

# Labor and Institutions in the Wake of the World Wars

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**Abstract:** This paper compares and contrasts the experience of organized labor during the strike waves after both world wars with a focus on strikes in the steel industry. Both wars saw significant increases in union membership. However, the 1919 strike wave ended in decisive defeats for organized labor that led to a decade long lull in union activity and little wage growth. The result was an increase in inequality by 1929 not seen again until 2008. In contrast, the strike wave of 1946/1947 occurred under vastly different institutional circumstances. These changes were across government, labor and business. This post-WWII strike wave helped maintain some of the wartime gains by labor and helped set the stage for the Great Compression, a generation long flattening of measured inequality.

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# 1 Introduction

This paper argues that a key element of differing trends in measured inequality after each world war is a collection of institutional shifts in favor of organized labor brought about by the New Deal. These changes were seen not only in the changing attitudes of the federal government towards organized labor but also in fundamental institutional changes in organized labor itself. These changes, in turn, meant that after the Second World War business had to operate in an environment where disputes with labor were contentious but peaceful negotiations with an opponent on solid footing and with the federal government operating as a countervailing power sympathetic to organized labor.

A comparative history of the labor experience after each world war is a useful way to illustrate the institutional changes wrought by the New Deal. Both wars were large positive shocks to manufacturing output and income and similarly increased manufacturing earnings and spurred union membership. However, the postwar experiences were very different. The reconversion process after each war brought with them massive strike waves. However, the strikes across various industries after WWI were largely defeated. The 1920s then saw measured inequality rise to levels not seen again until 2008. In contrast, the experience of organized labor after WWII saw union density remain high and the reconversion strike wave saw significant victories for labor across industries. The post-WWII period then saw a 20 year entrenchment of the Great Compression. The share of top income earners, which had begun falling in the 1930s and accelerated during WWII continued to remain at historical lows for a generation.

Between the wars the New Deal brought with it a major shift in the posture of the government towards labor. The attitudes of the judicial and executive branches softened towards organized labor. Judges were prevented from issuing injunctions against organized labor during labor disputes and the role of unions in the legal system was clarified. Major pieces of labor legislation, most famously the Wagner Act in 1935 defined a legal role for unions in collective bargaining and created a formal process for ratifying the formation of

unions and adjudicating labor disputes through the National Labor Relations Board (NLRB). There was also a wider shift in the roles played by state and local governments and the federal government. Before the 1930s, outside wartime, the executive branch of the federal government stayed out of labor disputes as a rule. The New Deal labor reforms at the federal level made the Federal government an active agent in labor disputes as disputes became disputes between national industries and unions more coherently organized at the national level. This made it harder for the state and local governments of company towns to collude with businesses to suppress union activity as they did during the 1919 strike wave.

Labor in the 1930s saw two major internal changes. First, the emergence of the Congress of Industrial Organizations (CIO) that was congruent with changes in federal labor law brought with it an important shift in organizing and political strategies away from the approach of the American Federation of Labor (AFL). The CIO organized labor along industrial lines while the older AFL unions were “craft” unions locally organized around professions. The more centralized approach benefited unions in two major ways. First, the individualized unions of the AFL often worked at cross purposes during the steel strike and it was difficult to coordinate men and resources across unions to support the strike in 1919. Unions after WWII could speak with a single voice across national strikes and organize resources at a national level. The better coordinated national unions by the end of WWII had also become a large and crucial member of the Democratic coalition. In contrast, Samuel Gompers, who headed the AFL during the 1919 strike wave, saw little role for government in labor disputes and labor was kept at arms length by the Wilson administration.

Business made up the third leg of the government-labor-business partnership during the WWII reconversion. This partnership had largely been thrust upon business by the more robust and confident labor movement that was actively supported by the federal government. After WWI, companies outmatched labor in both organization and resources. The lack of interest by the federal government in managing the 1919 strike wave also worked to businesses favor, both because of the inherently uneven level of resources and coordination

between business and labor but also because state and local governments tended to side more unilaterally with firms to reinforce their control. Coming out of the strike wave, embolden business organizations such as the National Association of Manufactures (NAM) pursued a vigorous “open shop” campaign in which firms openly colluded to boycott unionized firms. In contrast, the similar “right-to-work” movement after WWII found limited success, primarily in states that had a weak union presence. Unions, demonstrating the importance of the shift to political engagement, were able to push back these laws in states with a strong union presence.

More effective labor unions were a key element in reducing inequality and in keeping inequality low in the decades after the Second World War. Empirical research shows that the war is strongly associated with an increase in union membership (Gillezeau, 2017) and that union membership is strongly associated with a decline in inequality (Farber et al, 2018). As well, Collins and Niemesh (2018) demonstrate that local economies with higher unionization rates show declining inequality from 1940 to 1950. Callaway and Collins (2018) also demonstrate unionization as a key element in wage increases for workers in 1950, particularly for lower wage workers and African-Americans.

This paper offers historical evidence and background to support the quantitative finding of these papers. A comparative historical study looking at the large increases in union membership and strike activity during and after the large aggregate demand shocks of the two world wars is useful in establishing the underlying institutional changes during the 1930s that led the “spurt” in union growth in the 1940s to stick while after 1919 the wartime gains in union membership quickly evaporated. The post WWII period also saw real wages increase by two thirds more in the decade after the 1946 strike wave<sup>1</sup> than after the post-WWI recession. than after the 1919 strike wave

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<sup>1</sup>For simplicity we will refer to the “1946 strike wave”. However, the strike of the United Automobile Workers (UAW) against General Motors (GM) began in fall 1945 and the labor dispute in the coal industry was not resolved until summer 1947.

## 2 Manufacturing Wages and Inequality after both World Wars

Both wars also saw a decline in measured inequality. The aggregate demand shock of both world wars increased weekly take home pay in manufacturing, largely through the increase in average hours worked. Tight labor markets also put pressure on wages, but this pressure was largely suppressed through “no strike” pledges, which limited union bargaining power, as well as wage and price controls. As the aggregate demand shock of the war began to dissipate in both 1919 and 1945, labor saw weekly incomes fall as hours were reduced and unemployment rose as industrial production contracted.

The wartime parallels are striking. However, manufacturing earnings and inequality behave quite differently in the decades after each war. Figure 1 shows the evolution of average nominal weekly earnings in manufacturing from 1915-1955. Also shown is the evolution of the share of income captured by the top 1% of income earners. As the graph shows, the 1920s are characterized by relatively flat nominal earnings growth in manufacturing and a steady increase in the share of the top 1% of income earners. The Depression years of the 1930s are characterized by a flat top 1% share and a slow increase in manufacturing earnings through the decade.

It is important to point out the role of hours worked in the weekly earnings series. Hourly wages<sup>2</sup> stay essentially flat through the 1920s and the first half of the 1930s. There is some variation, but average hourly earnings are 55 cents in 1920, 56 cents in 1929 and 55 cents in 1936, thereafter hourly wages start to increase. The variation in weekly earnings from year to year is primarily driven by variation in hours worked. On average, hours worked in manufacturing during the 1920s was 44.7 hours per week, in the 1930s weekly hours worked averaged 37.1 hours.

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<sup>2</sup>The hours worked and hourly earnings data was also collected by the BLS (and available from the Historical Statistics of the US: Millennial Edition (HSUSME)). However, the average hours worked and hourly earnings data is not directly comparable to the weekly earnings data. Hourly earnings are from HSUSME series Ba4361 and hours worked are from HSUSME series Ba4580.

After 1938, The Fair Labor Standards Act (FLSA) changed the dynamics of hours and hourly wages by establishing overtime pay for hours worked over 40 hours. In the 1930s average hours worked were below 40 hours a week. During WWII hours worked average just under 43.5 per week. After the war, from 1946-1960, hours worked average 40.1 per week.

Figure 2 shows real wages in manufacturing. While nominal weekly earnings stay flat through the 1920s, real weekly earnings increase by a little less than 15% from 1920-1929. To compare the two periods: nominal wages increased by 126.7% from 1914 to 1929 and by 203.3% from 1940 to 1955. Real wages, of course, show a less dramatic increase in both periods, but the difference in growth rates between them is similar. For the earlier period real wages grew by 32.6% and for the later period real wages grew by 66.1%.

It is also useful to compare the evolution of wages from the trough of the postwar business cycle to the end of the next business cycle peak. From 1921-1929 nominal weekly earnings in manufacturing grew by 12.9% and real weekly earnings grew by 18.1%. For the similar post-WWII period, nominal earnings increased from 1946-1955 by 71.3% and real earnings increased over that period by 27.1%

### **3 A Comparative History of Labor Relations After The Two World Wars**

Both wars saw increases in union membership and strike activity. However, the post WWI strike waves saw large defeats for organized labor, and unions failed to gain recognition from employers in most industries. Consequently, union membership dissipated. By the end of WWII the question of union recognition had been largely solved in many industries by the Wagner Act and the emergence of industrial unions. Union density continued to increase until 1955.

Figure 3 shows two common measures of union power: union density and the number

of workers involved in work stoppages divided by the number of people employed.<sup>3</sup> Strikes began to erupt in the fall of 1945 and into the spring of 1946, after the Truman Administration decontrolled wages, but not output prices. This opened the flood gates of wage demands that had been sublimated during the war while hamstringing firms to offset wages demands with price controls. Almost simultaneously, the Administration also dissolved the National War Labor Board which served as the main mechanism for resolving wartime labor disputes (McClure, 1969). Workers in the automobile, steel, electrical machinery, and railroad industries as well as miners, meatpackers and others participated in the largest strike wave in American history.

A similar strike wave erupted in 1919. Steelworkers, miners, police, garment workers and others went on strike in the face of declining nominal and real earnings after the war was over. This strike wave, however, took place in the waning days of the Progressive Era. The lack of a coherent policy on labor, and the Progressive's commitment to laissez-faire labor relations was not favorable to the success of collective action by workers. These problems for labor were compounded when the Republicans regained and held control of the Federal government through the 1920s.

A casual analysis of post-WWII labor history suggests that that period is marked by dramatic defeats for labor. The passage of Taft-Hartley in 1947—overriding a Truman's veto—marked a significant curb in labor's ability to organize and collect dues. Truman himself took many dramatic steps to curb the explosion of strikes after the war ended. He seized coal mines in response to a United Mine Worker (UMW) strike (a continuation of wartime policy) and threatened to draft railroad workers into the military to break a strike by four railroad unions.

However, it is worth looking at these events as a reaction to the acme of labor power in America. It was not until after WWII that the New Deal political and economic order coalesced and labor fits with the general pattern. The actions taken to curb organized labor

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<sup>3</sup>“Work stoppages” includes both strikes and lockouts. It is generally understood that this number primarily represents strikes, with lockouts being a small portion of idle workers due to labor disputes.

activity post-WWII can be seen as a reaction to a situation in which organized labor found itself with unprecedented agency. The labor disputes in the post-WWII period are usually resolved with compromises that heavily favor the demands of labor.<sup>4</sup>

Aided by the founding of the National Labor Relations Board (NLRB) and a more general shift in federal law governing union activity, unions saw a robust expansion in coverage and membership during the second half of the Depression and WWII. However, it is not clear this explosion would have been as broad had unions been as unwilling to partner with government as they were during the 1910s. As well, the creation of the CIO saw an important shift towards a strategy of organizing at the industrial level. The fractured strategy of organizing unions by craft, which hinder coordination across and within firms was a key component of the WWI strike wave failure. The executive branch protected labor's relatively free hand in organizing during both wars, primarily because labor's acquiescence was key to maintaining wartime production. After each war, however, the executive branch's attitudes were different towards labor. While the response to labor of the federal government after WWII can be described as inconsistent, when it did not conflict with what Truman viewed as the greater national interests he often intervened in labor disputes as an arbitrator who was sympathetic to labor's position. This is in contrast to the response of the executive branch after WWI, which was preoccupied elsewhere and disinclined to intervene in labor disputes.

The situation changed for business as well. After WWI businesses formed a robust "open shop" movement, and actively cultivated monopsony power by refusing to buy products from non-open shop firms. After WWII however, business found itself defending what it saw as its traditional prerogatives of production decisions from both the government and unions. The relative weakness of business after WWII is best illustrated by the limited success of the

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<sup>4</sup>In many ways the analysis in this paper can be seen as a restatement of Freeman (1998). The determinants of the nonlinear "spurt" in union density during this period are obviously very similar to changes in organized labor's agency more generally. There is one important difference, Freeman is trying to explain the dynamics of union growth and we are trying to explain union "power". That is, Freeman limits his analysis to explaining short term discontinuities in growth rates, while we are trying to explain why a long term trend in union agency developed after WWII and not after WWI. While the focus of this history is on the strike waves of the immediate post wars, these are meant to be emblematic of the environments in the decade(s) after each war.

“right to work” movement which sprang up after Taft-Hartley left the regulation of union dues to individual states.

### **3.0.1 Government**

Much of the change between the wars took place in the legal environment confronting unions. The history of labor law and the judiciary until the establishment of the Wagner Act was more or less hostile to union organization and, in particular, the use of coercive mechanisms at unions disposal such as strikes and boycotts. When the Supreme Court upheld the Wagner Act in 1937 it marked a major shift in labor law by creating a legal framework specifically for dealing with unionization. Non-legal changes during the New Deal were also important and reflected the course of legal changes. The attitudes of the different Democratic Administrations during each war was an important component of establishing what labor relations would look like in the respective postwar periods. The shift towards national unions also had the effect of circumventing coercive state and local institutions that played a large role in the defeat of the 1919 strike wave and the reversal during the 1920s of the wartime union expansion in the ensuing decade.

Before the passage of the Wagner Act in 1935 there was a tentative acknowledgment by the court system that union representation was warranted but courts regularly intervened to stop organized labor from exercising the coercive tools it had at its disposal. The courts, while accepting the legitimacy of unions in principle as vehicles for worker representation, had little tolerance for workers acting in “combinations”, particularly if harm could be demonstrated. This significantly limited the scope of actions unions could take during labor disputes (Tomlins, 2000). Court injunctions against labor activity were used aggressively during the 1920s (Dubfosky, 1994). Even the acknowledgment of the principle of representation was fragile. The courts’ understanding of employment contracts as between individuals produced a kind of legal gray area in which the legality of union negotiated collective bargaining agreements were always in question (Tomlins, 2000).

The passage of the Norris-LaGuardia Act in 1932 effectively ended the use of injunctions by federal courts (Fleming, 1957). The 1935 Wagner Act and creation of the National Labor Relations Board (NLRB) clarified the role of unions within the legal system in two primary ways. First, it was the vehicle for establishing clearly defined and legal unions. Unions were formed by a simple majority within a bargaining unit with the NLRB making the final determination for what a bargaining unit was. Second, the NLRB had the power to prohibit “unfair” labor practices. (Rayback, 1966). The existence of a standing government board, with a clear place within the federal legal framework that workers and their representatives could appeal to was a radical departure from previous history. The NLRB put the federal government in a position to actively protect worker’s organizing efforts. The one sidedness of the Wagner Act is striking. The law requires no concessions and imposes no responsibilities on labor (Metz, 1947)

The wartime policy of the executive towards labor was similar during both wars. Both the Wilson and the Roosevelt and Truman administrations courted labor during their respective conflicts. The support of organized labor was crucial to uninterrupted wartime production just as the acquiescence of organized labor was key to maintaining price and wage controls during WWII. Indeed, the two were inextricably linked. As the Brookings Institution’s forward-looking volume on wartime wage and price controls notes, “it is impossible to separate the wage question from the whole problem of industrial relations in wartime” (Hardy, 1940, p. 74). Without a “no strike pledge”, wage disputes could have seriously disrupted wartime production. Unions themselves served an important role in disciplining “rank and file” members. Nevertheless, rank and file members often bristled under the subordination of their “shop floor” grievances to national concerns and strikes still occurred during both wars (Zieger, 1995; Foner, 1987). In exchange for the cooperation of organized labor, the executive branch helped keep anti-union forces in check, allowing the influx of industrial workers to swell union ranks.

In contrast, WWI took place at the end of a period which saw an incomplete alignment

of organized labor and the Democratic Party. A symptom of this incomplete alignment was the Wilson administration's unclear break with a laissez-faire attitude towards labor-management relations. Before WWI, Wilson had made significant moves to curry labor's favor as a constituency. His most dramatic prewar labor acts were the Adamson Act, which mandated an eight hour work day on interstate railroads and the Clayton Act, which exempted unions from anti-trust legislation. However, after the war was over Wilson's political considerations were different. Domestically, Wilson's primary concern was with the political consequences of exacerbated inflation. Knowing he could take the support of the American Federation of Labor (AFL) for granted, Wilson was not supportive of potentially inflationary labor gains (Dubofsky, 1994). Further, Wilson did not think that it was the government's role to manage the reconversion process in industry. Perhaps most important, most of the ailing Wilson's attention was being absorbed by his international project (Noogler, 1974). Given this, and the dissipation of his wartime powers, Wilson was not inclined to actively intervene in the postwar strike wave. Wilson's interventions in 1919 were correlated with the persistence of his wartime powers. The steel strike, where Wilson did not have these powers, and the miners strike where he did are instructive. Despite Wilson's promises that he would actively aid steel unions in establishing real bargaining power with steel management, his intervention in the 1919 steel strike amounted to sending federal troops to Gary Indiana to help protect company interests and a weak gesture towards bringing management to the bargaining table, which was rebuffed by U.S. Steel (Brody, 1960; Foster, 1920). In contrast, the miner's strike was in an industry still covered by wartime powers and an industry with a much stronger and stable union membership. Here, Wilson actively intervened—employing wartime injunction powers he still held—and forged a compromise between the UMW and management (Dubofsky, 1994).

Even this limited attention to union issues by a Democratic executive was to prove ephemeral. During the 1920s the decidedly pro-business Republicans dominated the White House and Congress. This, combined with an enthusiasm of federal judges for injunctions

against strike activity significantly curbed the ability of unions to operate, leading to a steady decline in union membership through the decade (Dubofsky, 1994).

The strike wave of 1946 occurred under entirely different conditions vis a vis the executive branch. Almost immediately after the war was over, Truman lifted wage controls but maintained price controls. This meant that wage increases—the overriding concern of strikers in this period—were made contingent on managerial demands that prices needed to rise. Truman also very quickly hobbled the National War Labor Board, which was the main wartime body for settling labor disputes. Workers in numerous industries immediately began to demand increases in pay, but since price controls were still in effect companies refused to negotiate without guarantees of offsetting price increases.

For much of the next year strikes erupted in major industries. The UAW struck against GM in November 1945. In January the United Steelworkers of America (USWA) struck. Even though Truman had dismantled the official mechanisms for labor dispute resolution, both unions and management had grown accustomed to the role of government in labor negotiations. Given that much of what was at issue for firms was the need for price increases approved by the administration, they turned to the Truman administration, which established fact finding committees and offered mediation. The result of these tripartite negotiations was a comprise increase in wages for both unions and increase in the price of steel to offset costs (McClure, 1969). Perhaps equally important, in the first half of 1947, out from under the pressure of price controls, but under the the pressure of increased inflation the USWA and the UAW negotiated new contracts and wage increases throughout both of their respective industries without major work stoppages (Morris, 1969; De Vyver, 1969).

The UMW and the railroad unions struck later in 1946 and faced a less patient Truman. In both instances Truman seized property to force an end to strikes and during the railroad strike Truman asked Congress for the power to draft railroad workers. The change in tolerance for strikes by Truman seems to have been driven by two things. First, the calculus for Truman was likely that the national interest in keeping those industries operating out-

weighed the marginal demands driving union members to strike. This is particularly true for the railroad strikes. In the case of the miners strike personal acrimony between John Lewis (head of the UMW) and Truman made compromise difficult (McClure, 1969). Truman took legal action to fine Lewis personally and filed a restraining order on the UMW. This restraining order, which invoked the specter of the federal injunction against labor activity, that had been vanquished since 1932. However, this restraining order was seen as not violating the Norris-LaGuardia by the Supreme Court due to the fact that the government controlled the mines (Warne, 1949). Second, it seems that the earlier strikes benefited from a first mover advantage. The stress and chaos of the reconversion period—much of which Truman was responsible for—had reached a head with the public and Truman himself through the long miners strike and before the railroad strike was threatened. In effect, by the summer of 1946 Truman had lost his patience with the chaos of reconversion and he began to view actions by labor as fundamentally unpatriotic (McCullough, 1992). It should be noted however, that both the UMW and the railroad unions were granted a number of concessions and wage increases, though the railroad workers received a slightly smaller hourly raise of 15.5 against what had become the national standard (established by USWA strike) of 18.5 cents (Northrup, 1949). The unions that had come up against the full force of executive power were those that attempted to negotiate for gains above the established national norms, but even these unions still eventually won concessions in line with those norms.

It is more difficult to summarize the equally important change in the relationship between unions and state and municipal governments. Until the 1930s and the shift of unions towards a strategy more consciously national in scope, much of the resistance to labor by government came from local and state governments. State and local governments erected numerous barriers to union organizing. Quite often union organizers and sympathizers would be beaten or killed, sometimes by men hired by firms as private security, sometimes by state controlled national guards and militias, sometimes by the police. The Federal government rarely committed troops to manage strike activity outside of wartime. State and local gov-

ernments could also deny permits for union meetings or take more direct measures to violate First Amendment rights. In Monesson, Pennsylvania police arrested steel strikers in 1919 and released them on the condition they sign a pledge to return to work. (Brody, 1960). In Dunquese, Pennsylvania, while union organizers struggled to get a permit from the mayor to meet in a vacant lot the Carnegie Land Corporation bought the lot and put up no trespassing signs (Survey, 1919). The shift to unions negotiating with blocks of employers at a national level was therefore a significant shift from the plant by plant struggle for union recognition after WWI. The new national scope for unions probably also explains why Truman felt the need to intervene in labor disputes when Wilson did not. In the case of steel the Federal government remained active in labor disputes even after 1946. The Federal government had similar wartime powers when intervening in a steel strike during the Korean War, but even without those wartime powers, the national scope of many strikes in basic industries took on the character of “national emergencies” which commanded the attention of the executive branch. By way of example, the 1949, 1952, 1956 and 1959 steel strikes all saw heavy involvement of the President under different wartime and peacetime conditions and across political parties (Hutchinson, 1982).

### **3.0.2 Labor**

While the shift in Federal policy towards organized labor was the key institutional change that allowed for a sustained decline in inequality after WWII, other changes contributed to the the ability of organized labor to negotiate with firms more successfully. The breaking away of the CIO from the AFL in 1935 was primarily a break over a long standing conflict within the AFL over “craft” vs “industrial” unionism. Much of the power of the member of AFL craft unions was due the inherent power skilled workers had in industries. Skilled workers are difficult to replace, which adds weight to any threats of strikes or other types of job actions. Unskilled industrial workers were more easily replaceable and thus the threat of job actions held less weight. The contingency within the AFL that broke off as the CIO

wanted to focus on organizing at the industry level, this meant focusing on union drives among low skill workers. The other effect of industrial unionization was that at the plant and national levels workers could be better coordinated and that members under a single large union were working more closely together towards a shared purpose. Under a craft union strategy numerous unions would often work for separate or even competing interests in the course of a work action or in negotiations (Zieger, 1995).

The steel union drive during WWI began in Chicago and the disparate unions of the AFL knew they would have to cooperate in order to organize the steel industry nationally. To organize the Chicago steel industry, the AFL established a National Committee for Organizing the Iron and Steel Workers. There were 24 different unions under the umbrella of the National Committee, which was a loose cooperative body with no real power of enforcement (Brody, 1960). Under this umbrella organization unions continued to advance their own narrow interest and offered only very limited inter-union support. Financial support for striking workers was lacking. Worse, the lack of coordination of organizing efforts across unions themselves was an inefficient organizing strategy.

The fragmentation of the union movement was to be decisive in the failure of the 1919 strike. The lack of funding of the National Committee by the member unions seriously limited the ability of the National Committee to offer strike support to workers. The lack of coordination among organizers, most of whom were responsible to individual union bureaucracies geographically distant from organizing efforts made coordination on the ground difficult and left unions vulnerable to their better organized adversaries. (Foster, 1920).

The character of the 1946 steel strike was completely different. Local violence, which was common in all other previous steel strikes was nonexistent in the winter of 1946. This is attributable to the fact that the labor dispute took place almost entirely at the negotiating table between representatives of the USWA and the steel companies. The centrality of the Truman administration's price control policy to resolution of the strike further centralized much of the conflict in Washington DC. (Bernstein, 1966).

Aurther M. Ross (1947) outlines three changes that delocalized collective bargaining. The first is the fact that labor policy became a matter of the Federal government after the founding of the NLRB, which also served as a body that helped standardized labor relations across localities and industries. Second, the increase in unionization during the war meant that a large number of new locals and newly unionized firms had no experience in bargaining under the old “local” regime and found it natural to defer to national negotiators. Finally, the organization of CIO unions were more centralized than that of AFL. While the AFL often left collective bargaining to their individual locals, negotiations in the CIO were often carried out by regional or central offices. As well, the CIO centralized collective bargaining demands.

There was also a difference in political strategy adopted by unions during each era. Samuel Gompers, who was head of the AFL during WWI, personified the AFL at the time. Gompers dominates the narrative histories of the AFL in 1910s until his death in 1924 (Smith, (1962); Foner, (1988); Brody, (1960)). John S. Smith (1962) puts it concisely:

Samuel Gompers was as unsocialistic as only a dedicated trade unionist in the United States in the early 20th century could be; he was unequivocally wedded to the principles of free enterprise and industrial democracy. Government, as he saw it should restrict itself to establishing the free competitive system within which labor and management could function freely and equally as totally independent agents. (p 274)

That is not to say that Gompers ignored the Federal Government. Depictions of the of Gompers’s relationship with Woodrow Wilson suggest a genuine friendship between the men, no doubt reinforced by similar views about the role of government in industrial relations. Gompers was appointed to chair the Committee on Labor of the Council of National Defense, the main organizing body of the WWI effort. However, Gompers was also readily willing to accept the more distant posture Wilson took towards disputes between labor and capital after the war was over. (Smith, 1962)

The CIO strategy was very different. Having seen the importance of having the NLRB as a legitimizing and protecting force, the CIO from the beginning felt there were demonstrable benefits of having government aligned with labor. The pre-Depression attitude of the Federal government and certainly most local governments had been a mixture of hostility and indifference to labor. The 1930s saw a raft of policies geared towards shoring up union power (Fleming, 1957) as well as supporting workers directly (Moss, 2004). In 1944 a pamphlet called “A Woman’s Guide to Political Action” then CIO President Philip Murray personally appealed to all union women to vote for FDR. The pamphlet goes on to argue that there need not be competition between women workers and the returning soldiers once the war was over because full employment for all people who wanted to work was possible. The pamphlet explains: “...we know that with proper national planning we can have so many jobs that, just as now, the ‘Help-Wanted’ ads would be long and the ‘Situations Wanted’ non-existent.” (CIO-PAC, 1944). The desire for the government to join the business/labor partnership and take a commanding role was a significant philosophical change among union leadership from Gompers time. This philosophical change would not have taken hold if union leaders had continued to assume hostility and indifference from all levels of government.

### **3.0.3 Management**

Management operated towards similar goals after each war, though after WWII business found itself hemmed in by both a more robust labor movement and a more ambitious Federal government. After WWI, disillusionment with the Wilsonian project and progressive politics more generally business found it easy to sell a return to a prewar status quo (Dubofsky, 1994). However, after WWII business found itself desperate to retrench and beat back the combined encroachment on what it considered its traditional purview: production and pricing decisions—by government and labor. A useful illustration of this is the success of the “open shop” movement after WWI. This contrasts with the “right-to-work” movement after WWII, usually considered a significant political victory for business after the war. Unlike

the open shop movement the reach of right-to-work laws was stymied in states with a strong union presence. It should also be noted that business was not entirely non-conciliatory in the decade after each war. The periods after both wars saw expansions in employer provided benefits.

Management found itself vigorously defending what it considered its rights to make production decisions from the government. Business found itself after the long Depression and the wartime victory of central coordination launching public relations campaigns to establish the purpose of profits and the value of productivity increases (Fones-Wolf, 1994). Business found itself scrambling to push back hard against the Full Employment Act in 1945, and defeated it in the House. The bill's ambition was to give the executive branch broad controls over short term aggregate demand management. The law also would have made full employment essentially a statutory goal of the federal government, similar to the statutory goal of the Federal Reserve's dual mandate. Business also pursued a concerted effort to mute the Employment Act of 1946 as even this much neutered version of the Full Employment Act was seen as a significant threat. The Full Employment Act that eventually passed contained largely symbolic statements about the federal governments role in aggregate demand management where the Full Employment Act prescribed powers and procedures (Campagna, 1987).

As with it's fight against government encroachment, management found itself significantly more on the defensive against organized labor after WWII than it was after WWI. While management was often willing to concede wage increases, other issues of control were often the issues that caused negotiations to break down. Ultimately, it was the issue of union recognition and not wage increases that made negotiation impossible in the steel strike of 1919 (Brody, 1960). General Motors withdrew from the 1945 fact finding body, commissioned by Truman, over the issue of publicly opening its books to establish "ability to pay" wage increases without corresponding price increases (McClure, 1969).

However, while management continued to protect what it thought of as its traditional

rights, management's struggle with labor took on a vastly different character after WWII. Physical violence was not uncommon in the suppression of union drives up until WWII. During the 1919 national steel strike 20 people were killed and hundreds seriously wounded (Foster, 1920). The 1946 steel strike was of a completely different character:

The bloody battles, however, which had marked the steel strikes even ten years earlier, were not found in this four-week test of strength. The usual chargers and counter charges were hurled back and forth, but the weapons were words ... Steel companies were reported even to be heating the picket shelters, and in many cases the the picket lines themselves dwindled after the first or second day. Always before, a big steel strike had involved a fight against the existence of the unions with an attempt being made to keep the plants running. This meant strikebreakers and open war. The 1946 strike involved a breakdown of collective bargaining between two powerful opponents. Both realized, however, that they would have to deal with each other when the battle was over and both, therefore, seemed to display a reasonableness generally lacking in steel strikes. (De Vyver, 1949; pp389-390)

The peaceful and relatively short (26 day) steel strike in 1946 was the first strike in which steelworkers emerged victorious in that year and the first of several strikes between 1945 and 1960 (Preis, 1964). The success of the strike demonstrates the size and sense of purpose of the strike, which was the largest single strike in American history up to that point and was voted on favorably by USWA members by a five to one margin. The success of the strike, in contrast to the history of steel strikes, also demonstrates the economic, political and social power the managers of the steel mill had to contend with in negotiating the strike. (McColloch, 1987)

Also illustrative of managements weekend position, after WWI organizations such as the National Association of Manufactures (NAM) could forcefully propose an "open shop" counter to union drives for control over entire bargaining units (closed shops). NAM found

a public that was receptive (Foner, 1988). The “open shop” not only created the free rider problem that hindered union effectiveness but it also meant that firms were not obligated to negotiate directly with what unions there were (Wakstien, 1964). In principle the “open shop” was tolerant of unions in their limited role within the open shop. However, there was a fair amount of heterogeneity in how firms interpreted what the open shops meant and in many instances “open shops” were simple covers for “anti-union shops”. Eventually NAM established a national open shop organization in 1920. Besides pooling public relations funding these organizations exercised monopsony power to the extent that members refused to buy output from non-members. Firms refused to subcontract or buy materials from firms not part of the open shop movement.

The passage of the Taft-Hartley Act in 1947, considered a significant victory for business when it was passed, in some ways illustrates the relative weakness of business after WWII. The Taft-Hartley Act made sweeping changes that limited the scope of union activity, as well as opening the space for states to pass right-to-work laws. However, the act itself was in many ways a one-off victory passed during the brief period of Republican control of Congress. Truman emerged victorious in the election of 1948, which helped to reestablish the Democratic majority in Congress. Though Southern Democrats prevented Taft-Hartley from being repealed, the 1948 election was interpreted by some businessmen as backlash by labor for pushing for the law (Fones-Wolf, 1994).

The post-Taft-Hartley “right-to-work” can be compared to the post WWI open shop movement. The basic philosophy of right-to-work is the same as open shop, union membership and dues paying should not be a condition of employment. Right-to-work legislation did pass in many states and certainly curtailed the growth of unions in states with those laws. Seventeen states passed right-to-work laws by 1955, mostly in the South and West. However, right-to-work laws were not as ubiquitously successful as open shop collusion. In union stronghold states, right-to-work laws were usually defeated (Gall, 1988). The negative correlation between the passage of right-to-work laws and union density can be seen as

further evidence of the importance of the shift of labor questions into the political realm.

While the lack of success of unions after WWI was primarily due to hostile actions of both the government (primarily the courts) and management, there was also a counter trend by business to address the concerns of workers. Management took an active interest in addressing “shop floor” and wage issues. The growth of company unions through the 1920s indicates some willingness to offer workers a channel for expressing grievances, even if companies were only willing to allow these unions advisory capacity (Metz and Jacobstein, 1947). Something very similar happened after WWII. The vacillating political landscape of the late 1940s and the fragmentation of the labor movement led labor to turn to management to to build the social safety net—such as adequate pension and health benefits—that was publicly provided in other industrial countries. The private provisions of these benefits helped tie workers more closely to their employers and helped undercut the postwar movement for an expanded welfare state (Lichtenstein, 1989). This pattern of compromise underscores the attitude of management to labor demands after both wars. Often management found itself quite flexible on issues that had a strict economic or directly redistributive dimension, often because the found economic compromises helped maintain control over issues of pricing, production and other managerial prerogatives.

## 4 Conclusion

Both world wars brought with them large increases in the demand for manufacturing output that swelled the ranks of unions. However, the ability of organized labor to hold on to wartime gains was very different after each world war. The 1919 strike brought with it a swift and complete reversal of wartime gains. The result was a decade long increase in inequality culminating in the collapse of the America, and global economy. The institutional changes brought about by that collapse meant that the strike wave of 1946/47 would protect gains in labor power. These institutional changes were across all actors. The Federal government’s

more active and tolerant attitude towards organized labor was a key element in allowing unions growth during the war and in managing the settlement of labor management disputes during the reconversion strikes. This would not have been sufficient on it's own. The more robust and national scope of industrial unionization meant labor was less hamstrung by internecine competition and more willing to work in partnership with government than they were at the end of the First World War. Business, then, found itself more hemmed into a labor-government-business partnership in which it was on the defensive in trying to push back the postwar New Deal impulse. These institutional changes allowed organized labor to retain the footing it had won in the decade from 1935 to 1945. In turn, unlike after 1919, real wage growth was robust and measured inequality stayed at historical lows for a generation.

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## 5 Figures and Graphs

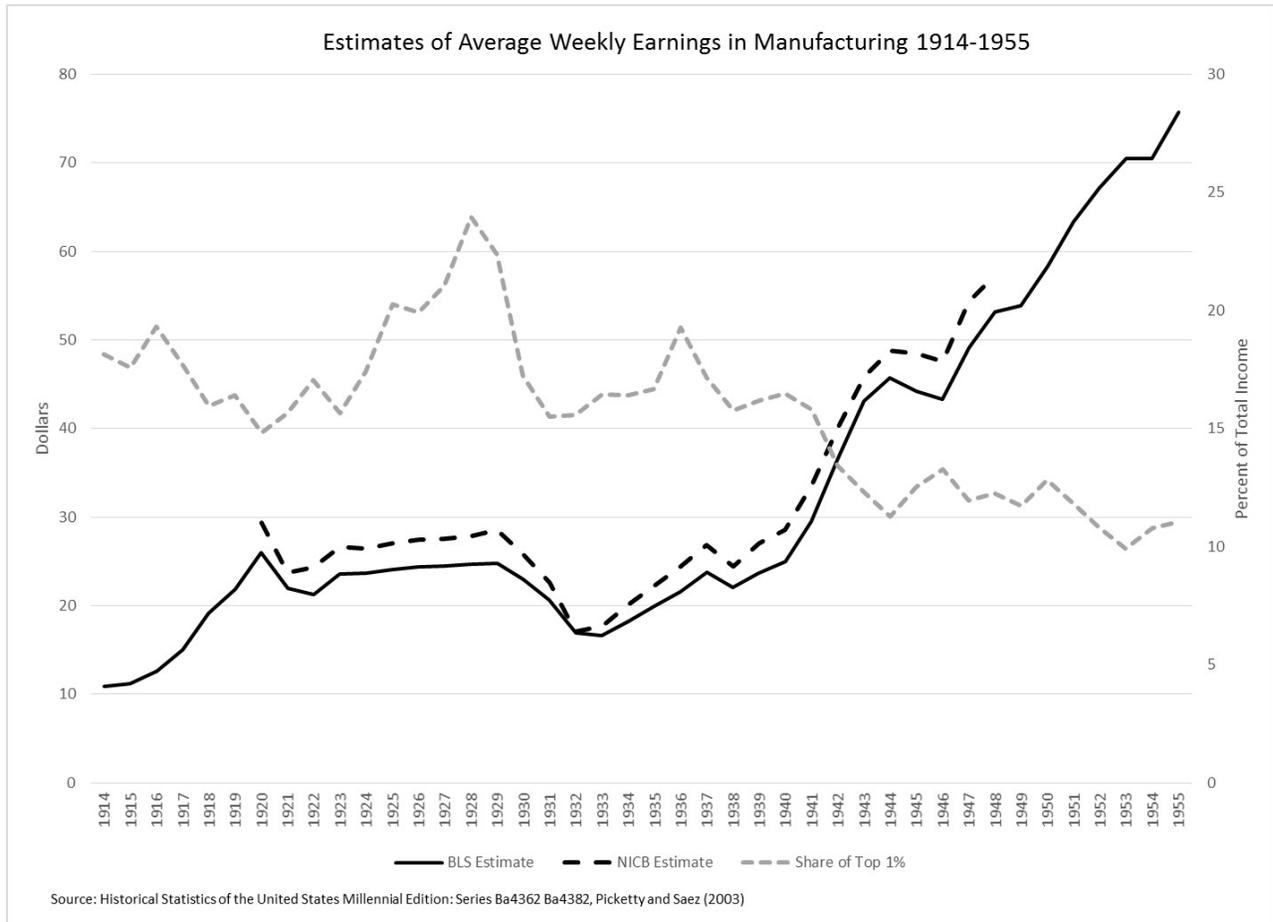
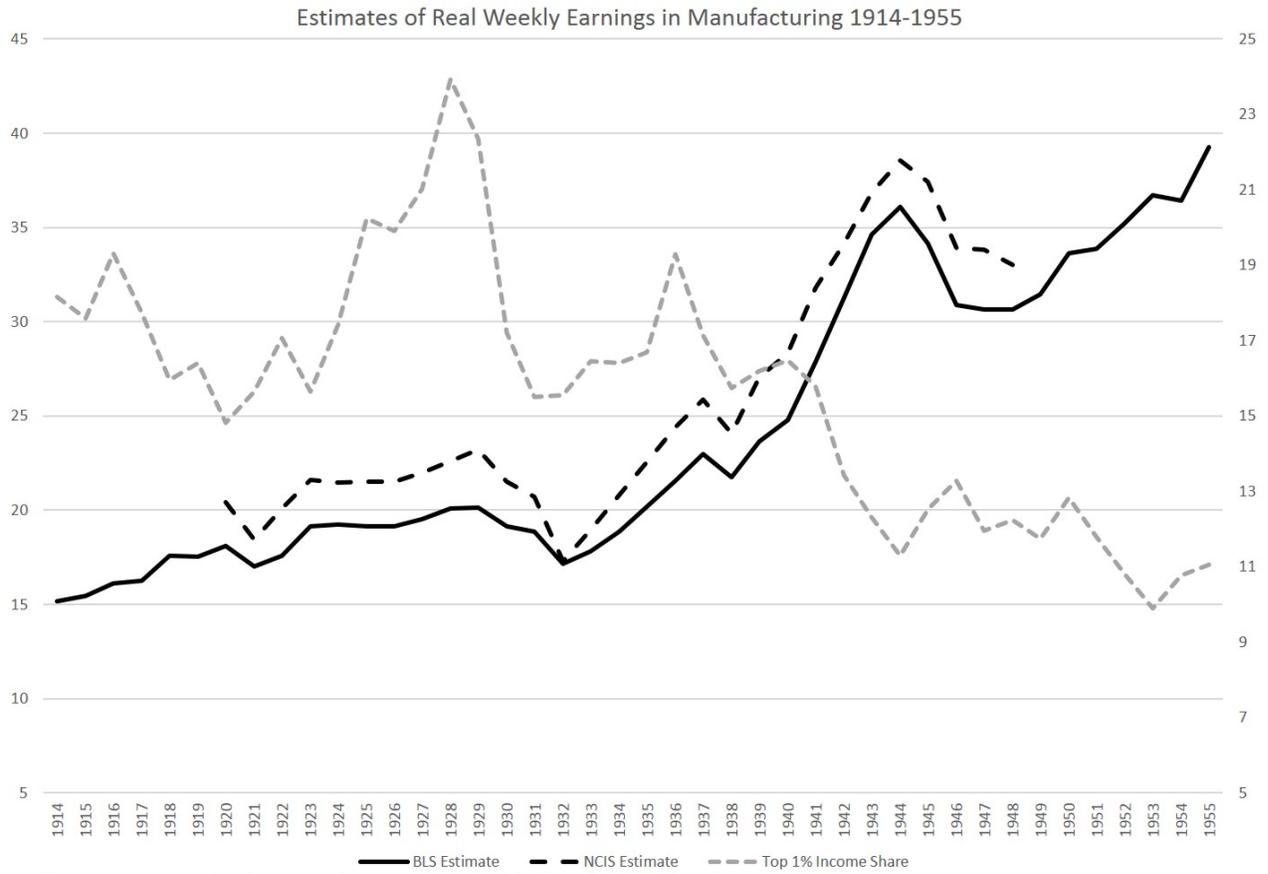


Figure 1: Estimates of Average Nominal Weekly Earnings in Manufacturing 1914-1955



Source: Historical Statistics of the United States Millennial Edition: Series Ba4362, Ba4382, Cc1; Picketty and Saez (2003)

Figure 2: Estimates of Average Real Weekly Earnings in Manufacturing 1914-1955

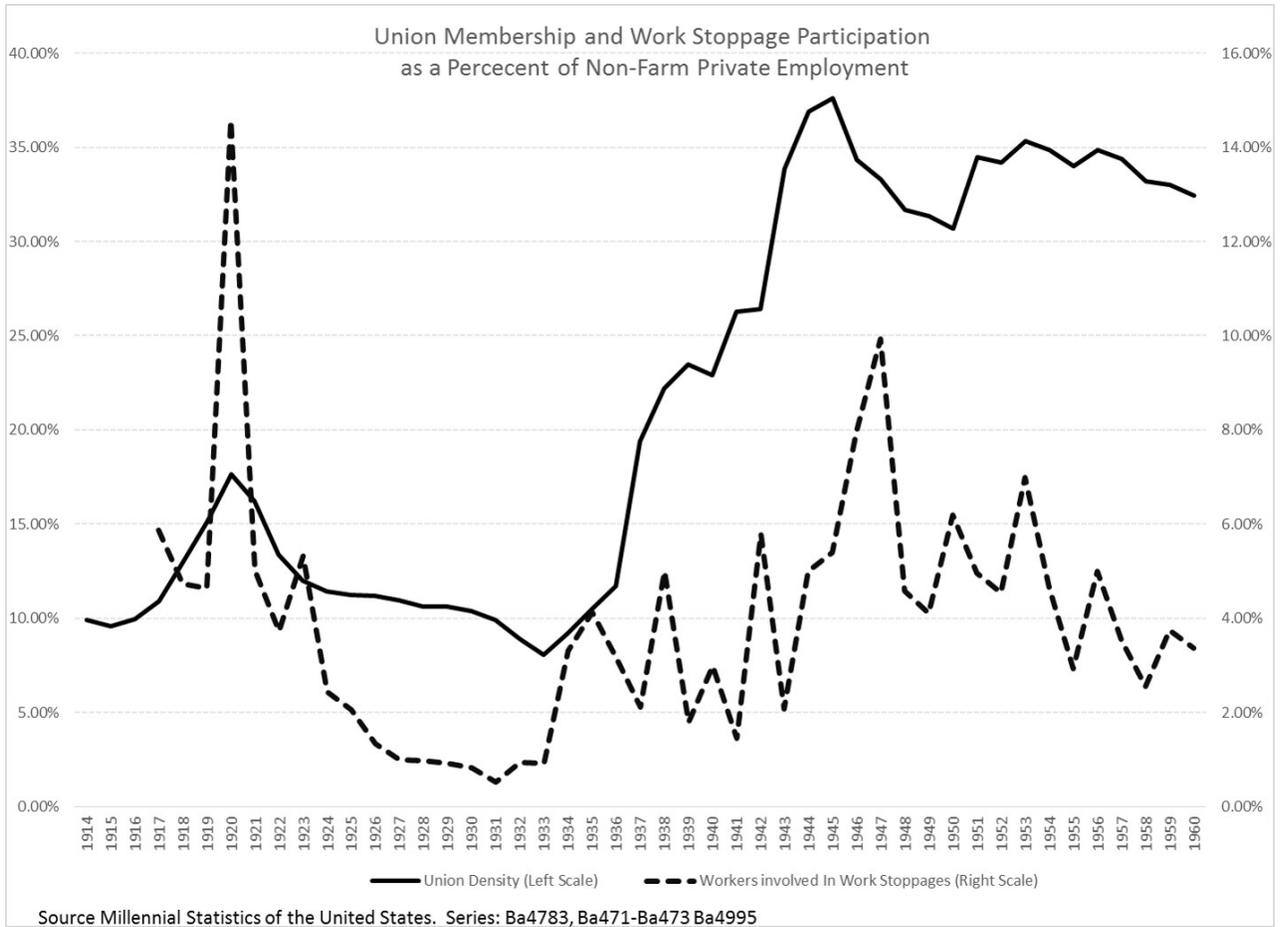


Figure 3: Union Density and Participation in work Stoppages 1914-1960