfect and incomplete realization within the sphere of work and market relations. Where would democratic values hold sway and where must efficiency and authority demand their prerogatives: in the workshop, the factory, the firm, the industry, or at the level of the entire economy? For the labor Left, a focus on “workers’ control” at the shop-floor level has often complemented more general schemes of nationalization and regulation at the macroeconomic level. In contrast, reformers more interested in industrial order and efficiency have usually fixed their sights on the firm, where codified personnel policies, employee representation schemes, and collective bargaining have constituted the essence of industrial reform.

An exploration of the practical meanings Americans gave to the term “industrial democracy” may serve as a useful way of charting the long-run containment of the labor problem and the recurrent debate over what precisely constitutes a democratic and humane workplace. And that was one purpose of the conference at the Woodrow Wilson Center that grew out of our speculations, at which all of the essays contained in this volume, except Joseph McCartin’s, were originally presented. But our objects were actually a bit larger than merely investigating the historical record and

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sketching in paths to the present because the issues raised in the long-running debate on industrial democracy seem to have acquired a renewed resonance. Contemplation of America's industrial decline has provoked a questioning, even within management circles, of the long-run viability of a work regime that does not respect or motivate its workers—that does not persuade them to identify themselves with the enterprises of which they are members, to take responsibility for themselves and their jobs, and to be and to feel that they are participants in a meaningful process of production.

So when we look at America in the 1990s we are struck by several related facts. First, industrial democracy no longer has any of the overtones of radical social transformation it possessed seventy to a hundred years ago. Second, the system of legally established contract-oriented unionism and adversarial collective bargaining that Americans celebrated as the means to, or realization of, “democracy in industry” between the 1930s and the 1960s may well be in terminal crisis. Even so, the social critique developed in the long debate over the meaning of industrial democracy still appears to have a certain appeal, but now less in terms of its promise to transcend the inequities of American capitalism than in its program to make U.S. firms again competitive and dynamic leaders in a world market.

The structure of the conference, and of this book, was determined by what the editors and contributors perceive to have been a process of social construction and historical definition. Not unexpectedly, interest in industrial democracy has peaked when American capitalism has been most in flux, either challenged and transformed from within by the rise of giant corporations or radical social movements, or battered from without by new competitors that have called into question well-established production techniques and organizational structures.

So the present is hardly the first such moment of flux: indeed, we can identify two earlier eras when ideas about industrial democracy seemed to flourish. The term industrial democracy first came into use in both Great Britain and the United States in the 1890s during the great crisis of what many historians now call the second industrial revolution—the epoch of economic instability, great corporate mergers, and mass strikes in steel and coal and on the rails. At that time, native American working-class radicals—Eugene V. Debs is the outstanding example—still championed the egalitarian strain in the nineteenth-century tradition of work-

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ing-class republicanism, with its call for extending basic civil and political rights into the realm of production and the sphere of the market. Meanwhile, socialists and syndicalists counterposed a fervently believed in, but vaguely defined, “cooperative commonwealth” to what they saw as the growing centralization and oppressiveness of a society dominated by big capital. Thus, to much of the labor movement and the Left, the idea of industrial democracy meant trade union power, even workers’ control, at both the point of production and the nexus of ownership.<sup>1</sup>

The ideological challenge was not inconsiderable, especially in the reform years of the Progressive Era when the legitimacy of American capitalism, or of several of its more highly visible units, came under attack. Ludlow and Lawrence before the war, Seattle and Pittsburgh in 1919, marked the boundaries of a critical period in which immigrant risings, municipal general strikes, and mass industrial unionism suddenly appeared on the sociopolitical terrain. It was in this period, therefore, that many in the Progressive movement, including some elements of the business community, also came to see the “labor question” as of paramount importance. For many of these reformers, the idea of a well-planned industrial democracy represented a way to resolve the conflicts inherent in the emergent system of giant corporations and large factories that dominated the social and economic landscape. This progressive reform view took the large industrial enterprise for granted as the basic building block of the new society and looked for a solution to problems of authority, equality, motivation, and efficiency through its reorganization. To these reformers, industrial democracy certainly meant much more than mere collective bargaining, championed by the seemingly parochial and corrupt craft unions of that era.

World War I and the social turmoil of its immediate aftermath therefore generated a wave of experimentation that included government arbitration, works councils, company unions, producers’ cooperatives, and profit-sharing and nationalization schemes for industry. Aware that democracy was being subjected to “tests of unprecedented severity throughout the world,” the *New Republic* concluded that democracy’s future “depends . . . upon the capacity of employers and workers to harmonize

<sup>1</sup>Nick Salvatore, *Eugene V. Debs: Citizen and Socialist* (Urbana: University of Illinois Press, 1982); Leon Fink, *Workingmen’s Democracy: The Knights of Labor and American Politics* (Urbana: University of Illinois Press, 1982).

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democratic ideals of freedom with the voluntary self-discipline essential to efficient production.”<sup>2</sup>

In the hands of such reformers as Felix Frankfurter or such progressive managers as Otto Beyer, industrial democracy was intended as an answer to socialism, a remedy for industrial conflict, and a way of attaching workers to the firms employing them. A radical transformation of society might well take place, but it would be achieved in a gradual, peaceful fashion, by piecemeal activities of men and women of good will, of all social classes, sharing common concerns about the injustice and wastefulness of the social order. Many hard questions were left unanswered, but that was part of the attractiveness of the idea: it was a vision, a goal, an implicit ideal for focusing criticism of the existing order.

World War I has been called a dress rehearsal for the New Deal. But it was only a dress rehearsal, not the real thing. Had World War I lasted longer, or the Wilson administration been more resolute, or big capital less antagonistic, a model of industrial democracy generated during the Progressive Era might well have become hegemonic over the industrial landscape. But this complex and often contradictory Progressive Era conception of industrial democracy quickly faded once the United States put the sociopolitical crisis of the World War I mobilization era behind it. Thereafter, the socialists were increasingly marginalized, and the Protestant bourgeoisie grew less interested in ideas of evangelical social reconstruction. Insofar as some attention was still focused on means of increasing workers’ participation in the everyday management of corporate America, the persons responsible were a handful of enlightened proprietors and a larger group of progressive engineers and corporate welfare workers. Their schemes, however, were but a branch of personnel management.<sup>3</sup>

The Great Depression brought an end to the first period of debate over the meaning of industrial democracy. That economic hurricane swept aside most of the welfare capitalist and employee representation

<sup>2</sup>Quoted in Steven Fraser, “The ‘Labor Question’ ” in Steven Fraser and Gary Gerstle, *The Rise and Fall of the New Deal Order, 1930–1980* (Princeton: Princeton University Press, 1989), 58.

<sup>3</sup>Steven Fraser, “Dress Rehearsal for the New Deal: Shop-Floor Insurgents, Political Elites, and Industrial Democracy in the Amalgamated Clothing Workers,” in Michael Frisch and Daniel Walkowitz, eds., *Working-Class America* (Champaign: University of Illinois Press, 1983); Sanford Jacoby, *Employing Bureaucracy* (New York: Columbia University Press, 1985); Elizabeth Cohen, *Making a New Deal* (Cambridge: Cambridge University Press, 1990).

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plans that had been industrial reform's most substantial accomplishments. For almost two generations, from the 1930s to the 1970s, the debate over the reconstruction of the workplace would be confined to a more limited terrain. Liberal and laborite hopes for a more democratic society became increasingly identified with the idea that collective bargaining between unions and employers represented the sole model that governed the resolution of conflicts and the assertion of rights within the world of work. Indeed the very phrase "industrial democracy" went into eclipse, replaced by "collective bargaining" as the singular definition of, and means toward, democratic representation in industry.

Despite a flurry of corporatist experiments in the early Depression era, any broader conception was replaced by the idea, enshrined in the National Labor Relations Board's interpretation of the Wagner Act and ratified by the leadership of the labor movement, as well, that industrial democracy meant just one thing: collective bargaining between a legally recognized union and an employer over wages, hours, and working conditions. Other components of the early New Deal version of industrial democracy, such as national planning, industry councils, or a more direct and robust shop-floor unionism, were eliminated from the political and intellectual agenda as politics shifted rightward and the collective bargaining system became legally entrenched and institutionally routinized.<sup>4</sup>

But if collective bargaining now constituted the substance and method of an American industrial democracy, not all questions had been answered, by any means. To what extent had this new system "constitutionalized" workers' rights and employer prerogatives? Could a private system of industrial jurisprudence be created that would stand parallel to the constitutional system that governed civil society, or was there something inherent in the nature of a privately owned enterprise that forestalled the full deployment of the sort of workplace rule of law that would generate a rights-based work regime? What would happen if unions were undemocratic in character or corporations multinational in their structure?

<sup>4</sup>James Gross, *The Making of the National Labor Relations Board: A Study in Economics, Politics, and Law* (Albany: State University of New York Press, 1974); Howell Harris, "The Snares of Liberalism? Politicians, Bureaucrats, and the Shaping of Federal Labour Relations Policy in the United States, ca. 1915–1947," in Steven Tolliday and Jonathan Zeitlin, eds., *Shop Floor Bargaining and the State* (Cambridge: Cambridge University Press, 1985), 148–91; Christopher Tomlins, *The State and the Unions: Labor Relations, Law, and the Organized Labor Movement in America, 1880–1960* (Cambridge: Cambridge University Press, 1985).

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As a method of class harmonization, collective bargaining had many difficulties, but the most fatal by far was its lack of universality. In the 1940s and 1950s, trade union growth, labor-liberal political power, and business accommodation to the standards set by the major unionized firms obscured the failure of the labor movement to recognize the essential fragility of a system of industrial democracy established on these uncertain foundations. Even within the context of its own limited ambitions, contract-oriented collective bargaining could only work when a substantial portion of the work force and a large proportion of all employers participated in the system. Under such conditions, the nonunion employers emulated the wage standards and grievance resolution techniques of the unionized firms, if only to forestall trade union organization themselves.

But the necessary high level of collective bargaining—80 percent in heavy manufacturing, 90 percent in mining, nearly 100 percent in utilities, newspaper publishing, and commercial construction—lasted for little more than a generation. In the American context—that is, where the state played but a relatively tepid role in providing legal and economic encouragement for mass unionization—such a system of essentially voluntary collective bargaining was bound to erode, as it did even before American industry was hit by a competitive international hurricane in the 1970s and 1980s. Once direct labor costs were again put into play as a competitive factor among firms foreign and domestic, a downward spiral of deunionization gripped industry after industry: airlines, mining, meat packing, steel, newspapers, and, with the invasion of the Japanese assembly plants, even the great American automobile industry, heretofore the classic example of private sector collective bargaining. By the last decade of the twentieth century, unionism outside the government sector stood at little more than 10 percent of the entire work force, making the model of industrial democracy once embodied in the collective bargaining regime an idea whose time seems to have passed.<sup>5</sup>

It remains to be seen if and when a new model of workplace governance, one embodying another set of values and standards, will become as widely adopted and emulated as that of union-management collective bargaining. But a glance at the business section of virtually any major

<sup>5</sup>Michael Goldfield, *The Decline of Organized Labor in the United States* (Ithaca: Cornell University Press, 1987); Kim Moody, *An Injury to All: The Decline of American Unionism* (London: Verso, 1988); Thomas Kochan, Robert McKersie, and Harry Katz, *The Transformation of American Industrial Relations* (Cambridge, Mass.: MIT Press, 1986).

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newspaper indicates that in the last years of the twentieth century, the fate of U.S. capitalism and the structure of the American workplace are once more live subjects of discussion in this new era of uncertainty and exploration.

We are now living through a third period in the definition of an American industrial democracy, and one where, though analogies with the 1920s may be attractive to some, historians must admit themselves unable to guess what comes next. So we have brought into this volume contributors from the fields of management studies and labor activism to examine the contours of an emergent, enterprise-based, “cooperative” system of work and production in what is left of American manufacturing as it struggles for survival and renewal.

The essays in this collection fall into three sections, in line with the periodization identified above. The first four chapters, by David Montgomery, Howell Harris, Joseph McCartin, and Ronald Schatz, discuss the ideology and language of industrial democracy when it first burst upon the American scene in the years just before, during, and after World War I. The following section closely examines the collective bargaining system in the United States during its heyday, the mid-century years from the late 1930s until the early 1960s, with chapters by Nelson Lichtenstein, James Atleson, and David Brody. Finally, this volume concludes with chapters by Sanford Jacoby and Michael Parker that take a comparative look at the seemingly successful Japanese model to discuss the changing character of the industrial work regime in the United States during the current era of renewed experimentation and debate.

In addition to this chronological ordering, the chapters divide into two interpretative camps that provide divergent explanations for the relative failure of industrial democracy in U.S. industry. Harris, Schatz, Brody, and Jacoby explain the narrowly contractualist and firm-centered character of labor-capital engagement in America by emphasizing the broad social and political structures that have shaped public policy and private choice. They posit an overarching explanation for the embedded peculiarities of the American system: finding it in the power of liberal ideology, or the technical imperatives generated by the mass production system, or the particular history and timing of the industrialization surge in the United States. Their vision is one of institutional limits and ideological constraints, of an American exceptionalism that has systemati-

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cally aborted union militancy and shop-floor activism, and tempered the idea of a labor voice in the governance of industrial America.

A different spirit infuses the work of many of the other contributors to this volume, who see historical contingency, ideological combat, and class struggle as playing far greater roles in generating the specific character of the American industrial relations system. The chapters by Montgomery, McCartin, Lichtenstein, Atleson, and Parker emphasize the specific historical context, the momentary sway of particular ideas, and the sheer power of capital to account for the impasse that has so often thwarted the growth of workers' rights, power, and participation. Although these authors largely reject the idea of an American exceptionalism in industry and politics, they eschew an explicitly comparative focus, especially notable in the work of Brody and Jacoby. Instead, they rely upon a close analysis of an episode or theme in order to keep in mind those roads not taken and those democratic impulses left unexplored.

The language of industrial democracy was never more widespread than during the era of social tension and political experimentation that reached its climax in 1919, and the industrial democracy idea became incorporated throughout the entire spectrum of Progressive Era reform thought. But, as David Montgomery, Joseph McCartin, and Howell Harris show, the meaning of this idea was never subject to a greater range of interpretations and structural reformulations. Both Montgomery and Harris find the initial usage of the term arising out of the effort by reformers and labor leaders to accommodate the spirit of nineteenth-century republicanism to the realities of a society widely believed to be dominated by giant corporations. Montgomery notes Henry Demarest Lloyd's comments to an 1893 AFL convention: "Democracy must and will rule wherever men coexist, in industry not less surely than in politics."<sup>6</sup>

Focusing his attention upon the workers' movement, David Montgomery finds that the use of the term quickly became a point of contention between Samuel Gompers and his socialist opponents inside the AFL. The phrase was conspicuously absent from the language of the Knights of Labor, of the AFL, and of the Socialists before the 1890s, but once introduced by the Left as a sort of code word for collective ownership—during the 1890s, when democracy itself seemed under attack—

<sup>6</sup>Henry Demarest Lloyd, "Men—The Workers" (New York, 1909), 14–15.

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the phrase “industrial democracy” found itself quite useful indeed. Gompers and his circle of self-taught labor intellectuals adopted it as an argument for their brand of voluntaristic collective bargaining and as a bludgeon to deploy against union opponents. As both Harris and Montgomery note, this interpretation of industrial democracy emphasized the organic, evolutionary transformation of society. It was in keeping both with Spencerian laws of social evolution and with the then-fashionable Whiggish interpretation of the growth of democratic political institutions, especially as they seemed to have emerged from the centuries-long struggle in Great Britain between monarchy, parliament, and people to culminate in the reform bill of 1832 and a long era of constitutional stability.

But as Montgomery makes clear, even a “constitutionalized” collective bargaining regime failed to find a place for the radical, syndicalist spirit that many reformers and some union leaders disparaged as “primitive” trade unionism. Especially during World War I, when economic mobilization socialized all production, industrial struggles were infused with the ambitious political goals that echoed the democratic rhetoric of Lloyd, Debs, and Big Bill Heywood. Indeed, such primitive union democracy—most notably exemplified by the demand for workers’ control that surged through the ranks of workers in the metal-working industry—was soon elevated into a new revolutionary doctrine of “direct action” that stimulated the growth of workshop organization in the World War I era.

Joseph McCartin examines directly the linguistic symbolism of that World War I moment of extraordinary mobilization. Like Montgomery and Harris, McCartin finds that the language of industrial democracy can serve many masters, but during the Great War for Democracy the rhetoric of industrial democracy spurred on a working-class insurgency that extended well beyond the confines of the union movement itself. The key phenomenon here was the legitimizing function of government-sponsored propaganda. The ideological impact of the war, encapsulated in such phrases as “Americanism,” “industrial democracy,” “self-determination,” and “postwar reconstruction,” generated a major shift in the subpolitical attitudes of masses of ordinary workers. Self-organization into shop committees and works councils sponsored by the wartime mobilization agencies now seemed patriotic and unproblematic, less a union response to management oppression than part of an American feeling appropriate to a war for democracy.

As McCartin points out, the language of industrial democracy proved both sweeping and flexible, appropriate to a working class enormously