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CHAPTER III

War Prosperity and Its Aftermath

FROM 1915 to 1920 organized labor encountered forces new in quality and magnitude. Developments in trade unionism mirrored the extraordinary succession of events that characterized the economic history of the United States during and after the World War. The number of union members increased almost 2,500,000, a gain greater than the entire increase in membership in the eighteen years, 1897-1914. With the turn of the economic tide in 1920 the loss in membership began, and by 1923 the number of members was roughly 1,500,000 less than it had been three years previous and more than half of the gains had been dissipated. Not only are the manifold aspects of the economic and social phenomena of this period in themselves of great interest and importance, but also their consideration may assist in accounting for the spectacular alternation of success and failure that marked the fortunes of organized labor in this crucial epoch of its history.

First among the factors that contributed to these striking changes in the position of trade unionism was the improvement in business consequent upon the expanding volume of European orders in the American market. The period beginning with the depression of 1914 and the appointment by President Wilson of the United States Industrial Relations Commission to study unemployment and labor unrest was converted by the World War

into one of unusual industrial activity. Heavy foreign borrowing and purchasing in the United States furnished the spur to American industry. Business activity increased, employment expanded, wages and prices rose. War blockades stopped the flow into our labor market of European immigration which had previously contributed an annual net increase to the American population of between 750,000 and 1,000,000. Active and profitable business and a growing scarcity of labor—conditions always regarded as favorable to the expansion of trade unionism—were present in the American situation to an unusual degree in the years immediately following 1914.

The entry of the United States into the World War in April 1917 simply threw more of the same fuel on the fire. To European war orders were added the American. Huge borrowings by our Federal government furnished the means for the purchase of war materials, clothes, food and ships. Under this stimulus new war industries, soon working overtime, sprang up beside the equally busy established industries of the country. The withdrawal of more than 5,000,000 able-bodied men from their ordinary pursuits made it still harder to fill available jobs with satisfactory workers and generally strengthened the bargaining power of industrial labor.

The end of the War only interrupted this advance. After a brief lull, terminating in the spring of 1919, the inflation of the War period was resumed. The fiscal and economic policies of the War made themselves felt in a vast expansion of bank credit with its usual consequences of active business and rapidly rising prices. Although there was much work and a good demand for labor; and, although wage rates and earnings climbed to extraordinary heights, the continued rise in the cost of living became

a source of extensive unrest and a further cause of the growth of unionism. The number of employees involved in strikes and lockouts increased nearly 3,000,000 between 1918 and 1919.

This state of affairs continued well into 1920. But before the close of that year the turn had come. The normal sequences of depression were soon well started. Because of a veritably catastrophic fall in wholesale prices the pressure for the liquidation of costs became enormous and irresistible. The shortage of labor of the preceding years was turned into a labor surplus; unemployment in 1921 was variously estimated at from 3,500,000 to more than 5,000,000. Efforts to cut wages and pare the standards of labor conditions were a natural and inevitable result of the desire of many men to stay in business. Conditions had become unfavorable to union growth.

The crucial economic developments from 1915 to 1920, sketched here in their barest outline, took place in a social and political atmosphere peculiarly conducive to the spread of collective bargaining and trade unionism. After the American declaration of War the interest of the government in maintaining industrial peace became a paramount factor in the total situation. Labor relations, which had historically been of concern to the Federal government on only the rarest occasions, were elevated to a position of major importance among the activities of many public agencies. The policy of encouraging collective bargaining, in part to allay unrest and preserve the peace and in part as an end desirable in itself, was announced. The President of the United States addressed an annual convention of the American Federation of Labor. The tasks of administering the newly established labor standards on governmental contracts and general supervision over labor relations were entrusted to numerous ad-

ministrative officers and labor adjustment boards created for the purpose. On many of these agencies officials of labor organizations served in advisory and executive capacities, and the unions they represented naturally profited from their positions of influence and authority. In this respect the conditions then prevailing were, in their essentials, not unlike those of some fifteen years later under the National Recovery Administration.

Changing attitudes on the relations of employers and employees were revealed in the rise and dissemination of new views concerning the status of labor. Industrial democracy became a subject of widespread interest and discussion. Experiments in cooperation between labor and employers were tried in the management of a large government arsenal. The Plumb Plan, a proposal for the joint management of the rail transportation industry by representatives of employees, operators and consumers, was evidence of the trend of opinion of this period. The governmental labor boards made their contribution to the practices of industrial democracy by applying the device of elections among workmen, at present the subject of considerable interest and controversy in this country, as a method of ensuring the free and democratic choice of employee representatives. Systems of employee representation or of plant committees, now under heated attack, were set up by these boards as a means of promoting collective bargaining in the relations of workers and management. Amid so general a ferment of ideas and so extensive an espousal of the cause of collective bargaining, it is not surprising that the trade union, the traditional instrument of collective bargaining, should have benefited alike from economic prosperity and a more sympathetic State.

The depression of 1921 confronted the labor movement not

only with those disabilities invariably associated with extensive business liquidation and unemployment but also with the loss of a large part of the friendly attitude that had played so great, if imponderable, a role in bringing about its earlier gains. The decline of business hastened the revulsion against governmental intervention and control. Even before the depression the strictly War agencies and the United States Railroad Administration, under whose aegis the railway unions had made such gigantic strides, had gone. With the return to 'normalcy' and the economic views that it represented much of the system of ideas and practices that had grown out of the War economy and prosperity was swept away. This important phase in the history of American organized labor, which began roughly with the report of the United States Industrial Relations Commission and was punctuated by the creation of an elaborate public machinery for supervising and guiding labor relations, ended with the failure of the members of President Wilson's first Conference on Industrial Relations to agree upon a formula for the furtherance of the principles and practices of collective bargaining.

American trade unions during these phases of prosperity, public control and depression undoubtedly reflected the impact of numerous forces, the description of which would add considerably to our knowledge of the period. Unfortunately available statistics of membership are usually in the form of averages for the calendar year or for some other twelve-month period. They therefore conceal important monthly fluctuations in response to business conditions and other factors and may give a distorted image of the actual sequence of events. But even as they stand they reveal the close correspondence between social, political and economic conditions of the kind we have just mentioned and the

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 gains and losses of organized labor. Table 8 shows the annual
 changes in total membership, 1913-23.

TABLE 8
 AMERICAN TRADE UNIONS, ANNUAL CHANGES IN
 TOTAL MEMBERSHIP, 1913-1923

YEAR	AVERAGE ANNUAL MEMBERSHIP	INCREASE OR DECREASE OVER PRECEDING YEAR
1913	2,716,300	
1914	2,687,100	— 29,200
1915	2,582,600	—104,500
1916	2,772,700	+190,100
1917	3,061,400	+288,700
1918	3,467,300	+405,900
1919	4,125,200	+657,900
1920	5,047,800	+922,600
1921	4,781,300	—266,500
1922	4,027,400	—753,900
1923	3,622,000	—405,400

It is clear from these changes in the number belonging to unions that on both the upward and downward trend the force of inertia is great. Until 1918 the annual accessions were not unusually large in comparison with the increases in many of the years before the War. And, indeed, in the first year of expanding membership, 1916, the gain just about made up the losses resulting from the depression of 1914. Even the increase of 1918 was exceeded by that of 1903. But once it had started the advance gained momentum. The combined increases of 1919 and 1920, reflecting the impetus of war economic prosperity and public policy, on the one hand, and, on the other, the rush of employees into trade unions for the purpose of protecting the purchasing power of their wages against the steep rise in the cost of living, amounted

to the amazing total of 1,580,500, or almost twice the whole increase in 1916, 1917 and 1918.

Again, on the decline, the loss in the severest year of the depression, 1921, was relatively slight, but in 1922 when the recovery of business had already begun, membership dropped three-quarters of a million. Even in 1923, which was an exceptionally good business year, over 400,000 additional members were lost. While particular factors, such as the railroad shopmen's strike in 1922, may explain a part of the lag on the decline, a noticeable lag between fluctuations in economic conditions and their effects on membership runs through the course of changes in union membership during the last half century.

While all unions prospered on the upswing from 1915 to 1920 in terms of their previous condition, the degree of improvement differed immensely among the many groups of organizations comprising the American labor movement. As before, expansion in total membership was dominated by the developments within a relatively restricted group of unions. The United Mine Workers, whose changing fortunes had been one of the several determining factors in the growth of the whole labor movement before the War, had by 1914 become the largest of all American unions, with a membership of 339,000. Its capacity for further expansion was therefore limited, and between 1914 and 1920 it added no more than 55,000 new members. The building and transportation groups, though of substantial size in 1914, included many small unions, and also claimed jurisdiction over numerous occupations that were hardly organized. These two groups, together with the unions in the metal, machinery, shipbuilding and clothing industries, accounted for three-quarters of the increase in the membership of all unions from 1915 to 1920. The expansion of

the group of clothing unions was due almost entirely to the founding in 1915 and rapid rise of one union, the Amalgamated Clothing Workers. And the growth of the unions in the metal, machinery and shipbuilding industries was the combined result of the tremendous expansion of these industries and the influence within them of governmental policy.

In the period of declining membership from 1920 to 1923 the same groups of unions were responsible for nearly four-fifths of the total loss. But the losses were not nearly so evenly distributed over the four groups as were the gains. The metals group lost practically all it had previously won; the transportation unions surrendered something more than half their gains; while the building and clothing unions fared materially better. The figures for the periods of rise and fall are given in Table 9.

TABLE 9

BUILDING, METAL, TRANSPORTATION AND CLOTHING
UNIONS, CHANGES IN MEMBERSHIP,¹ 1915-1920 AND 1920-1923

GROUP OF UNIONS	INCREASE, 1915-1920	DECREASE, 1920-1923
Building construction	355,200	98,400
Metals, machinery and shipbuilding	634,600	601,700
Transportation and communication	680,100	348,800
Clothing	200,800	79,300
Total, above groups	1,870,700	1,128,200
Total, all unions	2,465,200	1,425,800

¹ For the group membership figures from which these changes are computed, see Appendix, Table I.

The groups of labor organizations hitherto considered are composed of many individual national unions varying widely in character, membership and field of jurisdiction. In 1923, for instance, there were 14 unions in the building group, 17 in metals,

machinery and shipbuilding, 8 in clothing, and 26 in transportation and communication. In every period of changing membership, the experience of all unions within a group by no means follow the same pattern, for unions are distinguished from one another by their state of development, the condition of the industry in which their members work, and a variety of other equally influential factors. Thus from 1915 to 1920 the building industry proper failed to share proportionately in the general prosperity of American industry, and a strictly building trade union, like the Bricklayers, Masons and Plasterers Union, reported over this period a stationary membership. The unions of carpenters and electrical workers, on the other hand, although classified in the building group, had jurisdiction over craftsmen employed in substantial number in almost all important industries; consequently, the membership of these two organizations rose with that of all unions. In the next stage—the depression of 1921—when unions in manufacturing industries were suffering severe losses, the building industry began that expansion which was soon to become so notable a feature of the business history of the decade, and the carpenters and electricians unions gained in membership in the building industry some part of what they were losing elsewhere.

Several unions in the metals, machinery and shipbuilding group which recorded among the largest of the increases of individual unions, 1914–21, were dependent for the continuance of their prosperity on an unprecedented volume of employment in strictly war industry and in the vastly over-expanded shipbuilding industry and on the permanence of efficacious governmental policy. When these sources of employment shrank after the War (in some instances only similar circumstances can restore them),

and public control was removed, the unions suffered heavy losses which were not recovered in the next period of business recovery. The International Association of Machinists and the Brotherhood of Boilermakers and Iron Shipbuilders are in this class. The machinists union increased from 72,000 members in 1915 to 330,000 in 1920, and fell again to 76,000 in 1923; the boiler-makers gained 86,000 members between 1915 and 1920, and had lost 84,000 by 1923.

The membership of ten unions that illustrate this variety of experience among individual unions and indicate the importance

TABLE 10

BUILDING, METALS, CLOTHING AND TRANSPORTATION,
MEMBERSHIP OF SELECTED UNIONS, 1915, 1920, AND 1923

UNION GROUP AND NAME OF UNION	AVERAGE ANNUAL MEMBERSHIP ¹		
	1915	1920	1923
<i>Building construction</i>	532,700	887,900	789,500
Carpenters	194,000	371,900	315,000
Electrical Workers	36,200	139,200	142,000
<i>Metals, machinery and shipbuilding</i>	224,200	858,800	257,100
Boilermakers and Iron Shipbuilders	17,300	103,000	19,400
Machinists	71,900	330,800	76,400
Railway Carmen	29,300	182,100	76,700
<i>Clothing</i>	173,700	374,500	295,200
Amalgamated Clothing Workers	38,000	177,000	134,000
<i>Transportation and communication</i>	576,000	1,256,100	907,300
Railway Clerks	5,000	186,000	96,100
Seamen	16,000	65,900	17,900
Teamsters	51,600	110,800	72,700
Longshoremen	25,000	74,000	34,300
Total, above unions	484,300	1,740,700	984,500
Total, all unions	2,582,600	5,047,800	3,622,000

¹ See Appendix, Table I.

of relatively few organizations in the labor movement as a whole is shown in Table 10. In 1915 these unions represented nearly one-fifth of the total membership of all unions; in 1920 their number had mounted to more than one-third of the total; in 1923 their share of the whole was still more than a quarter.

The history of organized labor in this country during the War and early post-War period was not unique. In all countries affected by similar conditions of War prosperity, public control of labor relations, post-War boom and depression, union membership pursued a course not dissimilar to that in the United States. In Great Britain, where the forces influencing the growth and decline of unionism were in broad outline most analogous to those in this country, membership increased, 1914-20, more than 4,000,000, declined in each year after 1920, and stood in 1923 at approximately 3,000,000 less than at the peak. The figures for Great Britain and Northern Ireland are presented in Table 11. They are representative of conditions in many countries in this period

TABLE 11

GREAT BRITAIN AND NORTHERN IRELAND, TRADE UNION MEMBERSHIP, 1914-1923 ¹

YEAR	MEMBERSHIP AT END OF YEAR
1914	4,145,000
1915	4,359,000
1916	4,644,000
1917	5,499,000
1918	6,533,000
1919	7,926,000
1920	8,346,000
1921	6,632,000
1922	5,624,000
1923	5,428,000

¹ *Ministry of Labour Gazette*, October 1935, p. 373.

except where the relation of trade unions to the state underwent radical revision during and after the War. In these countries the changes in union membership departed widely from the patterns observed in the United States and Great Britain; in several countries, distinguished by unusual developments in political organization, union membership after the War mounted to several times the pre-War and War levels (see Appendix, Table XII).