This chapter examines the extent and impact of ERPs and union-management cooperation committees in the US in the period from 1914 to the country’s entry into the Second World War. While union-management cooperation committees only gained limited support from employers, ERPs spread dramatically and by 1934 were challenging unions in terms of coverage. While ERPs were an important anti-union device for employers, there is evidence that they could give workers a voice and allow them to gain concessions from management even though the latter had the right of veto. Later, legislative changes to US labour law in the 1930s led to the virtual demise of ERPs and reduced union interest in promoting union-management cooperation committees.

ERP – The Extent

The Rockefeller Plan spread to other companies. In the decade after the Ludlow Massacre, JDR Jr. promoted his Plan through publications and public speaking. He also encouraged the extension of ERPs to companies in which the Rockefeller family had substantial interests, such as Standard Oil of New Jersey, which had two major violent strikes at its Bayonne refinery in 1915 and 1916. Clarence Hicks, who had played an important role for Rockefeller in implementing the ERP at CF&I, transferred to Standard Oil to implement the ERP there. The Standard Oil ERP adopted in 1918 was part of an elaborate programme of personnel management that included extensive company welfare benefits and the assumption of many of the supervisors’ powers by industrial relations specialists. Although a Standard Oil executive, Hicks acted as a consultant to other oil companies interested in introducing similar ERPs. Progressive employers borrowed and modified the Rockefeller Plan. Arthur Young, a former employee of CF&I, and Mackenzie King drew up a modified ERP for International
Harvester. William Dickson, Vice-President of the Midvale Steel Company in Pennsylvania, consulted with CF&I management before borrowing the ERP with modifications in September 1918. That same year, Bethlehem Steel employed Mackenzie King and Ivy Lee, Rockefeller’s former publicity agent, to develop and promote an ERP. The SCC, which was linked to Rockefeller interests and included companies such as Bethlehem Steel, International Harvester, Goodyear Rubber Tire and Rubber, General Electric and GM, saw ERPs as the cornerstone of their industrial relations philosophy.1

The US’ entry into the First World War in April 1917 assisted the spread of ERPs. War production and a decline in net immigration led to labour shortages. There was labour unrest due to inflation and a deterioration of shop floor conditions. Labour turnover doubled, strikes dramatically increased and union membership grew, with the AFL undertaking major organising drives. President Wilson established the National War Labor Board (NWLB) in 1918 to settle industrial disputes that could hamper war production. It upheld workers’ right to organise trade unions without interference from employers. However, it only compelled management to negotiate with shop committees consisting of company employees and not independent trade unions. Wartime government agencies such as the Shipbuilding Labor Adjustment Board, the USRA and the US Fuel Administration also encouraged shop committees. The wartime sentiment that favoured making the world “safe for democracy” led to an increase in public opinion favouring industrial democracy at home. Management wanted to obtain employee goodwill and minimise the intervention of the state and trade unions. Management’s reliance on the drive system was no longer effective. Business also feared the growing appeal to workers of radical alternatives such as IWW and the success of the Russian Revolution.2 Cyrus McCormick Jr., the President of International Harvester, noted in 1919 that the American people were concerned that their “country is about to deliver


itself to Bolshevism” and argued that ERPs were a “saner method by which the legitimate desires of the workmen for self-expression may be granted without at the same time completely ruining our present industrial fabric.”

ERPs flourished during 1918–19. Of the 225 plans surveyed in 1919 by the NICB, 120 were created through the intervention of the federal government and 125 were voluntarily introduced by companies. Employers saw ERPs as a welcome substitute for collective bargaining with unions. Midvale Steel introduced its plan after the IAM began organising its employees in April 1918. It rejected a proposed union contract and intervention by the NWLB. The federal government also applied pressure through Secretary of the Navy Josephus Daniels, who was “surprised and somewhat disturbed” that Midvale Steel had refused to cooperate with the NWLB. The Midvale plan, which was ultimately sanctioned by the WLB, thwarted the IAM organising campaign and frustrated any attempt by the NWLB to force the company to negotiate with the union. Labour concerns over the Midvale plan were heightened in August 1919, when a convention of 93 Midvale employee representatives in Atlantic City condemned worker demands for shorter hours and higher wages to meet the high cost of living as “uneconomic and unwise.” Major employers made their stand clear at two national industrial conferences to consider the post-war world, organised by President Wilson in October and December 1919 against the background of a major steel strike organised by the AFL, when they rejected the right of unions to organise and collectively bargain, preferring no organisation at all or ERPs.

The end of the First World War did not inhibit the further growth of ERPs during the 1920s. As Table 4.1 indicates, while the number of companies with ERPs or a company union declined in the late 1920s, the number of employees covered by the ERPs continued to increase and ERPs’ significance was greater than their coverage. Although state intervention in US industrial relations was wound back and the trade union challenge diminished, employers continued to see ERPs as a valuable union-avoidance device and a way of maintaining communication with employees.

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Worker Voice

in large-scale organisations. There was a radical shift in the relative strength of the ERPs compared to trade unions. ERP employee coverage as a percentage of trade union membership grew from 10 per cent in 1919 to 45 per cent in 1928. They were concentrated in strategic sectors of the economy, particularly large manufacturing firms in mass-production industries, and of the labour movement, particularly the strike-prone metal trades. They were more common in larger firms. In 1929, 2.5 per cent of firms with less than 250 employees and 9 per cent of firms with more than 250 employees had ERPs. As Table 4.1 highlights, the average number of employees covered by ERPs grew from 2,785 in 1919 to 3,879 in 1928.\(^5\)

The onset of the Great Depression was a setback for ERPs as companies tried to reduce costs. As Table 4.1 indicates, between 1928 and 1932 there was an 18 per cent decline in the number of workers covered by ERPs and a 22 per cent fall in the number of ERPs. The remaining ERPs lost funding or became inactive. The Industrial Assembly at Goodyear did almost nothing in the five years after 1929. At International Harvester, funding was cut and meetings degenerated into lengthy discussions on trivial issues. Despite these financial stringencies, ERPs remained useful for employers in ratifying wage reductions, work time-sharing or rationing and even retrenchment. There were also legal setbacks in the railroads when the US Supreme Court upheld the Railway Labor Act in the Railway Clerks case of 1930, in which a company union was disestablished on the Texas and New Orleans Railway.\(^6\)

<table>
<thead>
<tr>
<th></th>
<th>1919</th>
<th>1922</th>
<th>1924</th>
<th>1926</th>
<th>1928</th>
<th>1932</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companies with ERPs</td>
<td>145</td>
<td>385</td>
<td>421</td>
<td>432</td>
<td>399</td>
<td>313</td>
</tr>
<tr>
<td>Total employees Covered</td>
<td>403,765</td>
<td>690,000</td>
<td>1,240,704</td>
<td>1,369,078</td>
<td>1,547,766</td>
<td>1,263,194</td>
</tr>
<tr>
<td>Average number of employees per ERP</td>
<td>2,785</td>
<td>1,792</td>
<td>2,947</td>
<td>3,169</td>
<td>3,879</td>
<td>4,036</td>
</tr>
</tbody>
</table>


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The economic stimulus provided by President Roosevelt’s NIRA in June 1933 encouraged a resurgence of ERPs, however. The NIRA recognised that workers had the right to bargain and organise collectively through their own representatives without employer interference. Unionism took off and employers rushed to set up plans to stop unions organising in their workplaces. Employers, such as Walter Teagle, the President of Standard Oil of New Jersey, and employer organisations, such as the American Institute of Iron and Steel, argued that ERPs were legitimate under the NIRA and superior to AFL unions. US Steel established ERPs in all its mills and mines in June 1933 with no worker involvement in their formulation or introduction. James Rose found that the first elected employee representatives at US Steel’s Duquesne plant did not represent a “cross section of the mill’s workforce,” as they tended to be highly paid workers such as skilled tonnage men, skilled tradesmen and clerical workers and to have close ties to management. The representatives did not reflect the racial diversity of the mill as no Afro-Americans ever served on the ERP. While a rudimentary form of collective bargaining developed in the ERPs at US Steel, critics condemned these plans as “sham organizations” that impeded economic recovery. The number of workers covered by ERPs grew from 1.8 million in 1934 to 2.5 million in 1935. ERPs reached their peak by 1934 when, according to Brody, “they covered probably three million workers, more than did the unions…”

There were variations on the Rockefeller Plan. The Leitch Plan mirrored the US political system. Workers elected delegates to a House of Representatives. Management appointed a Senate from the ranks of supervisors and a Cabinet, which consisted of executive officers. The Cabinet could veto initiatives coming from the Congress, but a two-thirds majority in both houses could overturn the veto, which may have been unlikely given the composition of the Senate. In contrast to the Rockefeller Plan, the Leitch Plan allowed workers to hold separate meetings rather than joint meetings. The Bethlehem Steel Corporation ERP also allowed worker representatives to meet separately as a group as well as serving on joint committees with

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management. One major US company that adopted the Leitch Plan in 1919, Goodyear, viewed the plan as a means of creating an “Industrial Republic.”

There were generally restrictions on who could stand for the committees in annual elections, including age, length of service, American citizenship and journeyman status, which favoured long-standing employees who were known to management. These requirements were justified by the “supposed parallel between employee representation and civil government” and reflected the “wave of antipathy toward everything foreign” and enthusiasm for “100 per cent Americanism so widespread during and shortly after the World War.”

A typical example is the International Harvester Plan, which specified that “only employees who are citizens of the United States, twenty-one years or over, and have been continuously in the Works’ service for one year immediately prior to nomination” were eligible for election to the committee. These rules could be tightened if management perceived a threat to its authority. In the middle of a dispute over wage reductions at CF&I, management obtained permission from employee and management representatives in December 1921 to change the eligibility rules for employee representatives from three to twelve months’ employment. The employee representative now also had to be a US citizen and over 21. This reduced the threat of outside agitators becoming employee representatives.

While there was interest in Whitley and German works councils, employers and commentators generally dismissed them as inappropriate for US conditions. Influential US economist Waddill Catchings argued that Whitleyism was an extension of the British labour movement and inappropriate for the US industry, where large numbers of workers were unorganised and there was a desire in firms such as Standard Oil New Jersey to “develop a common enterprise.”

Cyrus McCormick from International

9 Department of Manufacture, Chamber of Commerce of the United States, Employee Representation or Work Councils, Washington, DC, 1927, pp. 14–19; Hogler and Greiner, Employee Participation, pp. 17–18; Paul Litchfield, The Industrial Republic, Goodyear, Akron, Ohio, 1919; The Iron Age, 14 Jun. 1923, p. 1692.


11 Ernest Burton, Employee Representation, Williams & Wilkins, Baltimore, 1926, p. 113.


14 E.g. AF, Feb. 1921, pp. 116–121; Bureau of Industrial Research, The Industrial Council Plan in Great Britain, Washington, DC, 1919; NYT, 22 June 1919, p. 53

15 Hendrickson, American Labor and Economic Citizenship, p. 130.

Harvester went even further and argued that Whitleyism had “organised British industry into two opposing camps, whereas the American system of employee representation is based solely on mutual cooperation” and proclaimed that “class prejudice has no place in this country.”\textsuperscript{17} JDR Jr. praised Whitleyism for uniting organisations of “Labor and Capital by a bond of common interest in a common venture,” then drew favourable comparisons with the non-union ERPs at Standard Oil of New Jersey and C&FI.\textsuperscript{18} Walter Gordon Merritt, a notable corporate labour lawyer, praised the German works councils for creating goodwill and a “desire for successful cooperation” between labour and capital, but noted that “it was a great tribute to the genius of the American people, with their spirit of individualism and independence” that ERPs developed in the US without government guidance and intervention as in Germany and elsewhere.\textsuperscript{19} Despite Merritt’s claim, the US federal government was interested in German works councils and the American Consul General in Berlin forwarded a report on works councils to the US Department of Labor in January 1933.\textsuperscript{20}

**ERP – The Impact**

What did these ERPs do? Some were little more than advisory bodies with little or no authority. As Kaufman notes, “meetings in the less successful ones degenerated into forums for making announcements or consideration of minutiae.”\textsuperscript{21} Others had a final say over dismissals and seats on the board of directors. At the Union Construction Company, a shipbuilder in Oakland, California, the works committee formed by management in 1920 discussed working hours, the banning of pedlars in the workplace, the cleaning up of the garbage dump, the formation of a hospital committee and social events such as a “smoker.” While the works committee was empowered to settle grievances between workers and their supervisors, management gave it no role in the decision to cut wages undertaken in 1921. Some companies, such as Bethlehem Steel and International Harvester, used their ERPs to reduce costs by suggesting ways of saving labour time and materials through, for example, the relocation of tool rooms and increasing the value of scrap by adopting better sorting methods.\textsuperscript{22}

\textsuperscript{17} McCormick, “Employees’ Representation”, p. 11.
\textsuperscript{18} Rockefeller, *Representation in Industry*, pp. 18, 20.
\textsuperscript{20} Raymond H. Geist, “Employees’ Councils in Germany”, typescript, Berlin, 1933. HD 565 G3Us, United States Department of Labor Library, Washington, DC (hereafter DLL).
\textsuperscript{21} Kaufman, “Accomplishments and Shortcomings”, p. 31.
\textsuperscript{22} Kaufman, “Accomplishments and Shortcomings”, pp. 31–2; Sumner Slichter, “The
The committees at the CF&I Pueblo steelworks dealt with a range of issues. A joint conference of 36 employee representatives and 36 management representatives was held in February 1918. CF&I President Jesse Floyd Welborn chaired the meeting and a management representative acted as secretary. The issues discussed included the employment of returned soldiers, the company magazine and concerns about the conduct of the recent election for representatives from the wire mill. Some workers were taking ballot papers from immigrant workers to multiple vote for their preferred candidates. In March and April 1918 there were four specialist joint committees: industrial cooperation and conciliation; safety and accidents; sanitation, health and housing; and recreation and education. They met separately once a month and were chaired by a management representative. The industrial cooperation and conciliation committee dealt with issues such as lockers, drinking water systems and mail. In the context of the First World War, one representative was concerned about the disloyal sentiments of particular employees. While the manager requested that employees inform him of any disloyal acts, he advised against hasty actions that could have unjust consequences for fellow employees. While the safety and accidents committee dealt with issues such as lighting, safe handling practices and dangers such as falling coal, the sanitation, health and housing committee dealt with the water supply, housing, medical services and laundry facilities. The recreation and education committee dealt with education programmes, the steelworks band and sporting activities. The ERP did generally improve working conditions in the plant through the construction of large modern washhouses with toilet facilities and the installation of drinking fountains.23

The ERP became a mechanism for changes in wages and conditions at the Pueblo steelworks. Its relative isolation weakened industrial militancy and encouraged an acceptance of the ERP in the absence of an independent union. The steelworks’ average payroll peaked in 1920 at 7,783 employees. Pueblo had comparatively fewer immigrant workers than other US steel plants and American-born workers formed a slight majority of workers at the plant between 1915 and 1920. CF&I particularly employed immigrant workers as unskilled labour. From 1915 to 1920, there was a surge in Mexican workers at the plant, growing from 8 per cent of the workforce in 1915 to 39.4 per cent in 1920. The category “Mexican” in the plant’s data is misleading as 10 per cent were born in the US. Given that at


least 60 per cent of these workers did not speak English, their voice was limited in an ERP that communicated in English. Mexicans remained an important component of the Pueblo workforce, constituting a third of the total workforce in January 1927. CF&I began to develop its welfare strategy with the YMCA opening a clubhouse at the steel plant in March 1920 which included a bowling alley, cafeteria, swimming pool, library, gymnasium and soda fountain. There was a separate building for African American workers called the “Colored Y,” which also became the focal point of Pueblo’s African American population.24

Following frequent requests by employee representatives over several years and conferences between company officials and employee representatives, the shift at CF&I was reduced from 12 to eight hours on 1 November 1918, which led to increases in productivity, and the hourly tonnage and piece rates were increased by 10 per cent. Though CF&I steelworkers’ and miners’ wages were linked under the ERP to CF&I’s competitors, the miners had the advantage that their rates were determined by collective agreement negotiated between the UMWA and major coal companies while the steelworkers’ wages were determined by reference to the non-unionised United States Steel Corporation.25

In the wake of the 1919 steel strike and the defeat of the unions at Pueblo and elsewhere, David Brody generally noted that steel companies in the US, “having booted out the agitators, were eager to restore good feelings.”

CF&I senior management took a more sympathetic view of their employees and the ERP, believing that with the defeat of unionisation the representatives had no alternative but to support the ERP. In February 1920, it allowed a joint committee of representatives and management to visit steel plants in the eastern states to investigate wage increases as a prelude to granting wage increases. This met a long-standing criticism of the representatives that they could not contribute to the adjustments of wage rates at the plant because they did not know what was going on elsewhere. Senior management also showed a greater willingness to reverse the decisions of supervisors following complaints by the employee representatives. Social researcher Mary Van Kleeck, investigating the Pueblo ERP, noted in February 1921 that, despite the union defeat, the 1919 steel strike “put more power into the hands of the workers and they are expressing it through the plan.”

While workers made some gains through employee representation at Pueblo, management still asserted its authority on crucial issues such as general pay and promotion. In January 1920, the company asked the Pueblo workers to accept a 20 per cent wage cut due to the recession. Employee representatives argued that this was too severe and requested a 15 per cent cut, which management accepted. The representatives said that they could make up the other 5 per cent by increased efficiency and elimination of waste. Two employee representatives did argue that the workers in their sections of the Pueblo plant believed that there should be no cuts in their wage rates, but accepted the majority view. There were further cuts of 15 per cent in August 1921 following more discussions with employee representatives and 10 per cent in January 1922. Employee representatives initially rejected the 10 per cent cut. Only after management began to issue dismissal notices and threatened to place the remaining staff on short time, did the employee representatives agree. As noted previously, management also tightened the eligibility rules for employee representatives during this dispute to reduce the threat of outside agitators becoming employee representatives.

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notes, “Without a union, they could not strike. They had no independent treasury or strike fund.”

Senior CF&I management also insisted that promotion be by merit rather than seniority. In March 1924, the six employee and six management representatives on the Joint Committee on Cooperation, Conciliation and Wages unanimously ranked one first helper over two others based on strict seniority. His supervisor, however, considered this worker less efficient than the others. CF&I President Welborn considered this ruling to have gone far beyond what management had considered appropriate for adjudication by the joint committees and ruled that the “direction of working forces” rests “unquestionably” with “managing officers.”

By 1927, the ERP at the CF&I steelworks was institutionalising conflict between employees and management rather than producing mutual understanding. Despite management’s objections, representatives also began to meet independently of management on a regular monthly basis to consider issues as a “body.” They elected their own chair, vice-chair and secretary and invited management to discuss important issues. As noted previously, the ERP never assumed that the employee representatives would act collectively. The *Industrial Bulletin* published the minutes of these meetings as well as those of the joint committees. While management did edit out questionable material in the published minutes of all meetings, the airing of employee representatives’ grievances before they were heard by the joint committees exacerbated the criticism of management, who did not have right of reply. In contrast to the mining camps, there was “legalistic wrangling” over the meaning of the ERP and employee representatives threatened to appeal against plant management to Welborn and Rockefeller. Local management believed it did not have the backing of senior management in dealing with the representatives and that the representatives could “wear down” local management in long and exhausting meetings. However, local management continued to emphasise that the ERP was subordinate to managerial prerogative and the requirements of steel plant operations.

Tensions between the representatives and CF&I further flared during the economic downturn of the Great Depression, which hit the company severely. It went into receivership from August 1933 until July 1936. Renamed the Colorado Fuel and Iron Corporation, it emerged from the receivership with a reduced debt. Employment dropped to an average payroll of 2,924 in

32 Minutes of meetings between Arthur Young, Dr Elton Mayo and R.J. McCutcheon on 15 Oct. 1928 and subsequent days. Box 3B, Folder 18. EMP.
1932. The company newspaper, *The Blast*, published letters praising the ERP for assisting the company’s economic survival by encouraging workers to raise grievances and allowing management to settle those complaints that had merit. The receiver’s economy measures included shutting the YCMA clubhouse building, discontinuing employee group insurance and cutting company pensions. Andrew Diamond, chair of the employee representatives at the Pueblo steelworks and employed in the rod mill, was angered that the representatives learnt about the receivership in the press despite management’s promise that they would be kept informed. Diamond had publicly supported the Rockefeller Plan, arguing that employee representation created better morale among employees and cooperation by fostering closer contact between workers and management. At a meeting of steel representatives with the receiver on 10 August, Diamond claimed that JDR Jr. would not “stand for” the closure of the YMCA building and would intervene to stop it. He appealed directly to JDR Jr. and his father concerning the YMCA clubhouse, group insurance and pensions. The Rockefeller family believed that such “sacrifices” were necessary to save the company from bankruptcy.35 JDR Jr. rejected Diamond’s request to personally fund the YMCA building and the pension fund. He had already forgone dividends from CF&I to allow these schemes to operate and argued that philanthropy was unwise as it could prevent employees from thinking “all the more of the extraordinary advantages they have.”36

Surviving data for ERPs generally indicate that there was a high level of settlement in favour of employees, but at least one confidential internal company study indicates that caution has to be exercised in assessing these outcomes. At the Bethlehem, Steelton, Lebanon and Maryland plants of Bethlehem Steel, the plan settled 71 per cent of 2,365 grievances in favour of the employee between October 1918 and June 1923. Of the total grievances, 26 per cent related to employment and working conditions and another 24 per cent to earnings. The CF&I ERP delivered favourable responses to worker grievances. During 1920, employees at the steelworks and lime quarries raised 118 issues with management. Of these issues, 44.9 per cent related to working conditions, 13.6 per cent to living conditions such as company housing, 9.3 per cent to medical treatment and 7.6 per cent related to wages; employees received favourable outcomes in at least 83 per cent, 75 per cent, 73 per cent and 67 per cent of cases respectively. Management figures were 35 Patmore, “Employee Representation Plans at the Minnequa Steelworks”, pp. 857–8; “Pueblo Payroll from 1915 to 1940”, Typescript, n.d. MSS 1057, Box 6, File 130, CFIC, CHS; Scamehorn, *Mill & Mine*, pp. 140–1.

36 Letter, JDR Jr. to C.J. Hicks, 7 Sept. 1933. Box 14. Folder 114. Record Group III2C. RFA RAC.
flawed, however. CF&I’s internal report of 1924 found that management manipulated the data concerning favourable outcomes to include cases where workers had made considerable concessions to management to gain an improvement. Further, the significance of the issues that management accepted or rejected is not clear. Management may have granted many minor requests that had minimal impact but rejected requests that had significant implications for costs or managerial authority. A more conservative estimate can be found in the employee committees of the Pennsylvania Railroad, which handled 45,930 cases between 1921 and 1924 inclusive. Here 47.7 per cent of cases were adjusted or compromised in favour of the employees, 29 per cent were withdrawn or rejected and 23.3 per cent appealed to the next higher office.37

David Fairris, in a reappraisal of US company unions using abstract industry data, notes that company unions or ERPs were beneficial for both shop floor safety and productivity. He argues that these schemes “marked a definite improvement for the worker as well as the firm” in the 1920s through reducing labour turnover, fostering worker loyalty and giving workers a voice in the determination of shop floor conditions.38 Fairris’s findings clashed with an unpublished internal study of the CF&I ERP in 1924 which suggested that the economic benefits of the plan for management were disappointing. It certainly improved “morale,” but did not necessarily reduce costs or increase productivity. Ernest Burton further argued in a major study of ERPs in the US in 1926 that these schemes did not necessarily lead to greater output, increased efficiency or improved morale. Impediments that reduced the willingness of employee representatives to cooperate with management included the failure of the latter to provide satisfactory wages and conditions relative to competitors, managerial inefficiencies and management’s unwillingness to share information about the company with employee representatives.39

While the ERPs did provide certain benefits for employees and management through providing worker voice, they were a union-avoidance device. While there are examples of management with ERPs tolerating union membership, they did not recognise unions as bargaining agents and fought against union efforts to organise their particular plants. Management introduced a works committee at the Union Construction Company in 1920

38 Fairris, “From Exit to Voice”, p. 524.
because its dealings with unions were “unsatisfactory” and “conservative workmen” had lost control of their unions to officials that did not represent them. The worker representatives elected to the works committee were reminded of the common interests of capital and labour, that collective bargaining was unsatisfactory and that “better results” could be obtained through cooperation. In a major study of US ERPs in 1922, Earl Miller came to the conclusion that the majority of plans were introduced to either undermine existing unions or avoid the possibility of union organisation and collective bargaining, though he recognised that there were other motivating factors. Miller found that union membership fell from 80 to 20 per cent following the adoption of a works council at the Walworth Manufacturing Co., which had a factory in South Boston, and from 90 to 2 per cent at the Virginia Bridge and Iron Co. of Roanoke, Virginia.\(^{40}\)

The experience at CF&I highlights the tensions that arose between unionism and ERPs. While JDR Jr. and Mackenzie King did not publicly condemn trade unions, the ERP was a substitution for collective bargaining with the UMWA. JDR Jr. was, however, particularly sensitive about allegations of victimisation of union members. He felt strongly “that the cause of industrial peace is hindered rather than advanced by the indiscriminate, revengeful and unthinking attacks which are so often made upon unionism by capitalists and employers” and “deplored” the open shop movement.\(^{41}\) In February 1916, CF&I officials were concerned that allowing union organisers to visit CF&I facilities would encourage employees to believe that the company was willing to enter into a contract with the union.\(^{42}\) JDR Jr. made it clear to Welborn, CF&I President, that if the policy of allowing visits by union organisers were compromised then the company would be open to the “charge of insincerity” and “would be an hundred fold more harmful to the success of the Plan than the worst condition which could be imagined as possibly resulting from a rigid adherence to the plan.”\(^{43}\) He even drew up notices for the company to issue to employees which explicitly indicated that they had the right to hold meetings on company property outside working hours and that union membership would have no effect on


an employee's interests in CF&I. Rockefeller was critical of a proposal that managers should follow union organisers around CF&I camps as it has “a little the appearance of detective work” and would undermine worker respect for company management. In December 1919 and January 1923 JDR Jr. asked Welborn to explain reports that mine superintendents were undermining the policy of no victimisation of unionists.\(^44\) Alongside the ERPs, CF&I nevertheless employed spies to gather intelligence on union organisation and identify union activists.\(^45\)

Within the AFL there was hope during the war that ERPs could be a springboard for union organisation and the UMWA initially accepted the CF&I ERP, believing that the clause banning discrimination against union members would eventually lead to full recognition. Union members participated in the plan. Ultimately, however, the union saw that the plan undermined its chances of gaining a contract with the company and UMWA District 15, which covered all of Colorado, and banned ERP participation in 1918. Three unionists from the ERP resigned in 1920 because of the ban and the union expelled another who refused to resign in 1921. There was widespread hostility to the ERP: meetings organised by the US Department of Labor of CFI miners, both union and non-union, indicated virtually unanimous opposition in August 1919.\(^46\) Rees argues that the UMWA “essentially gave up organising CF&I just as its workers began to realise the limitations of the plan.”\(^47\) While the AFL and affiliated unions rejected the ERPs, they continued to discuss ways of defeating them by capturing them from within and using them as a base for union organising or “boring from within” during the 1920s.\(^48\) As will be seen later, this could be a successful strategy under certain circumstances in the 1930s.

The AFL steel organising campaign of 1918–19 and the 1919 steel strike, which was the only major strike at the Pueblo steelworks before the Second World War, tested Pueblo employees’ support for the ERP and management’s willingness to accept unions. The AFL had declared “war” on ERPs


\(^45\) Rees, “‘X’, ‘XX’ and ‘X-3’”.


\(^47\) Rees, Representation and Rebellion, p. 129.

at its 1919 convention, declaring them to be a “delusion and a snare” for workers. Unionists at the company’s Pueblo steelworks who were also representatives organised employees during the AFL’s steel campaign of 1918–19 spontaneously upon hearing of the initial organising successes in the east. Unlike many other steel plants, skilled English-speaking workers rather than non-anglophone immigrants took the lead in organising. The Amalgamated Association of Iron, Steel and Tin Workers (AAISTW) hailed the formation of a lodge among nail and wire workers at Pueblo in November 1918 as a defeat for “Rockefeller’s ‘union.’” The union established three additional lodges by June 1919. The employees of the coke department formed a lodge of the International Union of Mine, Mill and Smelter Workers. Overall, 16 steelworker unions were organised at the plant and federated into the Allied Steel Council of Pueblo, which became the central union organisation for Pueblo steelworkers. Ironically, the ERP’s rejection of discrimination against union members allowed union activists to organise during working hours. While some supervisors wanted to dismiss union activists, they felt they lacked authorisation because of the ERP.

An important factor encouraging steelworkers to join unions was the success of railway employees at the steel plant in negotiating a collective agreement following a short strike in December 1918. The railway employees worked for the Colorado and Wyoming Railway Company, a CF&I subsidiary, and handled freight within the steel plant and between the steel plant and the various CF&I mines. Long-standing grievances included promotion and supervisors’ arbitrary behaviour. With the end of the First World War in November 1918, the workers approached the Brotherhood of Railway Trainmen and the Brotherhood of Locomotive Firemen and Enginemen for assistance. Management countered by offering the railway workers participation in the ERP, which they rejected. When the company rejected a union contract, the railway workers went on strike on 9 December and the plant faced closure given its strategic role in shifting raw materials and completed products around the plant at a time of peak production. The ERP representatives at the steelworks intervened and tried to mediate to keep the plant open. A union agreement was signed on 11 December and the strike ended. CF&I tried to undermine the agreement by creating a

51 Brody, Labor in Crisis, p. 75; Selekman, Employees’ Representation in Steel Works, p. 166.
52 AJ, 28 Nov. 1918, p. 27.
new division for railway employees in the ERP, but the latter refused to participate in the January 1919 elections for employee representatives. The agreement departed from CF&I’s insistence on the ERP and encouraged union organisers to believe that a similar tactic could be successful for all steelworkers at Pueblo to obtain union contracts and end the ERP.54

The organising was so successful at Pueblo that the plant was initially shut down by management during the 1919–20 national steel strike. Ninety-eight per cent of union members voted for the strike if all other means failed to obtain an agreement between the unions and CF&I. Only 300 of the 6,500 employees reported for work on 22 September 1919. Dissatisfaction with the ERP was a major reason for the strong worker support for the strike. The strike demands included the right to collective bargaining and the abolition of “company unions,” which CF&I rejected. The dispute was peaceful until the company began to resume operations on 17 December 1919. Welborn claimed that Austrian women picketers threw rocks at men entering the plant. On the evening of 26 December, shots were fired at F.E. Parkes, manager of the Pueblo steelworks, as he returned home from work. He was not injured, but his car was hit several times. This led the Colorado Governor to order the National Guard into Pueblo the following day to prevent further disorder. During the dispute, a number of dissident strikers formed a “Back to Work League,” which circulated petitions calling for a resumption of work under the old conditions of the ERP. While the AAISTW claimed that the strike was a “death blow” for the ERP at Pueblo, management defeated the union and a number of union activists were not rehired. Management also asked rehired steelworkers to sign cards stating that they knew that the plant was an open shop under the ERP. These cards reinforced management’s policy against dealing with unions at the Pueblo steelworks. The unions did not formally end the strike until 8 January 1920.55

Despite requests from both the Mayor of Pueblo and the strike committee, JDR Jr. refused to intervene during the 1919 strike, simply giving his support to Welborn. Despite JDR Jr.’s public support for the right to join labour unions, he ignored this strong push by the Pueblo workers for unionisation and the rejection of the ERP. CF&I management had believed that the Pueblo steelworkers would not join the strike and was surprised when

54 Selekman, Employees’ Representation in Steel Works, pp. 175–6, 197–214.
presented with the strikers’ demands on September 18 1919. Management believed that the demand for the right to collective bargaining was met by the ERP and that the sole objective of the strike was to gain union recognition.56 While CF&I admitted that the ERP did not stop Pueblo steelworkers from joining the strike, “conditions outside the company” induced the men to strike and it was not the fault of Pueblo management nor the ERP. The company claimed that the strike was a national or international movement, not local, and “was organized by men representing the extreme radical section in labour union politics.”57

The 1919 strike at Pueblo and other steel plants with ERPs, such as Bethlehem Steel, reinforced the views of employers critical of the ERPs. Some large companies, such as US Steel, rejected ERPs and favoured share ownership or grievance procedures for individual workers, believing that representation of any kind would ultimately lead to a closed shop. Judge Elbert Gary of US Steel argued that the employee walkout at the CF&I steel plant during the 1919 Steel Strike showed that ERPs failed to prevent labour unrest.58

During a major confrontation between CF&I and the IWW at the company’s coal mines in 1927 the ERP representatives at Pueblo provided assistance to the company. IWW support was built on discontent with the ERP in the coal mines and the strike over demands for increased wages. A meeting of the ERP representatives at the steelworks unanimously passed a motion calling for the dismissal of all IWW members at the steelworks. The Pueblo representatives also met with the coal mine representatives during the strike to help resolve the dispute as approximately 2,500 steelworkers had been stood down due to a coal shortage. Despite claims that these meetings had nothing to do with management and that no information would be passed on, one of the steel representatives recorded the discussions and sent the minutes to senior management for review. The steel representatives encouraged the miners to “say what they thought.” While such loyalty to CF&I was impressive, the company contributed to employee commitment by employing labour spies to monitor IWW activities and sympathisers in its mines and at the Pueblo steelworks. The strike eventually involved 5,500 miners and led to a report by the Colorado Industrial Commission.

57 Letter, JDR Jr. to A.C. Bedford, 5 Nov. 1919. Box 17. Folder 143. Record Group III2C. RFA RAC.
that indirectly criticised the CF&I ERP for not allowing miners their organisation of choice and for fuelling support for the IWW. 59

While trade unions faced a challenge from ERPs, supervisors and middle managers expressed concerns about the implications of ERPs for their status and authority within their organisations and the time lost in ERP activities. Most ERPs included a grievance procedure whereby workers could protest about their supervisors if they treated them unfairly or breached company rules. Certain weaknesses of the ERPs hindered this provision. Representatives were often unwilling to take up the grievances of their fellow workers and some ERPs required the workers to take their concerns directly to the supervisor in question before they would consider them which, as Jacoby argues, “made workers reluctant to voice any complaints, even though the foreman’s decision could be appealed to a higher level.” 60 Management was also reluctant to overrule supervisors, and some companies promised line managers that no provision in the ERP would encroach upon their powers. Management also found that ERPs required considerable time and expenses, what with the provision of meeting facilities and employees taking time away from work to attend. ERPs could indeed generate more work for managers in terms of the additional issues and grievances raised by employee representatives. 61

While cost data for ERPs are difficult to find, the expenditure relating to social and industrial betterment schemes at CF&I totalled $1,480,466.01 between 30 June 1915 and 31 December 1923 of which $67,867.09 related to employee representatives’ expenses, $3,056.85 related to industrial representation meetings and $3,450.61 related to ERP printing and translation costs. The cost of these schemes rose from $3.61 per employee for the year ending June 30 1916 to $29.05 for the year ending 31 December 1921, before falling to $18.74 per employee for the year ending 31 December 1923. 62

At CF&I, supervisors and senior management not only had to contend with the ERP, but also deal with JDR Jr., who monitored the operations of the ERP closely through reports, correspondence with CF&I officials, press articles and occasional visits to Colorado. During the early 1920s, JDR Jr. was concerned with CF&I’s poor economic performance and in November 1923 encouraged Welborn to allow external consultants to undertake reviews of CF&I. A report was produced on general management at CF&I and

60  Jacoby, Employing Bureaucracy, p. 188.
62  “Report on Industrial Relations in the Colorado Fuel and Iron Company”, Table V. Box 7-1.5, File 3, BHSA.
another comprehensively evaluated all aspects of CF&I labour practices at both the mines and the steel plant, including the ERP, and criticised the accuracy of data relating to the success of the ERP and its impact on productivity. JDR Jr. visited the Pueblo steel plant in July 1924 and June 1926 while on holiday in Colorado.63 During the latter trip, he met employee representatives to talk “about everything under the sun.”64

There was resistance to the ERP from supervisors at Pueblo who saw it as taking away their authority without providing them with any privileges. Some supervisors were also concerned that senior management had not consulted them when the ERP was introduced and there had been no meeting to explain the plan to them. Rockefeller initially excluded supervisors from the ERP: employees elected their representatives and management appointed the superintendents of the supervisors to represent them. The supervisors’ hostility towards the ERP discouraged employees and representatives from taking up grievances, as they did not want to anger them. To overcome this hostility, senior management granted the supervisors the right to elect their own representatives in 1919.65

Though senior management at the Pueblo steelworks were more supportive of the ERP by the mid-1920s, and some supervisors had decided to cooperate with the employee representatives in order to avoid having their decisions overturned by senior management, some supervisors were still opposed to the ERP. This led to a wide variation in the way the ERP functioned across the plant. In the rod mill, the superintendent and the employee representative had a good relationship. They were able to settle grievances and by 1928 no grievances were being referred to the Joint Committee on Co-operation, Conciliation and Wages from the rod mill. By contrast, a casting foundry employee representative complained in January 1924 that there was a lack of cooperation between management and labour. He had to follow up 90 per cent of grievances and there were long delays before replies were received from local management. In the by-product coke plant, Superintendent H.B. Carpenter suppressed the operation of the ERP because “we have practically 100% harmony.” Carpenter was strongly opposed to the ERP, believing that its committees were “inefficient” and that workers showed “poor judgement” in electing their representatives, and he stopped his employee representatives from attending one joint conference. Senior CF&I management overruled Carpenter.66

64 Industrial Bulletin, Nov. 1926, p. 22.
The ERP also faced a crisis at Pueblo when Carpenter became the General Superintendent of the Steelworks in May 1925. Carpenter tried to destroy the ERP by encouraging superintendents and supervisors to withdraw support. Active employee representatives such as Warren Densmore were threatened with dismissal and CF&I President Welborn intervened to stop one outspoken representative from the Open Hearth Department being fired. Carpenter also clashed with the CF&I President’s Industrial Representative at Pueblo in front of the representatives. JDR Jr. personally met with Carpenter to discuss the deteriorating situation at Pueblo and Carpenter found it necessary to soften his stance against the ERP. One senior manager at the plant later complained that this intervention undermined Carpenter’s authority in the plant and strengthened the position of the representatives in bringing forward employee grievances. Carpenter eventually resigned in May 1928.67

Cooperative Management – The Extent

Cooperative management spread beyond the B&O, but never achieved anything like the success of the ERP movement in the US. Three other major US railways adopted cooperative management with varying degrees of success and application. B&O President Daniel Willard succeeded in encouraging William Harahan, the President of the Chesapeake and Ohio Railway (C&O) to adopt cooperative management in C&O’s Seventeenth Street workshop in Richmond, Virginia in July 1924.68 AFL workshop craft unions were well established at C&O but cooperative management was never extended beyond the Seventeenth Street workshop despite union requests. Workshop employees became increasingly frustrated as many of their suggestions were not recorded in committee minutes or acted upon by management. Senior management reduced the length of the meetings and the detail of the minutes. Management made relatively few suggestions compared to the union representatives. Though meetings continued until at least February 1929, they became ritualised with no new business and all old business concluded.69 One union official noted that the situation had “more of the elements of a burlesque than genuine cooperation.”70

68 Vrooman, Daniel Willard, pp. 66–7, 128.
Outside the railway companies, other firms adopted union-management cooperation. The Pequot Mills of the Naumkeag Steam Cotton Company of Salem, Massachusetts was a union textile shop facing increased competition from the South and declining profits in the late 1920s. In 1927 it adopted the B&O plan to improve operating efficiency. The Pequot plan provided for union recognition and the maintenance of “good” wages and working conditions. In return, the AFL-affiliated United Textile Workers agreed to cooperate in “effecting economies.” Mill officials and members of the union executive attended monthly conferences to discuss questions of mutual interest, though these became less regular as time went by. Union members were also involved in production time studies and changes to plant layout.71

Another example was the small Chicago firm of Yeomans Bros., which adopted union-management cooperation with the IAM in July 1930. It sold electric pumps for use in water supply and sewerage and was the only union shop in its industry at the time. This plant was built around batch production rather than mass production, without any standardisation. This production method was not appropriate for the installation of bonus payment schemes or piecework as a way to increase efficiency. Charles Yeomans, the President of the company, was impressed with the operation of union-management cooperation on the B&O and the Canadian National Railways (CNR). He considered the relationship with his employees “satisfactory,” but wanted to look at ways to reduce costs to overcome the unfavourable wage differential between his firm and non-union competitors. Yeomans believed that workers would gain in job security, the “satisfaction” of having a voice in management and the possibility of gaining a share of the gains resulting from cooperation “from time to time.”72 In return, he argued that “management gains increased morale, increased efficiency, and a lower cost of production.”73

The AFL tried unsuccessfully to use union-management cooperation as part of a strategy to organise a number of large corporations, including General Electric, GM and Ford, and Southern textile mill owners. William Green, Gompers’s successor as AFL President, repeatedly used the Taylorist argument that only a unionised firm could achieve the organised concept essential for increased productivity. During its Southern organising campaign

73 Yeomans, “Cooperation as an Incentive”, p. 584.
aimed at textile workers in 1929–31, the AFL engaged Taylorist consultant Geoffrey Brown to explain to employers the benefits of union-management cooperation and offer them assistance in establishing such schemes. Between March 1930 and September 1931, Brown held over 200 conferences with managers and directors of Southern cotton mills, but only persuaded three small enterprises in Columbus, Georgia to adopt the scheme.74

The fledgling movement built around cooperative management faced a number of barriers. There were supervisors who resented the intrusion of the committees into their traditional areas of authority. At the Glenwood workshops of the B&O in 1924, for example, a boilermaker supervisor bullied employee representatives and forced three to resign. Supervisors’ unwillingness to offer any suggestions destroyed the union-management cooperation committee at the C&O’s Seventeenth Street workshop in Richmond, Virginia.75

There was also opposition among rank-and-file union members. The idea was introduced in a top-down manner and linked in some cases to wage cuts, layoffs and work intensification. There was restricted participation for union members on the B&O, who were encouraged to pass suggestions on to their union representatives. The Communist Trade Union Educational League encouraged this opposition through factions in key unions such as the IAM, which almost cost Johnson his re-election as President of the IAM in 1925. An example of a grassroots employee defeat of union-management cooperation can be seen in 1931 at the St. Louis Terminal Railway, which provided rail interchange services at a key railway hub in Missouri. Surrounded by railways with company unions, it was seen as a crucial beachhead for promoting cooperative management. Union members unanimously rejected the proposal. They referred to complaints from B&O workers and failed to see that any benefits had come out of cooperative management. Some workers described it as a “speed up system” that would lead to further dismissals in a period of economic depression.76


Cooperative Management – The Impact

What did the union-management cooperative committees do? The meeting held at the back shop of the Glenwood Railway Workshops of the B&O on 24 July 1924 is typical. It lasted 2 hours and 20 minutes and there were six representatives of management and seven of employees. Equal numbers of employer and employee representatives were not required for the meeting to proceed. The Superintendent of Shops, an employer representative, chaired the meeting. The other management representatives included a representative from the Chief Efficiency Bureau, the tool room foreman and the Chief Clerk of the Stores Department; the employee representatives included union representatives of the local federation of railway crafts and union representatives from the blacksmiths, boilermakers, electricians, car men and machinists. There was also a visitor present, a Superintendent of Shops from the C&O. Among the 33 suggestions made were ways of reducing waste in packing pumps and improving the conditions of dyes for steam hammers, the repairing of leaky pipes, the installation of fixed ladders to an overhead fan in the spring shop to allow for easier maintenance, the use of petroleum jelly rather than grease for lubrication and stopping the practice of parking steam engines outside the back shop as it made entrance to the shop unsafe. Complaints were heard about managers ignoring cooperative items raised by employee representatives, and the chair promised to look into it.77

Surviving aggregate data suggest that the scheme delivered a number of useful suggestions for management to improve work practices and improve productivity. Suggestions under union-management cooperation related primarily to improvements in working methods and equipment. From March 1924 to December 1939, 30,673 suggestions were received and discussed by workshop cooperative committees of the B&O, of which 86.2 per cent were adopted. At Yeomans Brothers, between its first meeting in July 1930 and the seventy-fifth in March 1941, the cooperative committee received 418 suggestions, 299 of which were from employee representatives and 119 from management representatives. Of these, 71 per cent were adopted, 22 per cent were dropped and 7 per cent were still under consideration by March 1941. There are difficulties in comparing union-management cooperative plans with ERPs, as many of the suggestions made in ERPs related to grievances and working conditions, while under the union-management cooperative plans, unions and management handled these matters.78

78 Aultz, “Union-Management Cooperation”, p. 57; Yeomans Brothers, Cooperative
One benefit for those companies that engaged in cooperative management was union assistance in marketing and gaining contracts. In the case of the B&O, this initially involved local union branches actively campaigning for patronage for the railway. As the economy improved after 1932, employee efforts to increase business for the B&O were formalised through the Cooperative Traffic Program (CTP), in which staff and local committees were modelled on the cooperative committees. Vrooman has estimated that the CTP may have increased B&O traffic by a small but significant 1.1 per cent in 1934.79 In the case of Yeomans Brothers, union connections helped the company obtain contracts from municipalities where organised labour was influential. These connections helped the company gain at least five contracts during 1932–33 and assisted its survival through the depths of the Great Depression. Productivity gains and increased business derived from the cooperative management scheme were viewed by these companies as important offsets for the high wages of a union shop relative to their non-union competitors.80

While union-management cooperation brought benefits to partner firms in terms of marketing and contracts, there were limitations. While promoting one company at the expense of others may be of benefit to the firm that adopts union-management cooperation, other competitors that have also accepted unions but do not participate in this scheme will be disadvantaged. As Vrooman has noted, while the Pennsylvania Railroad was hostile to unions and had its own ERP, other competitors that recognised unions and engaged in collective bargaining, such as the New York Central Railroad and the Erie Railroad, were disadvantaged by union promotion of the B&O’s services. This union support for the B&O could have weakened management’s sympathy for unions on those other railroads.81 There are also issues relating to unions’ distortion of tendering processes by using their political connections to favour firms with union-management cooperation. This had the potential to damage the public standing of unions.

Did these schemes deliver benefits for employees in terms of increased wages and employment stabilisation? While Willard saw the efficiency benefits of the plan, he could not justify paying higher wages than his competitors. One benefit was the restoration of the time-and-a-half rule for Sunday and holiday work. In 1924 and 1925 the B&O assisted the stabilisation

Committee Meeting, 18 Mar. 1941. File – “Yeomans Brothers Company Minutes of Cooperative Meetings ca. 1930–1939”, Container 46, B.P.
81 Vrooman, Daniel Willard, p. 128.
of its workshop jobs by diverting heavy upgrading work on locomotive and rolling stock from outside firms to its workshops.\textsuperscript{82}

The benefits of cooperative management for the stabilisation of employment came into question with the onset of the Great Depression. Despite attempts to stabilise employment as the depression hit, by 1932 layoffs at the B&O had reached similar levels to its competitors. By contrast, Charles Yeomans claimed in July 1932 that the cooperative plan was largely responsible for avoiding reductions of employment in his company despite a decline in business.\textsuperscript{83}

What impact did this scheme have on union membership? While there is no evidence of a direct impact, in January 1931 the workshop superintendent at the Mt. Clare workshops of the B&O organised a meeting of employees to encourage them to become financial members of their respective unions, highlighting the regular employment that the unions had achieved for them through the cooperation scheme in a period of economic depression.\textsuperscript{84}

### The Demise of ERPs and Union-Management cooperation during the 1930s

Both the ERP and union-management cooperation went into decline in the US in the 1930s. As previously noted, the Wagner Act of 1935 outlawed ERPs. The NLRB moved against the ERP after the Supreme Court upheld the legislation in 1937. In 1939, the Board won a major case against Newport News Shipbuilding and Dry Dock when the US Supreme Court ruled that any ERP in existence since 1927 was illegal. The ERP was illegal even though the employer no longer funded employee representatives’ expenses and workers had voted for it in a secret ballot in preference to independent trade unions. The decision spelt the effective end of the movement inspired by the Rockefeller Plan.\textsuperscript{85}

The various plans collapsed or were absorbed by AFL- and CIO-affiliated trade unions. A small number of ERPs evolved into independent local unions such as at Thompson Products, an aircraft engine parts manufacturer in Detroit, Michigan and Cleveland, Ohio.\textsuperscript{86} In 1936 SWOC, which was

\textsuperscript{82} Vrooman, Daniel Willard, pp. 56–7.


a joint venture between the CIO and the AAISTW, set out to “capture” ERPs. SWOC encouraged members at the Lackawanna plant of Bethlehem Steel to run in the ERP elections to “Capture the ERP – Then Bury It.” Where there were no SWOC sympathisers on the ERP, unionists would use it to submit a large number of grievances which management would not be willing to resolve. This would discredit the ERP and highlight the need for a “bona fide” union. Generally, SWOC explicitly targeted plan representatives to organise union members through “friendly contact” and encouraged disaffected plan representatives to organise bargaining committees that represented a number of steel plants. At the Duquesne plant of the Carnegie-Illinois Company, Elmer Maloy won a seat on the ERP in June 1935 and tried to force changes on issues such as occupational health and safety and the distribution of work hours. Increasingly frustrated with management’s responses to the ERP’s demands, Maloy became an in-plant paid SWOC organiser in 1936. In December 1936, he chaired a meeting of employee representatives from 42 steel plants at Pittsburgh that declared support for the CIO and called on representatives to use their influence to enrol steelworkers. This campaign, plus fear of a government-imposed closed shop, led US Steel to recognise SWOC on 2 March 1937.

Some recent positive reassessments of the ERPs have highlighted that some workers supported their retention. Representatives from the Industrial Assembly at the Goodyear Tyres plant in Akron, Ohio and the Cooperative Association at Leeds & Northrup gave evidence against the NLRA before Congress. Carnegie-Illinois employees sympathetic to their representation plan formed a defence committee which obtained company endorsement, retained legal counsel and published an anti-union publication. At the Gasden, Alabama plant of Goodyear Tyres, management had established an Industrial Assembly in 1933. The Assembly leaders waged a war against union organisers and members that included beatings. Following the Supreme Court decisions, the Assembly leaders created an “independent union,” the Etowah Rubber Workers’ Association, which continued the anti-union campaign into the 1940s.

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87 SWOC, Bethlehem Campaign Headquarters, Memorandum # 20, 8 Feb. 1939, Harold T. Curtiss Papers, Box 5, File 14, Pennsylvania State University Libraries Labor Archives, State College (hereafter CP).


Kaufman has noted that significant numbers of workers voted to retain the plans in preference to trade unions. During 1933–35, one-third of workers voted to keep ERPs in elections conducted by the National Labor Board and the NLRB. From 1935 to 1941, company unions and derivative independent trade unions won 50 per cent of the NLRB-supervised elections against AFL and CIO unions. The extent to which these votes are an accurate reflection of worker opinion is difficult to determine. Employers were willing to dismiss union activists or transfer them to isolated locations, to use spies and deploy company police to prevent unionisation. In April 1940 there were SWOC allegations that only candidates sympathetic to management and the ERP at the Bethlehem plant of Bethlehem Steel were able to electioneer on company time and property and to serve as scrutineers of the counting of the vote. The Bethlehem plant ERP also attempted to win worker sympathy by organising social events such as a performance by swing legend Duke Ellington and his orchestra on the same night as a union-organised dance. It also claimed that a vote for the plan was a vote for “American freedom and independence.”  

The favourable climate for trade unions coincided with changes at CF&I. Though Rockefeller interests continued to dominate the company, JDR Jr. was losing interest in the company. In October 1933, CF&I miners voted for collective bargaining through the UMWA and against the ERP by 877 votes to 275. While CF&I officials recognised the miners’ wishes, they regretted the defeat of the ERP. They concluded that passive resistance was preferable to overt resistance, which “would lead to serious labor disturbances and probably bloodshed.” JDR Jr. took the view that the ERP at CF&I was “eminently satisfactory.” However, if the National Industrial Recovery Act directed them to deal with unions in issues of wages and hours, they had to comply. He hoped that the ERP could continue to deal with “other matters of common interest.”

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Despite JDR Jr.’s views concerning the mining of CF&I, the ERP remained in operation longer at the Pueblo Steelworks. CF&I’s management believed that the ERP could continue there because the steelworks were not organised to any great extent and the NIRA recognised ERPs. The CF&I newspaper *The Blast* published articles that supported the ERP and management credited the ERP with providing steelworkers one week’s vacation on full pay in July 1936 and wage increases in December 1936. *The Blast* highlighted the advantages of the ERP by carrying news of other steel plants where workers supported ERPs in preference to “outside unions” in collective bargaining. It also claimed that unions were forcing steelworkers to join them. When *The Blast* covered ERP elections, it highlighted their fairness and the high voter turnout. Management continued to employ spies to monitor any labour organising in Pueblo and further ensure the survival of the ERP.93

While CF&I management saw the ERP as preferable to unions, tensions between the representatives and local management remained. There was a tied vote between employee and management representatives for the Joint Committee on Cooperation, Conciliation and Wages over the reinstatement of an employee named Anderson. Management had fired him because he had allowed a furnace bottom to burn out. The employee representatives wanted arbitration, while the management representatives upheld the decision. Employee representatives called for a revision of the ERP to remove the requirement for CF&I’s consent before any question was referred to arbitration. With the threat of unionisation looming, the company agreed to amend the ERP in 1936 to allow the referral of any deadlocked matter for final arbitration to a board comprising an employee representative, management representative and a third person selected by mutual agreement at the request of either management or employee representatives.94

Management faced the threat of growing unionisation. SWOC began organising the plant in 1937 and chartered a lodge in Pueblo on 3 August 1938. During its campaign for recognition, SWOC alleged that supporters of the ERP had assaulted union organisers and that the local media and public authorities were biased and sympathised with CF&I. In February 1938, the company asked its employees to ratify the ERP and designate its

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93 Letter, A. Woods to JDR Jr., 18 Jul. 1933. Box 14. Folder 114. Record Group III.C. RFA, RAC; Patmore and Rees, “Employee Publications”, pp. 268–9; Spy report on IWW dance/meeting, 14 Mar. 1936, Box 1, RG 2.1.1, BHSA.

representatives as their collective bargaining agents. The subsequent vote was 2,426 in favour and only 198 against the ERP. Many of the employees who voted for the ERP believed that the continuation of their insurance, pension and medical plans depended on a positive vote. The company changed the name of the ERP to the Employees’ Representation Organization (ERO) to indicate a break with the past, but most of the officers administering the ERP remained to administer the ERO, under Diamond as President. Despite the vote and the changes, the NLRB ruled on appeal in March 1940 that the ERP was company-dominated and directed CF&I to withdraw recognition. At the first representation ballot in March 1941 the employee representatives made a strong appeal in the local newspaper for workers to vote against any outside representation. ERP lawyer A.T. Stewart compared the union’s organising campaign with Hitler’s invasion of Norway during one local radio broadcast and warned of “bloodshed” and a loss of earnings if the union replaced the ERP. The supporters of the ERP were victorious: 2,670 workers voted for no representation and 1,783 voted for the CIO out of 4,838 votes cast. CF&I meanwhile petitioned the Tenth Circuit Court of Appeal for a review of the NLRB direction, but the court upheld the NLRB direction in June 1941.95

The ERO was reorganised again and became ERO Inc., which the company identified as the collective bargaining agent for its employees on 1 December 1941. In June 1942 the Tenth District Court of Appeals ordered the company to withdraw its recognition of ERO Inc., ruling that there was an insufficient break with the disestablished ERO and that ERO Inc. was not a truly independent labour organisation. During the final representation election in July 1942, ERO Inc. tried to persuade workers to vote against the union by hinting that the CIO was led by communists and thus un-American. They were unsuccessful, however, in saving the final vestiges of the Rockefeller Plan and the result was 58 per cent in favour of the union. The major reason for the defeat of the ERP

was a major influx of new employees as steel mill production expanded to meet wartime demand.\(^\text{96}\)

Management-union cooperation also lost its impetus in the early 1930s. The 1930s depression generally weakened cooperative management. The Chicago & Northwestern Railroad dropped the scheme in February 1932, later claiming that the reduction of the workforce and the curtailment of repair work meant that the scheme’s continuation could not be justified. Deteriorating economic conditions, wage cuts and an increasing number of machines to be supervised by workers led to a strike and the collapse of the scheme at the Pequot Mills in May 1933.\(^\text{97}\)

The new labour legislation in the US that eliminated ERPs also weakened union enthusiasm for cooperative management. There were concerns that the union-management cooperative committees were now redundant and could even weaken the US trade union movement. Jacoby claims that by 1933 the AFL had “quietly dropped its official support for cooperation.”\(^\text{98}\)

Alexander Whitney, President of the Brotherhood of Railroad Trainmen, argued in a letter to Otto Beyer in March 1938 that if workers had any ideas they could submit them to their superintendents through the union. He noted that there were “well-founded suspicions” that labour’s attention would be divided and moved away from their central objective of improving wages and conditions. The traditional approach to collective bargaining was resurrected.\(^\text{99}\)

Despite these setbacks, several firms persisted with union-management cooperation and there were continued attempts to expand the movement. Willard died in July 1942, but cooperative management was continued at the B&O until 1962, and the Yeomans scheme was still in operation in 1949. Cooperative management was introduced on the bankrupt Rutland Railroad, which was primarily located in Vermont, and the Enterprise Foundry Company of Belleville, Illinois. In the latter case, the AFL unions persuaded the owner to accept cooperative management in 1939 as an alternative to relocating to the South. The Tennessee Valley Authority (TVA), established by the US federal government in 1933 to develop water resources in the Tennessee River Valley, adopted union-management cooperation for union employees in 1942 and this was still in operation in 1955. Beyer, who was the

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TVA’s labour relations consultant from 1935 until his death in 1949, played a crucial role in its introduction by the TVA.100

Beyer also continued to lobby the AFL to persist with union-management cooperation. Following a speech in favour of union-management cooperation by Beyer, then a member of the US National Mediation Board, at the AFL Convention at New Orleans in November 1940,101 several workshop craft union officials, concerned with growing possibility of the US entering the Second World War, successfully obtained the passage of a resolution calling for “the extension of the practice of union-management cooperation throughout industries as rapidly as union organisation will warrant …”102 They saw union-management cooperation as an aid that would increase industry efficiency, improve living standards and assist rearmament for defence if required.103

There was, however, strong support for the traditional approach to collective bargaining among the AFL leadership. At a subsequent AFL Executive meeting called to discuss the resolution in February 1941, there was opposition from George Harrison, an AFL Vice-President and President of the Brotherhood of Railway Clerks, who saw the railroad cooperation schemes as “nothing but a vitality sapping arrangement for the labor movement.”104 He argued that “it is the function of our organisations to represent the interests of workers and our unions grow and thrive on opposition within the industry and economic injustice.”105 While the AFL Executive referred the matter for further discussion by AFL officers at a future meeting, it was not followed through.106

104 AFL, Executive Minutes, 18 Feb. 1941. George Meany Memorial Archives, Silver Spring, Maryland (hereafter GMMA), RG4-001.
105 AFL, Executive Minutes, 18 Feb. 1941. GMMA, RG4-001.
106 AFL, Executive Minutes, 18 Feb. 1941. GMMA, RG4-001.
Conclusion

While there was an awareness of alternative forms of workplace employee representation in the US, low levels of unionisation did not provide a favourable environment for either Whitley or German works councils, which recognised unions, and led to a preference among employers for the non-union ERP. Some employers may have seen ERPs as a way of improving communications with employees and heightening worker commitment to the firm. A major motivation for most US employers, however, was the avoidance of unions and state intervention in the internal affairs of their companies. While the Rockefeller Plan did not discriminate against union members, CF&I and other enterprises saw ERPs as a substitute for unions. The plans also tended to be found in large-scale industries with continuous or mass production, where communication problems were intensified and strategic groups of workers could create bottlenecks in the production process if alienated. There is evidence that some managers opposed ERPs as they potentially undermined their status and authority.

ERPs generally did not provide a long-term alternative to trade unions. Employers’ commitment to ERPs generally depended on the economic and political climate. Following Ramsay’s argument, cycles or waves of interest arose from the challenges of the First World War and the New Deal of the 1930s, and led employers to look for alternatives to trade unions. Some plans were tied to the fortunes of particular individuals within management, such as JDR Jr. in the case of CF&I. While some positive reassessments have highlighted workers’ support for retention of the plans, it is difficult to determine whether the votes in representation elections after 1933 are an accurate reflection of worker opinion given employer intimidation and divisive tactics. In the end, the state banned ERPs with the Wagner Act, though some survived in the form of independent unions.

Could ERPs be a platform for trade union organising? The evidence suggests that this was very difficult except in exceptional circumstances. The unions required both a well-resourced organising campaign and a favourable political and legal climate. US steelworkers successfully used the plans as a springboard for unionisation in the late 1930s. There was also the determined campaign of SWOC and the fact that the Wagner Act underpinned the organisation of US Steel.

The union-management cooperative committees were never able to match the success of the rival ERPs. While the AFL was concerned that direct representation could undermine union authority and lead to the establishment of a rival ERP, rank-and-file members were opposed to union-management cooperation because it offered no direct representation. As in the case of
ERPs, there is evidence of management opposition to union-management cooperation.

Union-management cooperation committees did have some benefits in that they indirectly allowed workers a voice to improve their working conditions and increase efficiency. There is some evidence that the schemes did provide stabilisation of employment for permanent employees during the 1920s. They also had certain increased benefits for management in terms of sales and contracts. However, the unions’ promotion of organised firms that adopted union-management cooperation could weaken competitors that also had union shops but refused to adopt union-management cooperation. Further, unions’ use of political pressure to win contracts for firms that adopted union-management cooperation could also undermine competitive tendering processes and bring the unions into disrepute.

The union-management cooperative movement, like the ERPs, was weakened by the depression of the 1930s. Economic circumstances even led to the cessation of union-management cooperation in some firms. The movement was also a casualty of the Wagner Act in the US. Unions no longer saw the cooperative committees as helpful in gaining and maintaining recognition as agents for collective bargaining. However, union-management cooperation survived in some firms into the post-war period, and even won some new adherents, notably the TVA. Members of the AFL even attempted to have it adopted as a formal strategy for all industry in 1940 in the context of the growing possibility of the US entering the Second World War.