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New Deal Labor Policy and the American Industrial Economy

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NEW DEAL LABOR POLICY AND THE AMERICAN INDUSTRIAL ECONOMY. By Stanley Vittoz. Chapel Hill: University of North Carolina Press. 1987. Pp. ix, 241. \$24.95.

Historians have long hypothesized about the “true” forces behind New Deal labor legislation. Early historians viewed the New Deal as a triumph of labor over corporate interests. Others have more recently emphasized the conservative, system-saving features of New Deal labor legislation, and have argued that it was the result of the machinations of capitalists and their political allies.¹

In *New Deal Labor Policy and the American Industrial Economy*, Professor Stanley Vittoz² reminds us that the real world is rarely this well defined. Vittoz agrees with revisionist historians that New Deal labor policy kept the basic structures of a capitalist system intact; his disagreement with their work arises “at the level of historical causation” (p. 8). Vittoz argues that

the origins and eventual institutionalization of New Deal labor policy had very little to do with the manipulative ingenuity of an ideologically sophisticated corporatist element of the American business elite. On the contrary, I think it is almost impossible not to consider the labor reform of the Roosevelt years . . . as the largely spontaneous product of a plurality of contending interests whose ideal aims and practical expectations were freely represented in all the great political contests of the Depression era. [p. 8]

This book is Vittoz’s attempt to prove that assertion. To do so, Vittoz embarks on a “systematic” review of the motivations of industrialists in certain industries during the New Deal era. From this review he hopes to support the conclusion that “the response of industrial employers to the intense coupling of politics and economics during the Roosevelt era . . . was not what one would expect to find on the basis of (exclusively) either the old progressive/pluralist or the newer revisionist interpretations of New Deal reform” (p. 11). Sadly, Vittoz seems to have forgotten his thesis as he wrote the book.

In part 1 of his three-part book, Vittoz details the market conditions of three industries, analyzing the effect of those conditions on industrialists’ political goals. Vittoz concludes that in each of these industries, many companies viewed unionization as a tool which could solve the competitive disequilibria of their particular industry.

1. See, e.g., T. ROSENOF, *DOGMA, DEPRESSION, AND THE NEW DEAL* 16 (1975). Vittoz describes these two camps of thought, namely, those who view the New Deal legislation as distinctly pro-labor and those who view it as probusiness, as “progressive/pluralist” and “revisionist,” respectively. P. 11.

2. Visiting Assistant Professor of History at York University. Apparently, this is Vittoz’s first published book.

Vittoz first analyzes the cotton textile industry. This industry was dominated in the 1920s and 1930s by chronic overproduction and cut-throat competition. Vittoz argues that these problems arose from a systemic dislocation in the competitive structure between northern and southern textile mills; the southern mills had a persistent wage cost advantage due to lower entry barriers, weaker union strength, and fewer skilled-worker positions. Vittoz argues that mills throughout the country were forced to increase production and drive down wages in a desperate, and ultimately self-defeating, attempt to generate sufficient returns from their capital. In Vittoz's opinion, union weakness in the textile industry "could only contribute to the perpetuation of an overall structure of competitive uncertainty that threatened the economic survival of the textile producers" (p. 28). He concludes that the industry looked to the New Deal as "both an inspiration and an opportunity" to correct the "manifold dysfunctional aspects of [its] entire labor-production-price nexus" (p. 33).

Chapter 2 provides a similar analysis of the garment manufacturing industry. In this industry, low capital costs, rapid design changes, and wage-sensitive cost structures led to the prevalence of small shops and low wages — the prototypical "sweatshops." Although early unionization efforts were vigorously opposed, many employers began to see that unionization provided the path to industrial rationalization. Indeed, in the pre-World War I era a "Protocol of Peace" was signed between the unions and several major employers, in which wages and work conditions were subject to minimum requirements and in which both the unions and the employers agreed to support unionization efforts. The economic decline following the war finally broke the Protocol, but its ideals were incorporated into the garment industry codes promulgated under the National Industrial Recovery Act (NIRA) (p. 99).

The last industry Vittoz analyzes is the bituminous coal mining industry. Although the coal fields had a strong union presence in the early 1920s, companies began to feel pressure to switch to nonunion labor with the advent of reduced foreign demand, increased productivity, and growth in the use of alternative supplies. As with the first two industries analyzed, "the fate of the individual producer . . . hinged principally on the economic and strategic determinants of the wage bill" (p. 53). As these forces led to downward spirals in both wages and prices, several companies questioned whether unions might not be best for the industry.³ While some hoped that the creation of regional "marketing cartels" would solve the industry's problems, others be-

3. In a letter circulated among other mine operators in June 1931, one company president wrote that "the time has come when operators will have to seriously consider whether it is better to operate with a well-regulated Union which has a legitimate right to exist." P. 64 (quoting a letter from Frank E. Taplin, president of North American Coal Corporation).

lieved that the solution lay in a national approach which included unionization. Vittoz concludes that "major producer coalitions in the . . . industry struggled to attain economically divergent ends by the manipulation of new political opportunities attendant upon Congress's adoption of the [NIRA] early in the summer of 1933" (p. 69).

In part 2 of the book, Vittoz describes the forces leading to the passage of the NIRA and the effect it had upon the competitive business entities. Chapter 4 describes several "currents of thought" which "eventually combined to mold the defining features of the . . . [NIRA]" (p. 78), emphasizing particularly the purchasing power thesis.⁴ This chapter is disappointing for two reasons: First, Vittoz's analysis of the passage of the NIRA provides little that is different from existing descriptions.⁵ Second, and more important, Vittoz fails to provide specific examples of lobbying efforts by representatives of any of the three industries analyzed in part 1. The reader must be satisfied with broad generalizations.⁶

Perhaps Vittoz saves this chapter at its end, where he asserts that the congruence of certain business interests in the passage of the NIRA with the interests of those committed to the purchasing power thesis created a "historical linkage" whose "interpretive significance . . . cannot be overemphasized" (p. 94). Vittoz argues that this linkage led to the speedy passage of the NIRA because it satisfied two often contradictory policy objectives — business revival and improvement of working conditions. This, however, is only partially satisfying; although the reader can infer the relevance of part 1 of the book to this assertion, it is not elucidated clearly, and Vittoz does not document what role the three industries he analyzed earlier had in this "historical linkage."

In the rest of part 2, Vittoz confusingly returns to a discussion of the three industries. In chapter 5, he chronicles the experience of the garment trades and bituminous coal industries under their respective NRA-approved Codes. The experience for both was largely the same: the Codes failed to bring about complete economic rationalization be-

4. According to this theory, one of the best ways to recover from the Depression was to provide as much disposable income to individuals as possible. The theory is based on the idea that products cannot be sold to people who cannot afford them.

5. Many historians have noted these same forces at work, especially the purchasing power thesis. See, e.g., Letter of Leon H. Keyserling, in *THE MAKING OF THE NEW DEAL 196* (1983); Kidd, *Collectivist Intellectuals and the Ideal of National Economic Planning, 1929-33*, in *NOTHING ELSE TO FEAR: NEW PERSPECTIVES ON AMERICA IN THE THIRTIES 15-33* (1985).

6. Vittoz writes that

[in] older, generally less heavily capitalized industries . . . labor costs typically constituted an essential factor in the competitive equation, in which case trade unions, industrywide collective bargaining, and thus the labor provisions of the [National Recovery Act] codes as well not infrequently were looked upon by management as perhaps the only available means by which at least a modicum of order might eventually be restored to a depressed and chaotic product market.

P. 94. Presumably he would include the three industries analyzed in part 1 in this description.

cause the unions were not strong enough to ensure total compliance. In the garment trades, the unions were unable to organize effectively in rural areas, so that "sweatshop" competitors still proliferated. In bituminous coal, the failure came about not because of any weaknesses inherent in the United Mine Workers, but because of the inability of any union to solve the industry's basic problems generated by excess capacity and substitute goods. Thus, the competitive factors facing the coal industry overwhelmed the efforts of the union.

The experience of the cotton textiles industry under its Code was markedly different, as Chapter 6 demonstrates. The cotton textile workers' union was completely unable to muster enough support to overcome exterior market pressures. Market forces led employers to use "wholly unrestrained" tactics against organizational efforts, which in turn led to wildcat strikes and picket violence. The final blow for the union (and, according to Vittoz, for the viability of the Cotton Textile Code) was a particularly bitter general strike in 1934 which was broken by management (p. 127).

In part 3 of the book, the focus again shifts completely away from the three industries and onto the Wagner Act and later developments. The reader gets the impression that somehow this is another book tacked onto the first one; that Vittoz felt compelled to discuss these issues, and added them to the end of his book. While the placement of this part makes sense chronologically, the issues dealt with in it certainly fail to illuminate Vittoz's argument. This part of the book may be within the penumbra of the book's broad title, but it is irrelevant to the thesis Vittoz purports to explore.

Chapter 7 discusses the passage of the Wagner Act. While Vittoz's portrayal is interesting, one wonders how this chapter supports his thesis. It seems to have been included to rebut the contention that the business opposition to the Wagner Act is proof positive of the progressive/pluralist theory. Vittoz feels that

it is one thing to acknowledge [that the Wagner Act led to greater institutional security for labor unions] and quite another to conclude that Senator Wagner's remarkable legislative achievement in 1935 must therefore have come about at least in part at the hands of a few unusually broad-minded industrial and corporate leaders with the capacity to shape political events miraculously to their liking. [p. 152]

This is probably a telling point, but the reader wonders why it is made in *this* book.

The final narrative chapter of the book, chapter 8, discusses the Congress of Industrial Organization's (CIO) successes at General Motors and U.S. Steel in 1937. Vittoz argues that each company was forced to concede to the union's demands because of its improving competitive position; neither of the companies could afford to lose the profits they were to make in the absence of a strike. This chapter, like

chapter 7, provides an interesting account of its subject, but seems to have little relation to the central thesis of the book.

The concluding chapter traces union efforts beyond World War II, and attempts to define the lessons to be learned from this book. The reader senses a great deal of wistfulness in the conclusion when Vittoz writes that

[a]n elaborate explanation of the absence of a strong anticapitalist labor movement in twentieth-century America is beyond the scope of the present study. Any such effort would require a detailed analysis of the impact of a number of highly complex political, social, and economic circumstances more or less peculiar to the American historical experience. [p. 168]

While this certainly was beyond the scope of this book, Vittoz should not be faulted for limiting his intended focus; rather, he should be chastised for failing to control its boundaries. *New Deal Labor Policy* starts with one thesis, but moves away from it into unfocused analysis.

This is not to say that the book is without value. Professor Vittoz certainly does provide some evidence to support his thesis, although it is doubtful that he has completely disproven the revisionist interpretation.⁷ In addition, the book provides a fascinating analysis of the competitive forces which molded political goals in many industries. It is refreshing to find liberal authors who do not view all business entities homogeneously; the image of fat cat industrialists who run their companies through subjugation of the work force and complete disregard for community or environment quickly becomes stale. Unfortunately, Vittoz applies his mature outlook to too many diverse situations, thus treating none of them with compelling force.

— Patrick T. Connors

7. The beauty of any "hidden conspiracy" theory is that the lack of evidence cannot disprove it; indeed, to the zealot, such a result would simply demonstrate the power and scope of the conspiracy. See J. Foot, No Bugles, No Horns: The Political Logic of Secrecy and Surprise 79 (1984) (unpublished manuscript on file with the *Michigan Law Review*) ("a conspiracy theory is self-reinforcing in that a lack of evidence can be turned into affirmation, if pursued with skillful advocacy, in an undiscerning audience"); see also Hofstadter, *The Paranoid Style in American Politics*, in *THE FEAR OF CONSPIRACY* 2, 7-8 (1971).