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NORMS AND CYCLES: THE DYNAMICS OF NONUNION INDUSTRIAL RELATIONS IN THE UNITED STATES, 1897-1985

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Norms and Cycles: The Dynamics of Nonunion Industrial Relations in the United States, 1897-1985

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This paper develops a historical framework for analyzing the human resource policies and practices of nonunion companies in the United States. First, the paper examines union growth patterns and finds that over the past one hundred years, those patterns have moved in regular cycles that correspond to long-wave economic activity. The upswing of a cycle is associated with a high degree of employer innovation to contain unionization; during a downswing, the most successful innovations from the preceding period are consolidated into a coherent model of nonunion industrial relations. Although the specific characteristics of the models are varied, each is composed of elements that reflect enduring employer norms related to union avoidance. Next, the paper presents some historical data on the development of nonunion personnel practices. A fair amount is known about the activities of nonunion firms before the 1930s and since the 1960s, but less is known about the intervening years that spanned the heyday of organized labor. The paper looks in detail at the personnel policies of several major nonunion companies during those critical years - a time when employers were developing the nonunion model that has now become prevalent in U.S. industry. Finally, a postscript attempts to explain the persistence of employer hostility to unions in the United States as compared to other nations.

Blind Spots

Throughout the post-World War II period, industrial relations researchers tended to ignore U.S. industry's nonunion sector. They focused their research instead on the employment and labor relations practices of unionized companies. During the last few years, however, a number of industrial relations scholars have begun to pay attention to developments within the nonunion sector (Verma 1983; Foulkes 1980; Kochan, Katz, and McKersie 1986), as have scholars in several other disciplines. Economists (Freeman and Medoff 1984) and sociologists (Fenwick and Olson 1986) are examining nonunion compensation and personnel practices, while in the field of labor law, collective bargaining is being supplanted by topics of concern beyond the organized sector, such as employment discrimination and termination (Leech and Holloway 1985).

Because social scientists have a strong interest in public policy, they are attracted to new and emerging issues. Hence, the recent shift in academic concerns can be traced to the sharp contraction in private sector union membership that began in the 1980s. Likewise, the previous generation of industrial relations researchers exhibited a scholarly blind spot when it came to the study of nonunion firms. During the years that generation was in graduate school - roughly from 1935 to 1960 - the spotlight was on the union sector, where a new industrial relations system was being forged that in turn raised important issues for public policy. As a result, young scholars in those years were preoccupied with the study of union organization and collective bargaining, particularly as practiced in the mass production industries organized during the 1930s and 1940s. There was also a normative aspect to the postwar industrial relations scholars' paradigm: a belief that nonunion firms did not merit serious scrutiny because they were considered socially retrograde in light of public policies encouraging collective bargaining. Granted, it was harder to obtain information on nonunion firms than on the highly public, and publicized, union sector; this may may have deterred research efforts. But whatever the explanation, that generation of scholars downplayed the significance of events in the nonunion sector - by attributing nonunion practices to reactive, imitative "spillover" and "threat" effects - and gave too much importance and weight to developments in the union sector. This is not to deny that spillovers occurred, that the union sector was the source of much innovation in personnel policies, or that managers in nonunion settings often looked over their shoulders at developments in organized firms. Indeed, many personnel practices in nonunion firms were adopted for the express purpose of avoiding unionization, as is still the case today. Nevertheless, academia and the mass media did slight the nonunion sector, thereby creating the erroneous impression that unionism had greater appeal, dynamism, and acceptability than was actually the case. Bear in mind that the density of private sector union membership (the percentage of private sector nonagricultural workers belonging to unions) barely reached two-fifths of the labor force even during wartime; grew for only twenty-five years, from 1933 to 1958; and subsequently failed to sustain that level, dropping from 35 percent in 1958 to 16 percent in 1985. We therefore need to rethink our conception of labor relations in the United States and put the years between 1930 and the present in proper historical perspective.

If we take a broad view of, say, the last hundred years, the leitmotiv of U.S. industrial relations is not the growth of organized labor but, instead, management's persistent and often stubborn resistance to unions. Among the many traditions in labor relations, this one has shown the greatest continuity. Although management's attitudes have evolved over the years--becoming more solicitous toward employees and more sophisticated in its techniques than before--its philosophical appraisal of unions and of the contributions they might make to the workplace have, with some notable exceptions, exhibited surprisingly little change. Following Fox's (1974) terminology, this philosophy can be dubbed unitarianism: managers emphasize the common objectives and values that unite the employer and the employees, while viewing unions as the propagators of illegitimate and unnecessary conflict. {1} A contrasting philosophy is pluralism, which portrays the workplace as a coalition of groups with divergent interests and aspirations. Here, unionism has a role to play as a pressure group challenging managerial rule and engaging in joint rule making on behalf of the employees. Whereas pluralism was the dominant philosophy of the postwar generation of industrial relations scholars, something for which they have been thoroughly condemned in recent radical critiques (Stone 1981), it can hardly be said to have had wide acceptance in managerial circles, even during the period of reputed pluralist hegemony, that is, from the 1940s through the 1960s. Instead, as a few observers warned during those years (Barkin 1950; Brown and Myers 1957) and as recent historical research has shown (Harris 1982), most managers, including those within the heavily unionized, core manufacturing firms, had an overwhelmingly conservative opinion of unions and adopted a seemingly flexible stance merely as a tactical strategy. Were a more nuanced and extensive appraisal to be made of postwar pluralism, something that cannot be undertaken here, it would find pluralism to have been a prescriptive norm urged upon U.S. managers by government officials and industrial relations scholars (as in the case studies published by the National Planning Association; see Golden and Parker 1955) -- not a widely accepted tenet of managerial belief.

In light of all this, it is a mistake to say that "the dominant industrial relations system of the 1930 to 1960 period was collective bargaining and job-control unionism" (Kochan, Katz and McKersie 1986, 264). First, this characterization overlooks or slights both the innovations in personnel practices and the anti-collective-bargaining activity of nonunion firms, not only in their own plants but in their public relations and lobbying efforts as well. That is, it simply reinforces the erroneous impression created by postwar industrial relations researchers that little of interest was happening outside of the union sector. Second, and worse, the statement leads to a conjunctural analysis of the post-1960 growth of the nonunion sector, in which the development of an alternative nonunion model is seen as something new and unprecedented, the result of factors that came into play during the 1960s and 1970s. It would be more accurate to portray events in recent decades as a shift back to what has been the baseline for industrial relations in the United States for the last century. The years between 1930 and 1960 were actually an aberrant period in which two models--the union and the nonunion--contested each other, with the nonunion model eventually reasserting its traditional dominance in the years since 1970. Moreover, as several writers have recently noted (Jacoby 1983; Dubofsky 1985), there are striking parallels between the 1980s and the 1920s, the latter being another decade that witnessed competition between the models, followed by a "return to normalcy," to use the conservative phrase of that day. This cycling of industrial relations philosophies and practices bears closer scrutiny.

Cycles in Industrial Relations

If one examines historical data on private sector union density, two facts stand out. First, union growth and decline alternate in long waves of years (trends or moving averages) in addition to continual annual fluctuations. Second, over the past century, the number of years in which union density declined is greater than the number of years in which it grew: 56 percent of the years between 1897 and 1985 were spent in union decline. {1}

Some of the observed variation in union membership density can be explained by the conventional economic factors used in longitudinal models of union growth (Stepina and Fiorito 1986; Fiorito and Greer 1982). The models do a reasonable job of tracking annual movements, but are less helpful in explaining the major turning points shown in the table. This has forced modelers to introduce social and political variables that are thought to have some effect on union growth. The procedure, although it leads to fairly good explanatory results, is typically performed on an ad hoc basis, usually without any well-developed theory to guide the choice of variables. Moreover, although

Table 1. Cycles of Private-Sector Union Density, 1897-1985

Periods of Union Growth	Periods of Union Decline
1897-1921 (3.7 - 19.9)	1922-1933 (11.2 - 15.1)
1934-1958 (12.5 - 39.9)	1959-1985 (15.9 - 36.1)

Notes: The figures in parentheses are the density range, in percent, for each period. Union density is the percentage of non-agricultural, private-sector employees belonging to unions. Union growth (decline) periods are those in which density increased (decreased) for at least four consecutive years. The numerator excludes Canadian members, public sector members, and agricultural members of unions. Figures on government and agricultural employment were extrapolated for the years 1897-1899.

Sources: U.S. Department of Commerce, Bureau of the Census, Historical Statistics of the United States: Colonial Times to 1970, Part 1 (Washington, D.C.: GPO, 1975), 126, 137, 177-78; Stanley Lebergott, Manpower in Economic Growth (New York: McGraw-Hill, 1964), 512, 522; U.S. Bureau of Labor Statistics, Handbook of Labor Statistics, Bulletin no. 2070 (December 1980), 402-409; Courtney D. Gifford (ed.), Directory of U.S. Labor Organizations, 1982-83 ed. 1, 55, 63 and 1986-87 ed., 67 (Washington, D.C.: Bureau of National Affairs); Leo Troy and Neil Sheflin, Union Sourcebook: Membership, Structure, Finance, Directory (West Orange: IRDIS, 1985), A-1.

the models have been separately applied to data from different nations (Pencavel 1971), this begs the obvious and still unanswered question of what causes cross-national variations in unionization levels, or more specifically, why unionization levels are so much lower in the United States than in other countries with similar industrial relations systems.

The swinging pendulum of long-wave theory provides one way of explaining the chunky movements shown in the table. Ever since Kondratieff, economists have studied long-term cycles in economic activity. Although the evidence on long swings is not entirely convincing (Rosenberg and Frischtak 1984), it does paint a tantalizingly plausible picture. Researchers have found, for example, that prices in the United States exhibit regular, long swings from inflation to deflation, with a full cycle (peak to peak) lasting roughly 50 years. Previous peaks were in 1873 and 1920; the troughs in 1896 and 1933. In addition to the price cycle, economists have found that industrial production moves in long waves, with the most recent peak occurring in 1973. Since then, aggregate growth and productivity have slowed considerably. At least until the 1920s, the price cycle and the production cycle moved in concert, and it is possible that they are once again becoming synchronous (Van Duijn 1983). Although aggregate prices moved upward during the 1970s, much of the increase was due to the OPEC oil price shocks; and in the last few years, some wages (for example, those in the union sector) and many commodity prices (for example, oil and metals) have been falling. A number of explanations for these long waves have been proferred, including innovation clusters (Schumpeter 1939), interactions between economic and demographic factors (Easterlin 1968), and social structures of accumulation (Gordon, Edwards, and Reich 1982), in which institutions that foster capital accumulation at the beginning of a long wave later become troublesome barriers to the continuation of the economic growth process.

These swings have obvious relevance to union growth, especially since they approximately match the turning points shown in the table. First, economic theory suggests that during upswings--inflationary periods accompanied by rapid growth and relatively tight labor markets--workers seek union representation to protect real wage levels, causing a rise in union membership. Because these are auspicious times for successful strikes, unionized workers are able to increase their relative pay, spurring additional interest in unionism. Labor's bargaining power during the upswing makes it difficult for unionized employers to rid themselves of unions. But with the onset of the downswing, prices and growth rates start to decline and labor markets slacken. These conditions provide employers an opportunity to dislodge the unions. Although some firms are able to achieve this, others -- those that are heavily unionized or geographically immobile -- find union elimination to be an infeasible (though still desirable) objective, forcing them instead to seek wage relief, productivity improvements, and more cooperative labor relations. Slippage in the relative wages and working conditions of organized workers make unions less attractive to the unorganized, causing further reductions in union membership. Second, long wave movements are also associated with changes in the industrial structure of the economy. During upswings, new industries emerge while older industries are carried along by the economy's buoyancy; during downswings, the older industries contract and sometimes disappear entirely. Simply by virtue of their age (meaning that unions have had more time to organize them), those older industries tend to be more heavily unionized. Hence their shrinkage provides another explanation for the link between long swings and union growth.

In addition to these economic links, there are social and political factors to consider. Paralleling long swings in economic activity have been shifts in social attitudes and social policy. During the upswings of 1896-1920 (the Progressive era) and 1933-73 (the New Deal era, broadly defined), public attitudes toward social reform and toward interest groups like organized labor were generally favorable; the reverse was true of economic downswings, such as the 1920s and the years since 1973. These shifts in social attitudes have played important roles in the union growth process: first, by allowing labor and its allies to foster policies favorable to unions (for example, the Wagner Act); and second, by influencing the calculus of private decisions, making it socially acceptable to join or support unions during upswings and equally acceptable to shun or undermine them during downswings.

But the matter is more complex than that. Although social and political attitudes change during a long swing--moving from conservative to liberal and back again--it would be fallacious to assume that all elements in a nation's sociopolitical structure shift in a uniform fashion. Rather, there exist what might be called social constants, immutable factors that persist over time, giving national social systems a distinctive character and setting the social and political boundaries for the long swings. In the United States, these social constants would include the absence of feudal traditions, a heterogeneous working class, and, of interest here, an employing class that has always been hostile to organized labor, regardless of specific economic conditions.

True, American managers have economic reasons for avoiding unions. Unions impose actual or potential strike costs on unionized firms and, as a result, those firms are forced to pay wage premia. Given that most industries are only partially unionized, wage premia hurt firm profits and market share. How much they hurt will depend on whether unions can raise productivity and reduce unit labor costs in unionized firms, an issue presently under debate by economists. But management hostility to organized labor typically transcends these economic considerations. Opposition to unions, as expressed in unitarian managerial philosophies, derives from a set of <u>beliefs</u> -- in the virtues of individualism, in the employer's freedom to control his property without interference from either government or unions (Berthoff 1964), and in the economic harm caused by unions -- rather than from a careful weighing of the actual costs and benefits of unionism. Although there are historical instances of employers welcoming unions for economic reasons, either as a stabilizing force in highly competitive industries like apparel or construction, or as a prop to oligopolistic pricing practices in industries like steel, these are exceptional cases. Even in steel, Myron C. Taylor of U.S. Steel failed in the late 1930s to convince other steelmakers like Tom Girdler (Republic), Ernest Weir (National), and Eugene Grace (Bethlehem) that the virtues of price stabilization outweighed the vice of unionism (Ulman 1958).

However, after a firm is organized, economic considerations will shape management's decisions about the appropriate industrial relations strategy to pursue. At best, firms will tolerate the union because the cost of dislodging it is too high, but at the same time they will try to weaken or circumvent it, and then to eliminate it whenever that is possible, typically during a downswing (unless, as mentioned, dislodging costs do not fall enough during the downswing to make this a feasible strategy, as with some heavily unionized or immobile firms; see Kochan et al. 1986). In other words, economic factors influence the feasibility and timing of hostile management actions, but are not the sole or even the most important determinant of management's hostile attitudes and beliefs. {2}

This continuing hostility to unions has had two important consequences. First, along with the other social constants referred to, management's strong opposition to organized labor accounts for the comparatively low basal levels of unionization found in the United States, an issue discussed later in the paper. Second, it plays an important role in the union growth cycle, setting an upward bound on unionization levels during upswings and hastening their erosion during downswings. In other words, management actions -- not simply product and labor market swings, worker preferences, and union resources -- are an important determinant of union density trends. This can be seen most clearly in the union-avoidance policies pursued over the course of a long wave cycle.

Upswings in the economy have been marked by societal ferment and shifting social norms, in addition to union growth. As a result, employers fearful of unionization during the upswings have to scrap some of their industrial relations policies from the preceding downswing or bring them into line with the period's new social and economic realities. They also have to devise and experiment with new policies and techniques intended to gain tactical advantages over unions and to ensure continued employee loyalty. These innovations may be entirely the work of managers and their consultants (such as the wage incentive plans of the decade of the 1900s), but they also often involve preemptive imitations of recent union gains, both economic and noneconomic. During upswings, "threat effects" are common, and personnel practices spill over from the union to the nonunion sector. Because of their firefighting approach to preventing unionization, most companies are unable to to put together a coherent ensemble of effective personnel policies, although a few pioneering firms do. Nevertheless, during the upswing there is considerable diffusion of a variety of personnel innovations--not all of them effective--because even the most expensive or outlandish technique may be perceived as profitable in light of the "clear and present danger" posed by unions.

During an economic downswing, employers refine their strategies: The most successful union-containment policies of the preceding period are retained, while the less effective ones are shed. What had been experimental and innovative during the upswing (such as systematic personnel management, which first appeared in the 1910s) now becomes standard operating procedure in many nonunion companies. As successful personnel innovations from the earlier period are consolidated, there emerges an identifiable nonunion model of industrial relations. Managers now are better able to put together a coherent system because less of their energy is spent on tactical labor relations problems and because more conservative social and political conditions exist that allow the pursuit of policies that previously had been difficult to implement. (For example, the American Plan was launched after, rather than during, the first World War because public and governmental support for unions waned after the war; for the same reason, employers today can be more forthright about their opposition to unions than was the case thirty years ago.) Companies that are perceived to be on the leading edge in applying the nonunion industrial relations model are widely imitated and receive publicity from what has become a sympathetic, pro-business press. But those companies are not necessarily the true pioneers. Instead, they are simply the firms that are experiencing relatively high growth and profitability during the downswing. The popular impression is that these high growth and profit rates are the result of innovative personnel policies, but the causal relationship may also run in the opposite direction or not exist at all.

Two critical issues during the downswing period are the extent to which the nonunion model is diffused throughout industry and the resources that firms devote to it. These will affect the degree of unionization during the next upswing. Diffusion rates and funding levels will depend on management's perception of the present and future probability of unionization as well as the cost to the firm should it occur. Although unionization is less likely during the downswing, its cost may actually increase because unions tend to have more bargaining power than organizing power during these periods (look, for example, at union-nonunion wage differentials during the early 1930s or today). But regardless of these considerations, managers will have memories of the previous upswing and may act to prevent a recurrence of union organizing successes.

Some cynics would argue that the ability to remain nonunion over the course of a long economic cycle has less to with the firm's personnel policies than with its financial position. After all, it is argued, look at what happened in the 1930s to the supposedly innovative nonunion companies of the 1920s; a similar fate will likely befall today's high technology firms when hard times come, as they always do. To this I would respond, yes, financial resources are often necessary to support an innovative personnel program, but resources alone are no guarantee that a firm will adopt such a program and remain nonunion. In other words, money matters but it is not all that matters. A well-heeled firm can be organized if it has backward personnel policies (including those on compensation), and a cash-strapped firm can avoid organization if, when hard times come, it can draw on a fund of employee trust and loyalty built up during better years. Of course, at some point that fund may exhaust itself, which was one of the problems faced by progressive firms during the 1930s.

Norms of Opposition

Another source of historical continuity can be found in the policies that managements have relied upon to insulate their firms from unionism. Going back to the turn of the century, one can identify five basic norms around which nonunion personnel policies have clustered. They are:

1) paternalism, the gamut of employee welfare programs and nonwage compensation plans designed to build employees' identification with and loyalty to the firm;

2) participation, offering employees structured channels to influence organizational policies and practices;

3) <u>union substitution</u>, providing wage levels and fair rules of workplace allocat.on (hiring, promotion, dismissal) that match those garnered by unionized employees.

4) <u>coercion</u>, using force, threats, or sanctions to deter workers from organizing or joining unions; and

5) <u>labor law</u>, resorting to legal action or legislative lobbying to discourage the forming and maintenance of unions - court injunctions, yellow-dog contracts, and legislation like the Taft-Hartley act would be included here.

Each of these norms can be analyzed using Hirschman's (1970) model of organizational adjustment. Firms strive to prevent employee exit--in the form of quits and of membership in a union--both of which are viewed as exit into a competing organization. {3} Preventing exit to a union is achieved through participation, or voice, channels that give employees an alternative to the union influence mechanism and through personnel policies that substitute for the benefits that a union could provide employees. To build employee loyalty, which increases the probability that when the chips are down an employee will choose not to exit to a union, managers rely on paternalistic welfare programs. Participation also builds employee loyalty, since workers tend to be more loyal to organizations they are able to influence. Through coercion, by job loss or other threats, management can increase the cost of choosing exit. Like coercion, using the law to hem in organized labor can raise the cost of exit by making it more difficult to create and maintain unions. For example, the use of yellow-dog contracts before 1932 left unions financially liable when they successfully recruited new members, while Taft-Hartley's allowances for employer free speech raised the cost to unions of conducting organizing campaigns and winning elections.

As time goes by, some of the specific policies associated with these norms are discarded and replaced because their effectiveness is vitiated by long-wave shifts in the economy, the composition of the labor force, and in social attitudes (as reflected, in part, by legal constraints). Other policies, however, remain consistent in form as a result of unchanging cultural and ideological proclivities on the part of workers and managers (for example, such welfare programs as company athletics; see Fones-Wolf 1986). Institutional inertia and rigidity also play a role, giving rise to a correlation between the age of an organization and its use of certain human resource policies (Stinchcombe 1965). This combination of change and inertia produces a kind of geological structure of human resource policies within organizations. At any point in time, one finds strata of policies associated with a particular norm; each stratum represents an older policy carried over from an earlier period. Together with social constants and the persistence of norms, this geological structure gives a distinctively "American" stamp to our industrial relations system as it moves through time.

A Look at the Cycles

Let us now examine the content of the norms in each of the cycles shown in the table. Although only a brief sketch is possible here, it will help to flesh out the arguments presented above. The place to start is with the 1897-1921 upswing, a time of social unrest and social reform that produced significant gains in union membership, particularly at the cycle's start (1897-1904) and finish (1916-20). Those gains fueled numerous and significant personnel policy innovations at a large number of firms. Toward the end of the upswing, a handful of progressive companies like Dennison Manufacturing and Leeds &

Northrup managed to meld those innovations into a coherent system of nonunion industrial relations - a system that later served as a model for other firms.

The initial managerial response to the upsurge in unionism was paternalistic programs ranging from thrift clubs, compulsory religious observances, and citizenship instruction to company housing, outings, and contests (Brandes 1976; Jacoby 1985). {4} Many, though by no means all, of the programs were intended to prevent unionization, either by holding out hefty benefits that could be withdrawn after a strike or by psychologically immunizing the employees against unionist nostrums by making workers more sedulous, patriotic, and loyal. Next, employers began to provide participative alternatives to unions, starting with the Filene Cooperative Association, founded in 1903, and followed over the next twenty years by a variety of shop committees and employee representation plans. Not all of those plans were motivated by anti-union animus, but many were, particularly those adopted during and immediately after the first World War (Nelson 1982). Third, employers instituted a range of "unionesque" personnel policies, chiefly rules and procedures governing movement within the firm's internal labor market. These provided a measure of equity and security to the work force and were administered by the new personnel departments that companies had established during the war. (Jacoby 1985). Finally, when these positive incentives failed to deter unionism, employers turned to more coercive policies (dismissals, blacklisting, and other threats) or to legalistic measures like court injunctions and lawsuits alleging restraint of trade.

The <u>downswing of 1922-33</u> began with a shift to coercive policies in the form of an employers' open-shop offensive known as the American Plan (Wakstein 1964), which, along with a brief but sharp depression, depleted the ranks of organized labor. Yet as the threat of unionization receded, employers did not abandon the various employee incentives engendered in welfare programs, participation, and unionesque personnel policies. Instead, following the example set by pioneering firms like Dennison, they synthesized the most successful policies associated with the five norms into a nonunion model of industrial relations. This model received attention from the press, from foreign visitors, and from employer organizations like the Special Conference Committee and the American Management Association (Balderston 1935; Bernstein 1960). {5} But unlike in the preceding upswing, when personnel innovations did not depend in any obvious way on the nature of the firm or industry, such as its technical sophistication or profitability, the nonunion model now prevailed in the dynamic new industries that had high and stable profit levels--electrical machinery, scientific instruments, chemicals, public utilities--and was less common in the older or declining industries such as machinery, steel, textiles, and meatpacking (Jacoby 1985). Moreover, because the nation as a whole was more politically conservative during this period than in the earlier upswing, employers had an easier time obtaining public support for their anti-union position. For example, more labor injunctions were issued during the 1920s than during the previous two decades combined (Witte 1932).

Despite these prophylactic measures, the downswing period closed with a sudden reversal of labor's misfortunes. The next cycle, which lasted from <u>1934 to 1958</u>, was a time of major growth for U.S. unions. They gained not only new members but also newfound public approval and political influence of an unprecedented degree. For these reasons, I refer to this cycle as "the great upswing". Indeed, the upswing was so strong that, during the first decade of the succeeding downswing which began in 1959, the labor movement was able to maintain much of its public standing and political power. Too, although union density declined during the 1960s, it did so very gradually due, in part, to the stimulative effects of the Viet Nam war. The war also helped to stave off economic stagnation until the early 1970s, when the contraction phase of the long-wave cycle began, with its attendant change in industrial structure (Killingsworth 1978). Thus, the 1960s were a pendent period that can be viewed either as the tail-end of the great upswing or as the beginning of the downswing that we are still experiencing. In any event, to better understand the current downswing, the long-wave model of industrial relations suggests that one needs a clear picture of how employers addressed the critical problems that they faced during the preceding upswing. Thus, the remainder of this paper analyzes in detail the 1934-58 cycle (the "great upswing") and the emergence of a new nonunion model during that period.

A Closer Look at the "Great Upswing"

The onset of the great upswing came as a surprise to those managers who thought they had resolved the problem of union avoidance during the 1920s. Managers of newly unionized companies suffered an "unparalled loss of self-esteem and community standing" (Nelson 1986), while those in companies that had succeeded in staving off unionization struggled to find an effective formula for maintaining their nonunion status. A bellicose minority of the newly unionized firms intensified their application of the earlier nonunion model, hoping that it would shake loose what they mistakenly believed to be the tenuous hold that unionism had taken on their employees. These "belligerents," as Harris (1982) termed them, launched new employee representation plans or breathed new life into plans that had become dormant; they strengthened their personnel departments and added unionesque rules and internal labor market procedures; they devoted more resources to their quasi-pecuniary welfare programs; and, in particular, they tried to coerce their employees to stay out of unions through a range of what were now unlawful labor practices. Other firms--in fact, the vast majority--did many of these same things, although they eventually gave up on coercion in favor of building a modus vivendi with their new bargaining partners. Among these were companies like General Motors, General Electric, and U.S. Steel, whose managers accepted unionization as an inevitable, if unpleasant, new fact of life and strove to make the situation as much to their benefit as possible. It was these companies that received the most attention from academic observers, few of whom, however, realized the weakness of the companies' commitment to collective bargaining. Indeed, by the mid-1940s, managements in these companies had regained some of their self-confidence and began to take more aggressive steps to contain union inroads. Their effort to pass the Taft-Hartley bill was one manifestation of this turnabout; others were their gradual relocation of plants to southern states and their implementation of a new set of personnel policies intended to weaken the popularity of unionism. General Electric, for example, was commonly depicted as a firm that had accepted unionism, but in the early 1950s it began to move its plants south and adopted Boulwarism as an approach to undermining its existing unions (Northrup 1964). In designing that approach, GE managers, like those at other unionized firms, looked to the nonunion sector for inspiration as well as concrete ideas.

Avoiding unionization during those early years might be ascribed to luck: the result of a close vote against the union or of a company's location in areas or industries in which unions were weak. Oftentimes, however, more than luck was involved. I have been conducting historical case studies of three large companies that were (and are) largely or entirely nonunion: Eastman Kodak, Sears Roebuck, and Thompson Products (later TRW). My research shows that these companies shared a number of characteristics that helped them resist organization during the great upswing. First, their managements were deeply committed to avoiding outside unions; company unions might be tolerated or even encouraged, but any other kind of union was anathema. Although this sentiment was widespread among American managers in general, what distinguished these companies from their competitors was their persistent willingness to devote sizable resources to union-avoidance efforts. Both Sears and Kodak, for example, took special pains to maintain their personnel programs during the early 1930s, that is, when unionism was in decline and other firms at the time were cutting back in this area and weakening the authority of their personnel departments, actions that came to be resented by employees who felt that their employers had reneged on the implicit contract inherent in the nonunion model of the 1920s (Brody 1980). Second, over the years Sears and Kodak, as well as Thompson Products, have retained strong personnel departments backed by the companies' top executives, who have consistently paid close attention to corporate employee relations programs. Finally, throughout the years of the great upswing, the three companies were highly innovative and willing to experiment with new policies to preserve their nonunion status.

The three companies differed greatly in size, technology, and other key characteristics. The vast majority of Kodak's 30,000 employees (as of 1940) was employed in Rochester, New York, where the company manufactured cameras, photographic film, and related products. Whereas Kodak was a technology-based organization with many highly skilled employees, Sears was almost exclusively a retailer, with an enormous work force (over 100,000 in 1941) employed in stores and mail-order plants across the nation. Thompson Products, the smallest of the three companies (16,000 employees in 1946), manufactured automotive and aircraft parts, with the bulk of its largely blue-collar work force employed at several plants in the Cleveland area. {6}

It is instructive that despite these differences the three companies pursued very similar strategies for maintaining employee loyalty and deterring unions throughout the period in question. All were strongly paternalistic and encouraged their employees to think of themselves as "members of the family"

(TRW Papers, box 39, 1946). This norm was pursued to the greatest extent by Eastman Kodak, which was an exemplar of the cradle-to-grave approach of corporate welfarism. Even before the great upswing, Kodak provided its "clan" (a company term) with a profit-sharing plan, retirement annuities, medical and dental programs, paid vacations, athletic facilities, free legal advice, emergency loans, and other benefits (Webber 1924; Folsom 1929). Not only were those programs continued during the 1930s, but they were expanded and made more generous at regular intervals. Kodak was among the rare companies in the United States to provide unemployment benefits during the depths of the Great Depression, and in later years its benefit levels were among the highest of any employer in the nation - union or nonunion (Plummer 1939; Paul 1984).

Another early leader in the corporate welfare movement was Sears. As at Kodak, the scope and generosity of its welfare programs made Sears a bellwether in this area both before and during the great upswing. Its lucrative profit-sharing plan, unlike those at most other firms, remained intact throughout the Great Depression (Business Week 1932; Emmet and Jeuck 1950). Top management believed that these benefits were "tangible evidence to the organization of management's concern for the welfare of its employees [and] effective as symbols chiefly because they are substantial, and because, as such, they demonstrate the sincerity and weightiness of management's concern." In particular, the profit-sharing plan was thought to symbolize to employees that "they and the company are one, that there is no important conflict of interest between those who own and those who work, that they are in effect 'working for themselves'" (Worthy 1949, 17).

Although Thompson Products offered its employees paid vacations and insurance programs, the company's relatively small size precluded the same elaborate system of welfare benefits as at Kodak and Sears. A pension plan, for example, had to wait until 1944. Nevertheless, the firm used its small size to great advantage: Its top managers made regular appearances on the factory floor and expressed a personal interest in each employee. The company had a supervisor of employee services who visited the homes of sick employees and helped employees with various personal problems. In addition, Thompson sponsored an Old Guard Club, a recreational association with a dozen different sports leagues, a company orchestra, family nights and bingo games at the company's plants, boat rides, clambakes, and field days (TRW Papers, box 133; Seybold 1946).

Another strategy of all three firms was to provide the same range of employment policies and safeguards as could be found in unionized firms. They each set wages and fringe benefits at levels that equalled or bettered those obtained by comparable unionized workers. In addition, they matched union standards for labor allocation procedures. Hiring, promotions, and separations were carried out according to standard rules enforced by strong personnel departments that had the respect of the line organization. {7} A seeming deviation from union practice was the relatively lesser weight assigned to seniority as a promotion and layoff criterion. Yet the differences here were smaller than management pronouncements suggested. At the same time as the personnel manager at Thompson Products publicly attacked unions for "making merit count for nothing," his firm adhered strictly to seniority in making layoffs and, as in many unionized firms, was allowing seniority to govern when worker ability was judged equal (Livingstone 1946a, 14; TRW Papers, box 39).

Employment security, a subject of great importance to all American workers over those years, was given a high priority at each company. Sears and Kodak maintained open-door policies for handling employee complaints about discipline and dismissal, policies backed up with guarantees of fair treatment, or what Kodak called its "code of industrial relations" (Cochrane 1956). Kodak was among the nation's first companies to stabilize production and eliminate seasonal fluctuations in employment, while Sears became well-known for its innovative constant-income plan (Folsom 1939; Van Vlissengen 1939). Enhancing employment security at all three firms were promotion policies that consistently favored incumbent employees over outsiders. Moreover, lower and higher level managers were typically "home grown."

The three firms closely scrutinized developments in the union sector. During the 1940s and 1950s, the personnel manager at Thompson's largest plant regularly compiled reports on wage trends, seniority rules, and bargaining issues in the union sector; these were used as guidelines in setting the firm's own employment practices (TRW Papers, boxes 110, 133). At Sears, the head of personnel administration, Clarence B. Caldwell, sent a memo to the company's president in which he argued that, in light of several organizing drives then under way at Sears stores, the company "should certainly continue to look at all policies with the question: are they likely to keep out the union?" (Caldwell 1952, 29). Some observers have interpreted those imitation or "threat effects" as an effort by nonunion managements to share in the productivity gains induced by the shock of unionization, but I have found little evidence to support that view. Instead, the close tracking and matching of union sector policies were in keeping with the firms' long-established method for insuring that they remained unorganized. The continuing irony in that method, however, was that it best served the purpose of thwarting unionism by introducing the same reforms the unions were seeking at the time. Thus, although top executives at the three firms were not particularly enamored of the unions' rigid approach to job security and other matters, they were willing to meet the challenge more than halfway in order to preserve their nonunion status.

Providing mechanisms for employee participation was one area where the three companies diverged from one another. Sears, for example, set up an advisory council in 1939 to oversee its profit-sharing plan. Employee representatives from the various geographic and functional divisions of the company were elected each year to serve on the council, which made recommendations about running the plan. The representatives had little real power and the election rules were unilaterally promulgated by management. Yet the company gave a great deal of publicity to the council, claiming that it "symbolizes the democratic spirit of the organization" and was an example of "industrial democracy in action" (Sears News-Graphic 1956). In addition, in 1938 Sears launched what was known as the "Big Board", or the "Sears Forum", an annual meeting, usually held in Chicago, at which employees heard reports from management about the company's performance and its plans for the coming year. Employees were allowed to submit questions, and these sometimes were mildly critical or controversial.

But what made Sears unique in this area was its employee attitude testing program, initiated in 1939 (Jacoby 1987). One of the earliest and most sophisticated industrial applications of behavioral science to workplace problems, this program served as a model for many other companies. Although it had a research component that made important contributions to a number of academic disciplines, it was primarily developed as part of the company's ongoing effort to forestall unionization. To gauge employee morale, Sears regularly surveyed employees at various units, using both questionnaires and nondirective interviewing. The process allowed employees to speak their minds about their problems, while at the same time providing management with data that identified "potential trouble spots" that could lead employees to join unions. Indeed, recent research done by the company shows a high correlation between a unit's survey score and subsequent unionization attempts (Hamner and Smith 1978). The survey was a considerably more sophisticated strategy for avoiding unions than, say, a corporate welfare program, which did not require a high level of technical proficiency to administer. Reliable surveying depended crucially on specialized assistance from outside professionals familiar with the latest findings in the behavioral and social sciences. Among other things, this assistance--and the program's ties to avowedly neutral researchers and universities--conferred scientific legitimacy on the program.

Thompson Products adopted a different strategy for employee participation: company unionism. Although many of the employee representation plans started in the 1930s had proved to be Trojan horses for managements--because they were later captured by outside unions--a few companies were able to pilot their plans around those unions as well as the Wagner Act and the National Labor Relations Board. Like DuPont and Weirton Steel, Thompson Products was one such company. All the available evidence suggests that Thompson's company unions were initiated and subtly controlled by management, particularly in their early years (Shore 1966). Nevertheless, despite repeated organizing drives at its Cleveland plants in the 1930s and 1940s, and again during the 1960s, Thompson's independent union proved resistant to challenge by popular outside unions such as the United Automobile Workers (UAW).

The key to management's success at Thompson was its ability to convince employees that their interests were better served by company unions than by "outside unions that preach hate [and are] not at all concerned with trying to build a better business so that there will be more to divide" (Livingstone 1946a). To win the employees' hearts and minds, the company relied on an elaborate employee communications program. Thompson trained its foremen in human relations and industrial psychology, telling them that workers wanted a boss who was "easy to talk to," "appreciative," and "sympathetic." Foremen also received training in basic economics and related subjects so that the employees would "not be receptive to 'crack-pot' theories of economics, on which labor agitators thrive." "Drive home sound economic thought now," they were instructed, and "don't miss an opportunity to make friends with employees"

(Livingstone 1946b, 21; Baritz 1960, 189). To increase its presence on the shop floor, the company hired from its blue-collar ranks dozens of "personnel supervisors," who were to be always available to help workers with their personal problems and work-related grievances. Twice during a shift, the supervisors made a circuit of the employees in their assigned area, and occasionally they were joined by the president and other executives who strolled with them around the shop, stopping to talk to the workers (Livingstone 1942; TRW Papers, box 29). As the company acknowledged, one advantage of having these supervisors was that "their close contacts with employees [allowed them] to report on trends of thought developing in the organization," that is, on any proclivities toward outside unions that employees might be harboring (Seybold 1946, 80). Finally, the company held a series of lavish dinners at a local hotel each year so that workers had the opportunity to socialize with their supervisors and to hear speeches by the company's top officers.

During a union organizing campaign, Thompson's communications program shifted into high gear. First, the company hastened to respond to union organizing and other threatening developments by printing up brochures and leaflets that were handed out to employees or posted on bulletin boards around the plant. For example, when the company heard one Saturday that a recent election had been set aside by the NLRB, the news was immediately posted on all bulletin boards. On Monday, when union organizers were handing out flyers hailing the ruling, "the Thompson people shrugged it off as 'old stuff'" (Factory Management & Maintenance 1946, 109). Second, the company was exceedingly blunt and direct in responding to union publicity. It distributed a newsletter titled "Let's Have the Truth!" to all employees at work and occasionally also mailed it to their homes. The publication contained point-by-point rebuttals of union charges and claims, as well as choice invectives accusing UAW leaders of being communists, drunkards, criminals, and enemy aliens. Foremen were sent advance copies of these publications and were expected to discuss them in their work groups. Third, Thompson relied on a variety of media to get its point of view across, including pamphlets, booklets, flyers, letters, reports, and "captive audience" speeches by Frederick C. Crawford, the company president.

The National Labor Relations Board (NLRB) censured Thompson Products on several occasions for having overstepped the boundaries of the Wagner Act, which forbade employers from taking an active role in union campaigns and elections. The board criticized the company for having "engaged in energetic election campaigning rather than in mere opinion expressing", and added that the company's communications "passed from the realm of the free competition of ideas envisaged by the First Amendment into that of coercion" (NLRB 1946). But instead of quietly complying with these orders, Thompson Products fought the NLRB at every opportunity. The free speech issue was a point of vulnerability for the board during the 1940s, and the company received sympathetic rulings from circuit courts that were critical of the board. Moreover, through his position as an officer of the National Association of Manufacturers, Crawford led a political attack on the Wagner Act that paved the way for the Taft-Hartley amendments of 1947. In 1943, when he was president of the NAM, Crawford had established an alliance between the NAM and the U.S. Chamber of Commerce that resulted in the development of an employers' legislative program for labor law reform. Among other things, the program sought a relaxation of the Wagner Act's restrictions on company conduct during union organizing campaigns. In 1946 and again in 1947, Ray Livingstone, Thompson's vice president for personnel management, appeared in Washington to testify in favor of this program, which ultimately was enacted as the Taft-Hartley amendments to the Wagner Act (Shore 1966; TRW Papers, boxes 28, 29).

Although some have characterized the NAM's attempt to amend the Wagner Act as the work of an unrepresentative group of conservative employers from small and medium-sized companies like Thompson Products (for example, Cleveland 1948), in fact the effort had the backing of a cross-section of the nation's employers (Gable 1950; Harris 1982). Moreover, the companies that supported the NAM's lobbying efforts included several large, nonunion companies, notably Eastman Kodak and Sears Roebuck. T.J. Hargrave, president of Kodak, served on the NAM's industrial relations program committee, the body that fashioned the legislative and lobbying strategies (Gable 1950), while Sears made its influence felt through Clarence Caldwell's position as head of the employee relations committee of the American Retail Federation (Caldwell 1950). General Robert E. Wood, chairman of Sears, was a key supporter of several conservative organizations concerned with labor law reform, including the National Economic Council and American Action (which also tried to draft Senator Taft as the Republican candidate for president in 1948; Wood 1948; Worthy 1984).

Rather than being a new development, this lobbying and legislative activity was in keeping with earlier attempts by nonunion employers to use the political system as a method for deterring unionism. Previously, however, those efforts had been focused on the courts; now, because of the Wagner Act and the greater lobbying and electoral activity of the unions themselves (for example, the CIO's political action committees), employers redirected their activity toward seating favorable legislators sympathetic to their cause and toward securing legislation like the Taft-Hartley Act. Since the passage of the act, there has been substantial disagreement over the advantages conferred upon management by the act's right-to-work provisions (Ellwood and Fine 1983; Farber 1985); but there is little doubt that the act's free speech and unit determination amendments have significantly weakened union organizing power and encouraged a more aggressive employer posture along the lines that Thompson

Products charted during the 1930s and 1940s (Dickens 1983; Shister 1958; Klein and Wanger 1985).

Finally, when positive inducements did not deter their employees from seeking to organize unions, the three companies were still willing to resort to illegal forms of coercion. A prime example of this was Sears and its labor relations manager Nathan Shefferman. {8} The Shefferman story is fascinating in and of itself, but its historical significance derives from Shefferman's having been a harbinger of today's "management consultants"--hired hands who aid companies in defeating union organizing drives. Although his early activities at Sears are not well documented, the McClellan Committee hearings in the U.S. Senate and other sources provide a glimpse at the soon-to-become-ubiquitous techniques Shefferman used in the late 1940s and 1950s to defeat union organizing campaigns at Sears (NLRB 1954; Shefferman 1961; U.S. Congress 1957). These included creating "vote no committees," made up of loyal employees who received coaching and funds from Shefferman; surveying employee attitudes in the midst of a campaign, in part to identify pro-union workers, who were subsequently transferred to other stores; establishing "rotating committees" to elicit employee complaints; and bringing in the Teamsters union to mount diversionary campaigns. (Shefferman had cultivated a friendship with Dave Beck, the Teamsters' president, for whom he made numerous purchases at discount from Sears.)

Although Sears later repudiated Shefferman and his tactics, the fact that the company employed him for over twenty years suggests that top executives believed his services were quite valuable indeed. The irony in all this is that Sears was the sort of organization one would least expect to need the likes of Shefferman: It treated its employees well, put a high value on sound personnel management, and kept itself attuned to employee grievances (Bell 1958). The explanation for the company's actions lies in its single-minded antipathy to unions. Remaining unorganized, whatever the cost, was an article of faith among managers at Sears, from General Wood on down, and much the same could be said about managers at Kodak and Thompson Products. Although their opposition to unions had an economic basis and was couched in those terms, it was ultimately driven by deeper and less calculated motives.

A New Nonunion Model

Each of the three companies developed its own solution to the problems posed by the surge of unionism during the great upswing. Of the three, Sears came closest to synthesizing the most successful elements into a coherent ensemble, although it lacked Kodak's communitarian approach to employee welfare as well as Thompson's extensive communications network. Of course, during the 1940s and 1950s there were several other influential and innovative nonunion companies - including DuPont, Eli Lilly, IBM, and Northrop - who pursued policies similar to those at Kodak, Sears, and Thompson. The activities of all these firms became known to the wider management community through articles in the business press and through the information network provided by organizations like the NAM, the Conference Board, and the American Management Association. Smaller companies and even some unionized firms experimented with the various programs and policies initiated by the nonunion pioneers, adopting some and rejecting others (for example, company unionism). As a result, by the 1960s--when a new downswing was underway--there gradually emerged out of the experiences of these companies a new nonunion model that was a blend of the most successful union-avoidance strategies that had been devised during the preceding upswing.

The model's basic feature was an organizational commitment to a strong personnel department, one whose influence figured in important corporate decisions and one that received considerable resources and support from top management. Other features included a panoply of employee welfare programs associated with sophisticated (often pecuniary) paternalism; various unionesque personnel policies and procedures, with an emphasis on employment security; extensive reliance on employee commmunications techniques developed by a new cadre of behavioral scientists; political activities to secure favorable labor laws; and, when all else failed, quasi-legal or illegal forms of employee coercion. Some of these features were carried over from the earlier nonunion models; others were first developed during the great upswing. But all of them were consistent with the norms of the twentieth-century American approach to keeping unions out.

As in previous downswings, many of the firms that in recent years have been touted as exemplars of the "new" nonunion approach are not true pioneers, but instead tend to be companies located in dynamic, profitable industries like services and the high technology sector. Thus, neither Sears nor Kodak are currently seen as leaders. The exception here is Thompson Products: Since its merger with Ramo-Wooldridge in 1958 and its transformation into TRW, the company has come to be viewed as a prime example of the new nonunion model (see, for example, Kochan and Verma 1985), although TRW's current reputation is largely the result of changes in its practices since its merger.

Whether today's crop of model nonunion firms will manage to stay unorganized during a future upswing--should that ever occur--will strongly depend on the resources they devote to their existing personnel programs. Clearly, the present economic climate and the receding threat posed by unions have eased the pressures to maintain these programs and to adopt new ones. But nevertheless, continued diffusion and innovation depend not only on the actual likelihood of unionization but also on how firms perceive the cost of unionization. Most managers in the United States continue to view those costs as high, in part because of the significant union-nonunion compensation differential that still exists, and in part because of the persistence of a set of values--with deep historical roots--that gives great weight to union avoidance. In the remainder of this paper, I will briefly examine the origins of those values in a comparative perspective.

Postscript: American Exceptionalism

It is a well-known fact that unionization rates in the United States are lower than those in other advanced industrial nations. Explanations for this exceptionalism typically adduce a variety of factors that may account for the American worker's relatively weak interest in unionism: the absence of feudalism in the United States, early mass enfranchisement, working-class heterogeneity and resultant cleavages among workers, fluid class boundaries, high rates of social mobility, the frontier pressure valve, and the dominant value system that stresses individualism and personal achievement (Perlman 1928; Commons 1932; Hartz 1955; Laslett and Lipset 1974; Davis 1986). Ever since Sombart's 1906 essay "Why Is There No Socialism in the United States?" these factors have also been used to explain another kind of exceptionalism --the failure of radical or socialist ideologies to sink deep roots in the American working class and produce left-wing political parties linked to organized labor.

A problem with much of this literature is that it gives too much emphasis to the labor side of the picture. As this paper has attempted to show, employer activities are an important determinant of the relatively low unionization rates found in the United States. In fact, the term exceptionalism could just as easily be applied to American labor as to American employers, whose hostility toward unions has always been more extreme than that of employers in other nations. Fifty years ago, Lewis Lorwin, a noted labor economist, wrote that "employers in no other country...have so persistently, so vigorously, at such costs, and with such conviction of serving a cause opposed and fought trade unions as the American employing class" (Lorwin 1933, 355). Lest it be thought that things have changed since then, bear in mind that Hugh Clegg, a careful student of comparative industrial relations, recently concluded that "employer hostility to trade unionism in the United States is more vocal and virulent than in Europe" (1976, 22). Given this hostility, it is hardly surprising that the United States has experienced more frequent and more bloody labor violence than any other industrial nation (Taft and Ross 1969; Gitelman, 1973). Although it is certainly the case that employers in other nations would, other things equal, prefer to do without collective bargaining, they have been prodded by a variety of social, economic, and political influences toward a grudging or calculated acceptance of unionism, something that has never happened in the United States. Thus, the point is not that American employers are innately more hostile to unions than other employers, but rather that they have been less constrained in expressing their hostility.

Why is this? A place to start is with the existence of feudal traditions and the relatively slow growth of industrial capitalism in continental Europe, factors that also figure in explanations of labor exceptionalism (Hartz 1955). One legacy of European feudalism was the existence of strong governments prior to the emergence of industrial capitalism. As for slow growth, although European employers were far from powerless, they had to contend for political power with various groups opposed to industrial development and threatened by the emergence of economic concentration, including small merchants, farmers, and, in some cases, a landed gentry. Because of the countervailing political power exercised by non-business groups, European employers were unable to take control of the state apparatus that could have been used to eliminate trade union opposition. As a result, in nations like France and Sweden, unions were able to form political alliances and achieve political influence that resulted in state power being used to compel employers to eschew violence and recognize unions. In France, for example, despite strong employer opposition to unions, the government on numerous occasions forced French employers to recognize them. In Sweden, the government encouraged employers to avoid violence and to negotiate with the unions during the critical labor confrontation of 1905 (Friedman 1985; Schiller 1975; Shalev and Skorpi 1980).

Another legacy of feudalism was the support given by the European working classes to socialist political causes. In the literature on labor exceptionalism, it is assumed that the same factors that prompted European workers to vote for the left also drew them into unions, and that political and industrial mobilization were mutually reinforcing. But that explanation omits any mention of the role played by employers, and so fails to tell us why employers in Europe were relatively tolerant of organized labor. After all, without that tolerance unions undoubtedly would have been much weaker. A more subtle explanation along these lines has been provided by Ulman (1985), who stresses the relationship between working-class radicalism and employer attitudes. In Germany, the Netherlands, and Scandinavia, employers were often willing to grant recognition to unions because they perceived the threat from the socialist left to be more serious than the threat posed by collective bargaining. Channeling working-class discontent into trade union activity was therefore viewed by employers as a way of displacing conflict to a more manageable and less threatening arena. It was thus that European employers came to a calculative acceptance of trade unionism.

The situation in the United States before passage of the Wagner Act was in sharp contrast to the European case. Here, at least in the North, no segment of the political elite was opposed to the industrial form of capitalist development. Consequently, U.S. industrialists wielded a degree of political power that was unmatched by their European counterparts, and they were never compelled by the state (which was much weaker than in Europe) to recognize unions. In their fight against organized labor, employers could count on assistance from the courts, local police, state militias, and even federal troops. {9} Moreover, U.S. firms were often large, multi-unit operations with sizable financial resources. The combination of political and economic power made it exceedingly difficult for unions or radical groups like the Knights of Labor to win pitched battles against industrial managements. In fact, the American Federation of Labor rejected the Knights' radical political aspirations in favor of collective bargaining partly because Samuel Gompers and other AFL leaders appreciated the futility of a political contest with U.S. capital. This strategic decision was one important reason why a mass working-class party never posed much of a threat in this country. As a result, employers did not have to make a Hobson's choice betweeen socialism and collective bargaining, as did their European counterparts.

Another difference between Europe and the United States was the existence in this country of a dominant value system that emphasized individual achievement, success, and property rights. This, too, has been offered as an explanation for labor exceptionalism (Lipset 1961), but it is important to realize that these values also provided employers a way to justify their resistance to unions in terms that were shared by merchants, farmers, and other groups which, in the European case, would have been reluctant to to support employer attacks on organized labor (Edwards 1981). This made it easier for employers to sway the judiciary and to rationalize the use of state power against unions. Even in Canada, which in most other respects closely resembled the economic and social characteristics of the United States, the existence of a different set of national values--one that placed less emphasis on individualism--created a legal environment more hospitable to unions and a managerial stance less antagonistic toward them (Hofstede 1984; Lipset 1985).

But what about Great Britain, a country also similar in many respects to the United States? Here, at least in the late eighteenth and early nineteenth centuries, employers were often hostile to unions, pushing for the Combination Acts in the 1790s and engaging in lockouts such as those that were prevalent in the 1850s. Yet by the beginning of the present century, British employers had become tolerant of unions to a much greater extent than their U.S. counterparts. In the steel industry, for example, at the same time as Andrew Carnegie was hiring Pinkertons to drive the steelworkers' union out of Homestead, British employers were establishing several conciliation and arbitration mechanisms to deal peaceably with their unions (Holt 1977). As always, Great Britain is a special case because of the relatively early date--in world history--that industrialization and unions had emerged on the scene. By the end of the nineteenth century, when mass production industries began to sprout up around the world, British unions had already fought and won key battles with British employers. Because unions were firmly entrenched in the working classes, British employers in the new mass production industries were forced to accommodate to them. At the same time, however, U.S. steelmakers and other industrialists could look over at their British counterparts and vow never to allow the same thing to occur here.

From an employer's perspective, if Britain was a case of first-mover disadvantages, Japan served as an example of the virtues of being last. In a celebrated essay on late development, Ronald Dore (1973) argued that because Japan was a latecomer on the world industrial scene, its employers could see the handwriting on the wall: They knew that unionism was inevitable in Japan, and so, beginning in the 1910s, they took steps to ensure that unions would develop in a fashion that employers could live with. Japanese employers introduced a permanent employment system and other personnel innovations intended to ensure that workers would develop a high degree of loyalty to and identification with the individual enterprise. During the interwar period, they encouraged the development of enterprise unions as the preferred substitute for more independent and adversarial forms of unionism; and during the postwar years they succeeded in defusing a movement toward militant unionism (Shirai 1983; Moore 1983). Because Japanese employers were largely successful in preventing the emergence of adversarialism as practiced in the United States, they were much more willing to recognize and support unions than were their U.S. counterparts.

These factors help to explain the origins of employer exceptionalism in the United States. But why did hostility to unions continue after passage of the Wagner Act, which compelled employer recognition of unions if a majority of the employees desired collective bargaining? First, there was the persistence among U.S. employers of anti-union values, which had become part of managerial culture and tradition in the United States. Second, a radical alternative to collective bargaining never again received mass support after the defeat of the Knights of Labor, thus removing the Hobson's choice faced by European employers. Third, low union densities in the United States in themselves helped to perpetuate employer hostility: few industries were completely organized, and so nonunion firms had an additional incentive to remain unorganized to preserve their relative labor cost advantage. The Wagner Act, because it encouraged single-firm rather than multiemployer bargaining, reinforced this logic by making it difficult for unions to establish industrywide bargaining. In Europe, however, those issues were moot because of the existence of either de facto industrywide bargaining or de jure wage standardization, the latter resulting from laws requiring contract extension. Although partial organization reduced the organizing power of U.S. unions, some scholars have argued that, paradoxically, it raised their bargaining power by allowing strikes to pose a greater threat to a firm's market share (Ulman 1985). This point is arguable, however, since unionized employers easily can and do relocate their operations to the nonunion hinterland. In any event, the fact that the union sector has been plagued by mutual threats--of market share loss and of relocation--has done little to promote either cooperative labor relations or employer friendliness toward unions.

Considerable research remains to be done on the topics discussed in this paper. U.S. industrial relations are now in a state of flux and the shape of the future is extremely difficult to discern. It is my belief that historical and comparative research, although not the most popular or well-funded methodologies of modern social science, nevertheless can help us to better understand our present situation. In particular, comparative research on managerial strategies in industrial relations, which once was a thriving endeavor (for example, Bendix 1956; Kerr et al. 1960), should be revived and closely examined to develop richer and more plausible explanations of recent employer activities in the United States as they differ from those in other countries. Comparative analysis, like historical research, can also be used to examine the interplay between universal, "rational" factors (such as economic behavior) and the historically and nationally specific institutions that shape employer actions. Historical research is especially helpful in understanding how change comes about in labor-management relations and in analyzing the long-run dynamics of an industrial relations system, as I have attempted to do in this paper. Admittedly, I have painted a picture of American industrial relations using a very broad brush, but that is because I have sought to highlight central tendencies and long-term trends rather than the range of employer responses to unionism or the short-run movements contained within a long wave. Finally, note that although a common fallacy of historical analysis is the presumption of continuity, the record of labor-management relations in the United States affirms the adage that "history never repeats itself, but sometimes it rhymes."

NOTES

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1. This figure is based on annual changes in union density, whereas the data in the table show long-run trends that ignore variations of less than four years' length. It would be illuminating to carry the analysis back before 1897, but poor and confusing data on those years make that task a difficult one. Between 1891 and 1896, total AFL membership held steady at about 250,000. Data on the years before 1891 pose the conceptual problem of how to count members of the Knights of Labor, which, although it had 700,000 members at its peak, included farmers and other independently employed persons (Wolman 1924, 32).

2. There is little doubt that the post-1970 widening of the union/nonunion wage differential created an incentive for the adoption of more intensive union avoidance strategies by partially unionized firms. But it is important to keep in mind that other factors mattered too, such as long-wave increases in labor market slack and in political conservatism, both of which affected the feasibility of union avoidance (as did the emergence of a new nonunion model of industrial relations). Finally, note that wage dispersion would have been less of a problem for unionized employers in the 1980s had the preceding two decades not seen the emergence of a sizeable nonunion sector in most industries. In light of all this, a plausible counterfactual hypothesis is that union avoidance by unionized firms would have increased in the late 1970s and early 1980s even if there had been no change in union/nonunion wage dispersion.

3. This terminology is a bit confusing, since membership in a union is usually viewed as a form of voice that is an alternative to exit from the firm (Freeman and Medoff 1984). Here, however, unions and firms are seen as organizations that compete for worker loyalties, although it is possible--as research in the early 1950s showed--for a worker to have dual loyalties (Stagner et al. 1954).

4. Although some companies had instituted welfare programs like company towns (for example, the Pullman Palace Car Company at Pullman, Illinois) and profit sharing (for example, the Procter & Gamble plan) before 1897, these were isolated and sporadic efforts.

5. The winnowing process--by which employers shed the less successful aspects of each norm--was most obvious in the case of welfare programs. Once many employees had expressed resentment over employer paternalism, firms shifted their resources away from highly paternalistic "uplift" activities like Bible classes and home visiting toward quasi-pecuniary programs such as profit sharing, stock ownership, group insurance, pensions, and paid vacations.

6. Of the three companies, Kodak was the least unionized: none of its facilities was organized during the entire great upswing period. Sears bargained with unions at a few of its stores on the Pacific coast, and some of its drivers and warehouse employees were organized. But unionized employees accounted for fewer than 5 percent of total company employment in 1950, far less than the industry average (Jacoby 1987). With the exception of one Detroit plant organized by the UAW in 1942, all of Thompson's plants were represented by independent or company unions.

7. Although Sears was more decentralized and allowed its local managers greater discretion than either Kodak or Thompson, basic personnel policies at Sears were set by the parent organization. Local personnel managers rarely deviated from those policies, in part because the parent organization

controlled managerial promotions (Caldwell 1940).

8. Shefferman was labor relations manager for Sears from 1935 to 1948. In 1948 his position was eliminated, but he continued to work with Sears on retainer until his activities were exposed by the McClellan Committee in 1957.

9. Said Lorwin (1933, 355), "In no other Western country have employers been so much aided in their opposition to unions by the civil authorities, the armed forces of the government, and the courts."

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