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CHAPTER IV

The New Era and the World Depression

THE decade preceding the inauguration of President Roosevelt in March 1933 and the adoption a few months later of an elaborate national system of industrial control and labor legislation, witnessed an almost uninterrupted decline of about 650,000 in union membership. The downward movement, which had begun with the depression of 1921, continued, except for a nominal advance in 1927, until the turn came with the recovery of business and the labor policy of the New Deal in the second half of 1933. Altogether the organized labor movement had since the peak in 1920 lost 2,074,800 members, leaving it in 1933 where it had been in 1917, or, if the growth meanwhile of the working population of the United States be taken into account, in 1910. Of the total decrease in members since 1923, 179,400 had been lost during the seven prosperous years, 1923–29, and the remainder, 469,600, during the subsequent depression. The year-to-year changes in membership, 1923–34, are recorded in Table 12.

On their face these figures do not disclose the reasons for the course pursued by trade unionism during the period. Beginning with the decline of 85,900 in 1924, which reflected the inevitable slackening in the unusual rate of loss of the three preceding years, the annual recessions thereafter remained relatively slight until the impact of the next depression accelerated the rate of decline once more and produced in 1932 and 1933, together, a loss in membership of nearly 400,000. The influence of the business contractions of 1924 and 1927, which briefly interrupted the prosperity of the New Era, is hardly noticeable in the figures of membership, and, indeed, in 1927 membership actually increased, though slightly. It was as if the momentum of decline, originating in the depression of 1921, transcended all other forces, including business prosperity, and carried union membership lower each year until the decline was intensified by the powerful factors of unemployment and business liquidation initiated by the depression of 1929. The reason the American labor movement failed in these post-War years of more than normal business activity, high profits, good employment and rising wages to resume the advances traditionally associated with the favorable effects on unionism of good times and to retrieve at least part of its previous losses has been for some time the subject of speculation and controversy.

TABLE 12

AMERICAN TRADE UNIONS, ANNUAL CHANGES IN TOTAL MEMBERSHIP, 1923–1934

YEAR	AVERAGE ANNUAL MEMBERSHIP	INCREASE OR DECREASE OVER PRECEDING YEAR
1923	3,622,000	—405,400
1924	3,536,100	— 85,900
1925	3,519,400	— 16,700
1926	3,502,400	— 17,000
1927	3,546,500	+ 44,100
1928	3,479,800	— 66,700
1929	3,442,600	— 37,200
1930	3,392,800	— 49,800
1931	3,358,100	— 34,700
1932	3,144,300	—213,800
1933	2,973,000	—171,300
1934	3,608,600	+635,600

Among the numerous explanations for the persistence of this anomalous condition throughout the New Era prosperity some deal with influences arising from the business and industrial developments of the period and others with factors inherent in American trade unionism itself. That elements of both kinds had a powerful if indeterminate effect on the position of organized labor is clear from the records of the times.

In business and industry the period was marked by an immense shift in the centers of economic activity. Although the history of an expanding economic system is replete with instances of the decline of old industries and the rise of new, it is rare that the rate of change in this respect has been so great as it was in this brief spell of seven years. In manufacturing, the relatively young automobile, chemical, and electrical industries contributed a disproportionate share of the increase in output, employment and payrolls. Outside manufacturing, substantial new sources of employment were created in the rapidly expanding public utility industries, throughout the distributive trades, and in the whole range of services. With few exceptions the industries and trades comprising at this time the most prosperous sections of the American economy had in the past been least penetrated by trade unionism and retained their immunity to organization probably through their capacity to pay high rates of wages and to offer satisfactory conditions of employment.

At the same time a fair number of the large firms in nearly all these industries pursued an aggressive labor policy. This consisted not only in putting up barriers to the unionization of employees, but also in the adoption of a variety of positive measures calculated to raise standards of labor, to stress the community of interest of employer and employee, and to win the loyalty of members of the work-force. The familiar devices of group insurance, employee-stock ownership, employee-savings funds and the like, though not originating in this period, were the subjects of more extensive experimentation than at any previous time. The combined effect of these measures—aptly described in the literature of the period as 'welfare capitalism'—and of the relatively high weekly and annual earnings of the employees of the large companies was probably to aggravate the difficulties of the union organizer and to retard, if not to block, the advance of organization.

Technical developments in industry at this time likewise acted, in the opinion of observers and of union sympathizers, to render more difficult the problems of extending organization into the non-union industries and even of retaining membership in some already unionized. The more general application of mass production methods was held to have resulted in the destruction of many established skills and crafts and to have caused a radical revision in the prevailing ratios of skilled, semi-skilled, and unskilled workingmen in industry. The skilled and semi-skilled employees thus shorn of their trades were converted into machine tenders and unskilled common laborers. As a result of this process, the craftsman, traditionally the source of an overwhelming majority of union members in this country, became a rarity in the shops of these new industries, and where he persisted his trade no longer fitted the jurisdictional framework of existing unions.

Associated with the spread of mass production methods was a marked acceleration in the rate of the application of invention to the processes of industry and of the introduction of machinery. These features of the changing technique of industry in the 1920's revealed themselves in extraordinary increases in the per capita output of labor. They were regarded, therefore, as having the two-fold effect of throwing out of employment precisely those workingmen most likely to join unions and to become the nucleus of organization, and of creating in good times the unusual phenomenon of a surplus of labor. Current estimates of unemployment, which, it was believed, showed the existence of a considerable volume in even the best years of this period, and the observed decline in manufacturing and railroad employment after 1923 lent support to the belief in the existence of a substantial amount of so-called technological unemployment and of a surplus of labor.[1]

Alongside the growing and prosperous industries there was another group which failed to participate to anything like the same degree in the business activity and prosperity of the period. Such industries as clothing, textiles and coal mining were, during much of this era of general boom, often in considerable difficulty, in part because of factors peculiar to each and in part because of the competition of the products of new industries. For this reason several of them, notably textiles and bituminous coal mining, were universally regarded as 'sick' industries and their plight became a matter of public concern. Both the clothing and coal mining industries, moreover, had been strongly organized for some time and the New England sections of the textile industry, while not extensively unionized, had long been a fertile field for unionizing activities. The unfavorable condition of this group of industries serves to account for some of the obstacles in the path of union recovery in the prosperous years from 1923 to 1929.

In these industries, further, the movement of centers of pro-

[1] Evidence bearing on most of the foregoing items is to be found in Frederick C. Mills, *Economic Tendencies* (National Bureau of Economic Research, 1932).

duction from union to non-union areas weakened the unions both directly by reducing the employment of their members and indirectly by furnishing the industry with hitherto unused reserves of labor. This movement is strikingly exemplified in the rise of the cotton textile industry in the South at the expense of the North. In the soft coal industry, where the sources of supply are scattered over an extensive area in Pennsylvania, Illinois, West Virginia, Indiana, Ohio and other states, the policy of the miners union and generally adverse economic conditions so far as the coal business was concerned caused an equally radical change in the centers of production. Similarly, non-union competition in the manufacture of clothing resulted in a great shrinkage in the volume of business in established union centers and its dispersion to the large unorganized cities, such as Baltimore and Philadelphia, and to numerous small towns principally in New York, New Jersey, Connecticut and Pennsylvania in the East, and Illinois and Michigan in the West. During this period, consequently, the effects on the American labor market of the policy of drastic restriction of immigration were offset to some degree by the opening of new industrial areas with their pools of cheaper labor.

The structure and policy of American trade unions, both friendly and hostile critics of the movement believed, were not adapted to meeting the problems of organization arising from the economic developments of the times. The craft union, the dominant form of organization in the movement, was not in this view suited to the requirements of unionization in industries in which the customary skills and crafts had been modified by radical changes in technology and management. The case for industrial unionism, long a subject of controversy in this country, was in these years more vigorously urged than before. The arguments marshalled in its support and the practical measures proposed for conciliating the differences between the advocates of craft and industrial unionism forecast the beginnings of a change in policy observable in the proceedings of the annual American Federation of Labor convention held in San Francisco in October 1934. But at the 1935 convention, in Atlantic City, compromise proposals for adjusting the conflicting jurisdictional claims of these two types of labor organization proved unsatisfactory to the supporters of industrial unionism and led them to take steps in defense of their position that perhaps mark the beginnings of the most serious schism within the ranks of organized labor since the struggle for supremacy, fifty years earlier, between the American Federation of Labor and the Knights of Labor.

The influence of these different factors on the constituent elements of the labor movement illustrates again the diversity of experience among single unions and among groups of them. Special circumstances either in the industry or in the union produce results sometimes consonant with the prevailing trend and at other times at sharp variance with it. The data bearing on the fortunes of the principal groups of unions, 1923–29, are presented in Table 13.

The unions in five of the thirteen groups here recorded increased in membership. The building unions, which already had more than three-quarters of a million members in 1923, registered the heaviest gain because of the great boom in both private and public construction in this country during the years under review. The miners and clothing workers unions together lost approximately 330,000 members as a result of the unfavorable state of their industries and the severe competition within them

TABLE 13

PRINCIPAL GROUPS OF UNIONS, CHANGES IN MEMBERSHIP, 1923–1929

GROUP OF UNIONS	AVERAGE ANNUAL MEMBERSHIP [1] 1923	1929	INCREASE OR DECREASE OVER PERIOD
Mining, quarrying and oil	529,600	270,800	—258,800
Building construction	789,500	919,000	+129,500
Metals, machinery and shipbuilding	257,100	211,400	— 45,700
Textiles	37,300	35,300	— 2,000
Leather and shoes	55,900	46,600	— 9,300
Clothing	295,200	218,100	— 77,100
Lumber and woodworking	10,600	13,200	+ 2,600
Paper, printing and bookbinding	150,900	162,500	+ 11,600
Chemicals, clay, glass and stone	49,500	37,900	— 11,600
Food, liquor and tobacco	76,300	64,600	— 11,700
Transportation and communication	907,300	892,200	— 15,100
Public service	179,800	246,600	+ 66,800
Theatres and music	103,600	135,000	+ 31,400

[1] See Appendix, Table I.

between union and non-union employers. For the rest the losses and gains were relatively slight. But the figures are striking evidence of the extent to which the strength of all the important unions, except those in the building trades and possibly public service and printing, failed to reflect the advantageous conditions of one of the most prosperous periods in the history of this country.

The reversal of the business trend in 1929 and the beginning of the world depression, one of the severest and longest declines in the annals of business fluctuations, initiated a further loss in the next three and a half years of nearly one-half million members. Great as this decline was it is surprising, in light of the prevailing rate of unemployment in these years, that it was not considerably greater. By early 1933 the number employed on construction, on the railroads, and in manufacturing was barely half of the work-force in 1929. That the loss was not larger can be explained only by the fact that so much had already been surrendered since 1920. Total union membership in the large textile industry was only 35,000 in 1929. The mining group had 270,800 members in 1929, but a large part of these were in the anthracite fields where the monopolistic state of the industry and its highly localized condition in a small area in Pennsylvania made it practically impossible to dislodge the union even in bad times. In the bituminous fields unionism was by 1929 all but wiped out.

If the American labor movement as a whole were to suffer in proportion to the severity of the depression, the greatest losses were bound to be encountered in those groups of unions where organization in 1929 was still extensive. It is, in fact, the drop in membership in the building and transportation groups, whose combined membership in 1929 was more than half that of all unions, that more than accounts for the net decline in total membership in the depression. The reduction in the membership of

TABLE 14

BUILDING AND TRANSPORTATION UNIONS, CHANGES IN MEMBERSHIP, 1929–1933

GROUP OF UNIONS	AVERAGE ANNUAL MEMBERSHIP [1] 1929	1933	DECREASE OVER PERIOD
Building construction	919,000	582,700	336,300
Transportation and communication	892,200	609,300	282,900
Total, above groups	1,811,200	1,192,000	619,200
Total, all unions	3,442,600	2,973,000	469,600

[1] See Appendix, Table I.

the unions in these groups is compared in Table 14 with the net loss of all unions during the same period.

But for the vicissitudes of these two groups of unions the upward turn in total membership, which reached such a substantial figure in 1934, might well have begun in 1933. Already in 1933, as a reaction against considerable reductions in wages and the widespread violation of labor standards and in response to new and vigorous organizing campaigns, several groups had gathered a considerable number of new members. While from 1932 to 1933 the transportation and building unions lost more than 300,000 members, unions in the mining, leather, shoe and clothing industries and in public service gained 280,000. The large increase of 1934 was thus anticipated by the substantial improvement in the position of some unions in 1933.