

WORKING PAPERS

EXPLAINING EMPLOYER COORDINATION:
EVIDENCE FROM THE US INTER-WAR PERIOD

Alexander Kuo

Estudio/Working Paper 2010/253
June 2010

EXPLAINING EMPLOYER COORDINATION:
EVIDENCE FROM THE US INTER-WAR PERIOD

Alexander Kuo

Estudio/Working Paper 2010/253
June 2010

Alexander Kuo is Junior Researcher at the Center for Advanced Study in the Social Sciences,
Juan March Institute.

Abstract

What explains the development of different patterns of employer coordination? Recent literature on the historical origins of varieties of capitalism and the development of different institutions of employer coordination focuses on the cooperative nature of such institutions. In this paper I propose an alternative conception of employer coordination and demonstrate the importance of repressive employer coordination. I argue that repressive coordination among firms emerged as a response to the threat posed by organized labor. To test the theory, I use quantitative sub-national and archival evidence from the United States inter-war period. In particular, I use a unique dataset on membership in the US Open-Shop movement to explain county-level variation in repressive employer coordination. The archival evidence indicates that the employer organizations strategically chose to continue locally-driven repressive strategies. The results have implications for understanding development of varieties of capitalism and the important role of repressive labor institutions in American political development.

"I am to set before you the advantages of organization. The benefits of organization are so numerous and so diversified, and in some instances so obscure that to discuss all of them would require considerable time...[particularly] the existence of the National Metal Trades Association and kindred organizations of employers, originated in the militant attitude assumed by aggressive labor leaders towards the individual employer." – Andrew J. Allen, Secretary of the Indianapolis Branch of the National Metal Trades Association, addressed to the Ninth Annual Convention of the National Metal Trades Association, in Boston, Massachusetts.¹

Andrew J. Allen's address to the member firms at the annual convention of one of the most prominent American employer organizations had many goals. Its main purpose was to exhort the NMTA's member firms to commit more resources to the organization. It was also a plea for firms to invest more resources and funds to enforce the principles of an organizational movement that would unite firms against the perceived increased aggressiveness of American unions. Allen's address was representative of that of other prominent leaders of national and regional employer organizations. It illustrates that even when some company managers and owners thought that the benefits from joining an organization were obvious, organizational leaders still felt the need to persuade member firms to commit resources. Most strikingly, Allen cites the "militant attitude" of workers in justifying the organization's purpose.

Allen's address raises a basic theoretical question: under what circumstances do firms form employer organizations in response to workers' demands? And what explains variation in what those organizations do? There has been a recent resurgence in scholarly interest in the historical origins and development of employer associations and related capitalist

institutions.² Such employer associations are key institutional components of different "varieties of capitalism" (VOC); such institutions are linked to variation in long-term unemployment, social policy, and patterns of product innovation.³ Understanding why some countries developed highly coordinated employer associations and others did not is important for understanding modern divergence in economic institutions.

A crucial oversight in this recent literature is that it ignores the possibility that firms can choose to *repress* workers as a strategy. The existing theoretical approaches mistakenly code variation in employer coordination as being only cooperative with workers. Moreover, firm repression can occur by individual firms, but also be done collectively, or with assistance from the state. In particular, *collective repression* played a critical role in inhibiting organized labor, but it is not theorized as a possible outcome in existing literature. Existing literature on employer organizations needs to account for the conditions under which employer organizations choose repressive versus

¹ Address delivered on March 21-22, 1907, pages 269, 272. From an address reprinted in *The Open Shop* publication. Andrew J. Allen, "The Benefits of Organization," *The Open Shop* 1907., 269-277.

² Thomas R Cusack, Torben Iversen, and David Soskice, "Economic Interests and the Origins of Electoral Systems," *American Political Science Review* 101, no. 03 (2007), Cathie Jo Martin and Duane Swank, "The Political Origins of Coordinated Capitalism: Business Organizations, Party Systems and State Structure in the Age of Innocence," *American Political Science Review* 102, no. 2 (2008); Marcus Kreuzer, "Historical Knowledge and Quantitative Analysis: The Case of the Origins of Proportional Representation," *American Political Science Review* (2010).

³ Cusack, Iversen, and Soskice, "Economic Interests and the Origins of Electoral Systems,"; Peter A. Hall and David G. E. Soskice, *Varieties of Capitalism*, The Institutional Foundations of Comparative Advantage (Oxford [u.a.]: Oxford Univ. Press, 2001), Cathie Jo Martin and Duane Swank, "Does the Organization of Capital Matter? Employers and Active Labor Market Policy at the National and Firm Levels," *American Political Science Review* 98, no. 04 (2004).; Martin and Swank 2008, "The Political Origins of Coordinated Capitalism: Business Organizations, Party Systems and State Structure in the Age of Innocence."

cooperative strategies to inhibit or undermine unions.

In this paper I present and test hypotheses of collective employer repression. I argue that repression as a collective strategy of firms is a possible and substantively important outcome. I theorize that variation in the use of repressive firm strategies can be attributed to the threat posed by organized labor. To confirm the existence and importance of repressive employer coordination and test the proposed theory, I use new quantitative and qualitative evidence from the important anti-labor Open Shop movement in the United States during the early 1920s. This movement represented the height of manufacturing firms' collective repressive strategies against workers: key organizations that spearheaded the movement espoused an ideology and set of policies that restricted union presence at the plant level and undermined the nationalization of the labor movement.

Specifically, I use a new dataset on participation in the Open-Shop movement at the US county level during the inter-war period. I find firms' adoption of repressive employer organizations against workers arose in response to higher levels of unionization. Collective repressive employer organizations, controlling for other structural conditions, emerged at the local level in response to threats from unions. The second empirical part of the paper demonstrates that these initial collective repressive strategies were not sustainable at the national level during the early inter-war period. I use primary and archival evidence from records of major employer organizations, including meeting synopses, publications, and internal records, to show that these nascent organizations did not engage in increased national-level coordination among member firms. Nascent employer organizations made a strategic *choice* to limit the collective strategy, and ultimately favored reversion to individual-level repressive firm strategies. Incumbent employer institutions thought that expanding the collective apparatus could possibly backfire and undermine existing achievements. The failure of a sustainable national-level repressive collective employer organization in the United States

contrasts with the experience of some continental European states, particularly Germany, which saw much more sustained repressive employer organizations before World War I.⁴

This paper provides a new conception of the dependent variable of employer coordination and presents straightforward hypotheses about what should explain its variation. It tests the hypotheses with a unique dataset that captures sub-national variation in such coordination. Besides contributing to our theoretical understanding of the emergence of different kinds of employer coordination, the paper also illuminates the origins and mechanics of an important part of historical anti-labor movements in the United States. This phenomenon has been largely ignored in the literatures on American political development as well as political economy of varieties of capitalism.

The first section reviews relevant existing literature, justifies the new theoretical consideration of the dependent variable, and discusses the particular relevance of the Open Shop movement. The second section presents the hypotheses and operationalization of specific variables. The third section describes the data and empirical tests. The fourth section presents the results. The fifth section presents additional qualitative data.

REDEFINING EMPLOYER COORDINATION

There has been much recent scholarly attention to the historical development of employer coordination regimes in industrialized states. Much of this literature focuses on explaining variation in institutions of coordination under which firms cooperate with workers. Studies in this research agenda argues that the main cross-national variation to explain is between countries with highly coordinated industrial regimes (coordinated market economies) and countries that lack such

⁴ Fritz Tänzler, *Die Deutschen Arbeitgeberverbände 1904-1929: Ein Beitrag Zur Geschichte Der Deutschen Arbeitgeberbewegung* (Otto Elsner Verlagsgesellschaft 1929).

coordination (liberal market economies).⁵ These institutions often include inter-industry or national-level agreements between employer associations and their counterpart unions.

The most recent explanations for the development of employer coordination focus on the joint importance of the electoral system and pre-existing guild traditions. Martin and Swank (henceforth MS) argue that proportional electoral systems promote and solidify corporatist employer associations while majoritarian electoral systems inhibit them. Cusack, Iversen, and Soskice (henceforth CIS) propose a similar causal logic but advocate the reverse direction: in their account, different kinds of pre-existing economic coordination affect the choice of electoral system.⁶ In particular, higher initial degrees of economic coordination among firms, and between firms and labor unions, led to the adoption of proportional representation (PR) electoral systems; lower degrees of such coordination led to the maintenance of majoritarian single-member district (SMD) electoral systems. Both sets of explanations highlight the importance of electoral systems in the development of coordination among firms, as well as that of long-term industrial institutions that create incentives for firms to establish cooperative institutions with workers.⁷

The above works are innovative theories about the relationship between political and industrial institutions. But in their examination of the development of

employer coordination, they neglect important theoretical and historical variation in the dependent variable. These accounts define the term “employer coordination” as the existence of employer organizations that obligate member firms, or member associations comprised of firms, to comply with organizational rules that recognize and bargain with counterpart unions. These rules can cover wage agreements, training of workers, or basic recognition of workers’ rights. This conception of employer coordination is coded such that “higher” coordination means more encompassing employer associations that agree to collective bargaining agreements; the relevant dimension of variation is how the degree of their coverage of different industries or regions. This conception also assumes that higher levels of coordination automatically mean higher levels of cooperation with labor. Examples from the literature on employer coordination in continental Europe focus on the major “class compromises” such as the 1938 Swedish Saltsbajoden Agreement between the Swedish Employers' Federation (*Svenska arbetsgivareföreningen*, SAF) and the Swedish Trade Union Confederation (*Landsorganisationen*, LO), and the 1899 “September Agreement” in Denmark.⁸

This conception of employer coordination focuses on what I term a “collaborative” relationship between firms and unions. The features of such collaborative employer coordination have been well-documented in the literature on corporatist institutions and varieties of capitalism. Under collaborative organizations, employers formally recognize unions as counterparts. Employer associations and unions jointly administer and enforce rules that subject member firms

⁵ Hall and Soskice, *Varieties of Capitalism*.

⁶ See Cusack, Iversen, and Soskice, “Economic Interests and the Origins of Electoral Systems”; Martin and Swank, “The Political Origins of Coordinated Capitalism: Business Organizations, Party Systems and State Structure in the Age of Innocence.” See Kreuzer, “Historical Knowledge and Quantitative Analysis: The Case of the Origins of Proportional Representation,” for a critique of the coding used by CIS (2007) regarding their index of coordinated capitalist institutions.

⁷ Kathleen A Thelen, *How Institutions Evolve: The Political Economy of Skills in Germany, Britain, the United States, and Japan* (Cambridge University Press, 2004), Hal Hansen, “Caps and Gowns” (University of Wisconsin, 1998).

⁸ Walter Galenson, *The Danish System of Labor Relations: A Study in Industrial Peace* (Cambridge, Mass: Harvard University Press, 1952).; Peter Swenson, *Capitalists against Markets, The Making of Labor Markets and Welfare States in the United States and Sweden* (Oxford Oxford Univ. Press, 2002).; Martin and Swank, “The Political Origins of Coordinated Capitalism: Business Organizations, Party Systems and State Structure in the Age of Innocence.”

and workers. These rules can include regularly scheduled collective-bargaining agreements, and measures to prevent and settle industrial disputes like strikes and lockouts. Additional tasks of collaborative employer organizations can vary, such as the provision of worker training, or management of relations with relevant business lobbying associations. Overall, collaborative employer associations and unions constitute the building blocks of the “class compromise” and industrial relations institutions in coordinated-market economies. Such institutions characterize much of industrial relations in post-WWII continental Europe.⁹

But this conception of employer coordination as only collaborative neglects the fact that such firms can also choose to be highly coordinated to repress workers. Much contemporary discussion about firm strategies and employer coordination obscures the fact that firms can pursue collective or individual strategies to work with organized labor, but also against organized labor. To distinguish these different purposes of employer coordination, I define employer associations that seek to undermine unionism and prevent workers from organizing as *repressive* employer organizations. These organizations contrast with the collaborative employer associations that recognize unions as bargaining counterparts. Both kinds of organizations are collective strategies that firms can pursue vis-à-vis demands of workers and unions. The contemporary literature on comparative political economy and firms has focused on associating coordinated market economies—and their attendant positive outcomes—with collaborative employer organizations. *Collective employer repression*, on the other hand, is not theorized as a possible outcome in existing literature. While both kinds of employer organizations constrain

member firms with rules regarding the treatment of workers, they fundamentally differ in their view of the rights and responsibilities of organized labor.¹⁰

This broader view of the dependent variable better captures historical variation in the activities of employer organizations. In fact, many employer associations around the world initially formed to counter demands from organized workers and to inhibit union organization within firms as well as among firms. Such associations formed at the local, regional, and national levels of a country; they have also formed for individual industries or across multiple industries. Existing theories underemphasize the threats posed by unions and workers’ parties to firms in the early twentieth century and inter-war period, and how such threats relate to repressive actions of firms.

What did such repressive employer organizations do? As with collaborative employer organizations, firms paid membership dues in exchange for services. These services were helping firms to prevent or undermine union activity and designed to preserve the employer’s “right to manage.”¹¹ Firms in repressive employer organizations coordinated to prevent or minimize union presence and influence within individual firms and plants, and to prevent agreements that would impinge upon firms’ flexibility in setting wages. Such an organization could also have rules to constrain member firms from recognizing unions, though of course organizations varied in the degree of enforcement of such rules. A central feature of repressive employer organizations was the use of a collective fund for locking out workers in response to or in anticipation of strikes. Other instruments included the use of strikebreakers and importation of substitute labor during labor industrial

⁹ Hall and Soskice, “Varieties of Capitalism”; Philippe Schmitter, “Still the Century of Corporatism?,” *The Review of Politics* 36, no. 1 (1974).; Michael Wallerstein and Karl Ove Moene, “Does the Logic of Collective Action Explain the Logic of Corporatism?,” *Journal of Theoretical Politics* 15, no. 3 (2003).

¹⁰ Through the paper I will use the terms “collective repression” or “repressive coordination” synonymously.

¹¹ The term comes from the title of Harris’ book, which discusses the history of attempts of firms to preserve autonomy before World War II. Howell J Harris, *The Right to Manage: Industrial Relations Policies of American Business in the 1940s* (University of Wisconsin Press, 1982).

disputes; use of blacklists to alert firms to employees' previous affiliations with unions or political organizations; and lobbying the state for use of coercive personnel to enforce lockouts or repress workers. The causes and consequences of this kind of employer organization remain understudied.¹² Such employer associations were prominent during the late nineteenth and early twentieth century.

THE UNITED STATES AND THE "OPEN SHOP" MOVEMENT

The experience of the United States after World War I is a useful country and time period in which to examine variation in the development of repressive employer coordination. While there has been much research on how the United States functions as a canonical liberal market economy, the role of repressive employer organizations in its labor history has been understudied. Few systematic studies in the fields of comparative political economy and American political development examine the development of repressive employer organizations. Existing theoretical literature on the emergence of industrial institutions neglects the formation and actions of major employer organizations. In particular, they ignore the importance of repression.¹³

¹² In modern liberal market economies, formal associations of firms are generally not national in scope, and perform mainly lobbying functions. They cannot compel member firms to engage in particular behavior regarding their workers.

¹³ Martin discusses the turn of the National Association of Manufacturers (NAM) towards a more neo-liberal ideology but does not explicitly address the rise of other anti-labor movements or repression as a strategy before this transition. Her excellent account focuses on the link between the Republican Party and the NAM, and discusses why this particular organization did not become a cooperative encompassing employer institution like its European counterparts. One of the key explanations is that the NAM was perceived to be too linked to the Republican Party, preventing it from being a true corporatist institution. In this paper I focus on a different outcome: the rise of repressive employer coordination before the NAM became involved in the decision "nationalize" such movements.

However, the variation in the emergence of repressive employer coordination during the inter-war period—across different industrial sectors as well as different geographical regions—indicates important intra-state as well as temporal variation in the actions of employer organizations. Both kinds of variation can be leveraged to differentiate between possible explanations of firm strategies.

The development of the Open Shop (OS) movement in the United States after World War I presents a unique opportunity to explore the emergence of repressive

See CJ Martin, "Sectional Parties, Divided Business," *Studies in American Political Development* 20, no. 02 (2006). Several important studies in the field of labor history and industrial sociology examine specific organizations, but without specifying generalizable theory. A wealth of literature exists regarding the formation of US industrial-relations institutions. For a classic account see Selig Perlman and Philip Taft, *History of Labor in the United States, 1896-1932* (New York: Macmillan Company, 1955). For development of the NMTA and its role in the Open Shop see a series of articles by Haydu. Jeffrey Haydu, "Employers, Unions, and American Exceptionalism: Pre-World War I Open Shops in the Machine Trades in Comparative Perspective," *International Review of Social History* XXXIII, no. 1 (1988), ———, "Two Logics of Class Formation? Collective Identities among Proprietary Employers, 1880-1900," *Politics & Society* 27, no. 4 (1999). Harris provides a detailed account of the Philadelphia branch of the National Metal Trades Association. Howell John Harris, *Bloodless Victories: The Rise and Fall of the Open Shop in the Philadelphia Metal Trades, 1890-1940* (Cambridge: Cambridge University Press, 2000). Fine examines the history of the important National Erectors' Association (1995). Sidney Fine, *Without Blare of Trumpets: Walter Drew, the National Erectors' Association, and the Open Shop Movement, 1903-57* (Ann Arbor: University of Michigan Press, 1995). Derber provides a description of important industrial-sector employer organizations. Milton Derber, "Employers Associations in the United States," in *Employers Associations and Industrial Relations*, ed. John P. Windmuller and Alan Gladstone (Oxford: Clarendon Press, 1984). In this paper I quantify and test some of the implied theories in these historical accounts regarding development of employer associations.

employer coordination. It is theoretically important because it represents a clear instance of firms coordinating to prevent workers from organizing. Under the movement, firms joined local-level employer associations which had the goal of undermining craft unionism and preventing union infringement on firms' "right" to set wages, working conditions, and control of training. It is empirically useful because there was much intra-state variation in the degree of employer coordination (as discussed below).

After WWI, firms and prominent employer associations discussed how to dismantle the federal government-imposed wage agreements that came into existence during the war.¹⁴ Their preferences regarding which strategy and industrial institutions they wanted were articulated in a number of publications, but also prominently at President Woodrow Wilson's National Industrial Conference in September 1919. The purpose of this conference was to agree upon post-WWI industrial institutions and to resolve labor disputes that had emerged since the end of the war. The conference representatives of employer organizations included Magnus Alexander, the head of the National Industrial Conference Board (NICB), James A. Emery of the National Association of Manufacturers (NAM), J.W. O'Leary of the National Metal Trades Association (NMTA), and representatives from individual large corporations.¹⁵ The labor

¹⁴ See the useful accounts provided by Hurvitz and Wakstein. Allen M Wakstein, "The Origins of the Open-Shop Movement, 1919-1920," *Journal of American History* 51, no. 3 (1964); ———, "The Open-Shop Movement, 1919-1933" (University of Illinois, Urbana, 1961); ———, "The National Association of Manufacturers and Labor Relations in the 1920s," *Labor History* 10, no. 2 (1969).; Haggai Hurvitz, "Ideology and Industrial Conflict: President Wilson's First Industrial Conference of October 1919," *Labor History* 18, no. 4 (1977). Hurvitz's evidence on the positions of different representatives comes from the *Proceedings of the First Industrial Conference, October 6 to 23 1919* (Washington, D.C., 1920).

¹⁵ Representatives from firms included Bethlehem Steel, DuPont, General Motors, International Harvester, General Electric, and Standard Oil of New Jersey. See Hurvitz,

delegation had leaders of the American Federation of Labor (AFL), including Samuel Gompers, as well as leaders of major railroad unions.

Union leaders at the conference wanted to continue the framework that had been established by the National War Labor Board (NWLB), which had given workers the right to bargain collectively. As Hurvitz notes, the business delegates' preferences were "diametrically opposed" to those of unions.¹⁶ Employer representatives at this summit advocated a return to pre-WWI institutions and a dismantling of collective bargaining. To accede to union demands, as one industrial representative put it, would be "nothing short of a national calamity, for it would set up a dominating power side by side with the National Government which would have an influence and a force...[that] no private organization should possess."¹⁷ Magnus Alexander, the head of the NICB, advocated at this conference the principle of the Open Shop. As Hurvitz describes, the First Industrial Conference ended without any resolution; it was at this conference where the anti-union and repressive preferences of key employer associations were articulated. They argued that unionism imposed unfair restrictions on firms' managerial authority.¹⁸ The two sides did

"Ideology and Industrial Conflict: President Wilson's First Industrial Conference of October 1919."

¹⁶ Hurvitz, "Ideology and Industrial Conflict: President Wilson's First Industrial Conference of October 1919," 519.

¹⁷ Hurvitz, "Ideology and Industrial Conflict: President Wilson's First Industrial Conference of October 1919," 520. The original source of the quotation is in the *Proceedings of the First Industrial Conference, October 6 to 23 1919*, 196.

¹⁸ See Hurvitz, "Ideology and Industrial Conflict: President Wilson's First Industrial Conference of October 1919," 520. There were other third-party representatives appointed by President Wilson, but the main issues of contention were discussed by the organizations representing unions and employers. At this conference, employer representatives also advocated another strategy to undermine unions, by using "shop councils" which would be forums for workers to air grievances, but they would not be able to call strikes or make decisions without managerial consent. At this

not come to any agreement that would have kept war-time wage agreements and labor regulations in place.

The Open Shop movement that emerged after WWI and in the wake of the collapsed national conference was a direct challenge to organized labor and the efforts of unions to maintain and extend such wage agreements. Wilson's attempts to solidify the government-imposed national cooperative industrial institutions failed. From the employers' perspective, the perception was that firms, after the period of war-induced government intervention private intervention, needed to "win back" managerial authority over workers. William H. Barr, the President of the National Founders' Association (NFA), stated one succinct goal of the organization after the war: "War-time wages must be liquidated."¹⁹

The Open Shop movement was characterized by the diffusion of employer associations across counties that supported "open shop" or anti-unionization principles for member firms. These associations generally formed in the metal-manufacturing and finished-goods industries. The phrase "Open Shop" refers to an objective of the owners of a firm to have the choice and "right" to hire and fire workers regardless of their union affiliation. The "open shop" also refers to the firm owner's right to manage worker training without interference from apprenticeship demands from workers, and pay wages and benefits as they saw fit. The Open Shop was a battle of employer associations and

conference, collective employer associations advocated also that firms could solve labor problems locally: they opposed the AFL's vision of large scale labor unions bargaining on an equal footing with employer associations. Firms also expressed anti-union preferences through their role in the National Civic Federation, which had minimal impact on actual employer association policy. Marguerite Green, *The National Civic Federation and the American Labor Movement* (Washington, DC: The Catholic University of America Press, 1956).

¹⁹ Robert W Dunn, *The Americanization of Labor: The Employers' Offensives against the Trade Unions* (New York: International Publishers, Inc, 1927), 22.

individual firms against craft-based unionism over the "right to manage" and a strategy to win back and solidify the industrial relationships that had put workers at a bargaining disadvantage before WWI. The movement had an ideological component that used rhetoric of firms "rights" to be unconstrained by union-imposed restrictions. These publications also provided information on the status of legislation and union demands in other states and localities. Many of the associations were formed to prevent recognition and growth of unions, both within and across firms. The movement, despite objections to such labels by some firms, was intended to oppose collective bargaining rights for workers, and to discredit and reduce the spread of unionism.

The Open Shop movement promoted itself as a necessary institutional response to the rise in "closed shop" ideologies advocated by unions such as the International Association of Machinists (IAM) and the longstanding threat posed by member unions of the American Federation of Labor (AFL). Firms involved in the Open Shop movement and staff members for regional and local offices produced an impressive array of publications and propaganda to promote its policy goals as part of a strategy to reduce the political and economic influence of workers. For example, the National Metal Trades Association published *The Open Shop*, with articles from prominent industrialists on threats posed to firms by unionism and pro-labor legislation. The NAM published in 1921 a guide to the Open Shop for distribution in public schools and libraries.²⁰ Other publications like the *Iron Trades Review* and *Metal Trades Bulletin* discussed the progress of legislation at the state and federal level that was perceived to be harmful to firms. They also included useful information on industrial trends and economic data. This diffusion in local associational activity coincided with increased activity from national-level employer associations that used aggressive and sometimes violent means to defeat

²⁰ *Open Shop Encyclopedia for Debaters*, (New York: National association of manufacturers, 1921).

unionism, particularly in the steel-making and steel erection industries. The explicit goals of these local and state organizations were what one historian called “undoubtedly the most militant and widespread offensive ever undertaken by the American employing class—a class which has probably shown greater vigor and fighting spirit than in any other country.”²¹ This period in industrial relations after World War I was characterized by a mix of vibrant sub-national employers’ activity from manufacturing firms, along with a nationally promoted anti-union ideology.

These local and regional collective repressive associations sought to achieve anti-union goals through several instruments. They imposed rules prohibiting employers from hiring union or formerly union-affiliated workers; coordinated “blacklists” that prevented workers with any union history from being hired; imported strikebreakers; and tried to consign member firms to participate in lockouts to enforce their aggressive anti-union stance. An important instrument of such associations was the multi-employer sympathy lockout in response to strikes. Employers united in a city would agree to lock out union-affiliated workers in the event of a strike. The motivation was to force unions to use as much of their strike-support funds as possible. This strategy countered the union strategy of engaging in whipsaw strikes, which consisted of targeting and striking against individual firms and “picking them off” one at a time. Sustained employer coordination at the local level, with the weapon of the lockout, was designed to counter such union activities. Beyond these instruments that directly targeted union workers and union treasuries, some state-level employer associations lobbied state governments for legislation against unions, such as outlawing pickets and allowing the use of court injunctions against strikes.²²

²¹ See Dunn, *The Americanization of Labor: The Employers' Offensives against the Trade Unions*, 22.

²² Swenson discusses the logic and use of these lockouts. See Swenson, *Capitalists against Markets*. Harris describes their use in

The Open Shop movement in the inter-war period began as firms across cities in the United States, beginning with waterfront employers in Seattle, and manufacturers in San Antonio, Toledo, and Indianapolis, independently established employer associations that espoused Open Shop ideals about the right for employers to manage without labor interference. These movements were often established by specific industries, though they sometimes adopted city titles for their movements. For example, the organization the “Associated Industries of Seattle” was the Seattle-based open shop employer association. These early local employer coordination movements started largely independently of each other. By 1922, over 200 US cities had employer organizations.²³

These newly formed local employer associations were called “Open Shop Associations” (OSAs). They generally functioned as follows: an OSA’s member firms paid dues and agreed to comply with institutional rules such as participating in a lockout, but in exchange they received information and industrial-relations services described above, such as assistance in times of strikes, and supporting funds to compensate for lost productivity during lockouts. Some OSAs also published local trade journals and circulated information on labor conditions and wages of firms. OSAs distributed information about ongoing and potential labor organization, and were to

Philadelphia. See Harris, *Bloodless Victories* and Howell John Harris, “Getting It Together: The Metal Manufacturers’ Association of Philadelphia, C. 1900-1930,” in *Masters to Managers: Historical and Comparative Perspectives on American Employers*, ed. Sanford Jacoby (New York: Columbia University Press, 1991), 111-132. The Senate committee hearings chaired by Senator La Follette provide much detail about the use of lockouts, labor spies, and blacklists. See U.S. Congress, Senate, Subcommittee of the Committee on Education and Labor. *Hearings Pursuant to S. Res. 266, Violations of Free Speech and Rights of Labor*. 74th–76th Cong., (1936–1940).

²³ Wakstein, “The Open-Shop Movement, 1919-1933” ; “Public Sponsors Open Shop Associations,” *Iron Trades Review*, November 11 1920, “Declare for Open Shop in 78 Cities,” *Iron Trades Review*, August 12 1920.

provide strike assistance when a member firm asked for it. The existence of an OSA in a city or county is a straightforward indicator of a collective repressive coordination, as it constitutes a successful attempt on the part of firms in a manufacturing industry to institutionalize their operations against organized labor.²⁴

The preceding discussion has focused on local diffusion of OSAs and ideological elements to this anti-union effort, but national employer associations also existed. The National Metal Trades Association (NMTA) and National Erectors' Association (NEA) were key actors in managing labor markets in select industrial areas, and were the national unions' largest adversaries. As discussed above, the NMTA had representatives at Wilson's industrial conference. These associations shared similar Open Shop goals. The major manufacturing lobby, the National Association of Manufacturers (NAM) also became more oriented towards espousing anti-labor policies, which I discuss below. The Open Shop movement—both the locally coordinated and national institutions—helped reduce unionization rates during the 1920s.²⁵

Studying variation in OSAs allows us to test hypotheses about what explains variation in repressive employer coordination. To measure instances of repressive employer coordination, I use a new dataset on local-level adoption of OSAs. Local level OSAs serve as the best available proxy for repressive employer coordination. Despite the influence of the Open Shop movement on US industrial relations, and its brand of virulent anti-unionism, we know very little about its diffusion, and how these independent local repressive movements related to existing national institutions. Historians have provided important descriptions of specific associations' activities during this time period, but there has been little use of

systematic data to explain why OSAs emerged in some counties and not others.²⁶

Two empirical questions arise regarding variation in repressive employer coordination. First, what factors explain variation in local adoption of OSAs? Second, why did local level OSAs not expand the scope or *further institutionalize* to form a true “national federation” of employers that would have been a more effective bulwark against organized labor? In short, why was there no “American Federation of Employers” to counter the AFL? This would have been a fortuitous period for US employers to solidify and engage in repressive coordination at the national level.

HYPOTHESES

Because of the scarcity of empirical studies of the development of the Open Shop movement in the United States, and the absence of studies regarding variation in repressive employer coordination more generally, I outline in this section a basic set of hypotheses. I consider variables that should affect the probability of the adoption of an OSA at the local level. To measure these instances of repressive employer coordination, I use a new dataset on local-level adoption of OSAs. The existence of a local OSA at the city or county level is the best available proxy for firms' repressive coordination against workers, as it is a discrete unit of a collective repressive employer organization. For the following hypotheses, the question is why a specific county would adopt an OSA.

Economic Variables

I first consider demographic and economic structural variables that should affect the adoption of repressive employer organizations. First, I expect that areas with higher manufacturing output should be more likely to have repressive employer organizations. Higher output means there is enough economic activity such that firms should either have more resources to form

²⁴ We do not have local (city or county) level data on the “success” of each OSA regarding its attainment of its objectives.

²⁵ See Wakstein, “The Open-Shop Movement, 1919-1933.”

²⁶ Harris in particular provides a detailed account of the role of the Open Shop in employer coordination of labor markets in Philadelphia. See Harris, *Bloodless Victories*.

organizations, or have an interest in maintaining high output through an employer organization. This hypothesis is consistent with previous descriptions of national-level employer organizations.²⁷ Second, following the same logic about industrial output, I expect areas with higher population to be more likely to have repressive employer organizations. Third, I hypothesize that the number of firms in an area should be negatively related with the adoption of repressive employer organizations. This is because an increased number of firms could reduce the probability of successful collective action among firms.²⁸

Non-Economic Variables

I now consider hypotheses that link non-economic variables to the adoption of repressive employer coordination. I hypothesize that repressive employer organizations should be more likely to form the higher the threat to firms posed by worker unionization. Firms should be more likely to form repressive employer organizations as a counter to workers' demands. This hypothesis is consistent with the descriptive evidence about employer organizations' preferences (as evidenced by their publications, discussion at annual meetings, and their positions taken at Wilson's Industrial Conference). Many other employer organizations outside of the United States also initially formed to respond to demands from unions.²⁹

²⁷ See McCaffree 1962 for discussion of this point. Kenneth M. McCaffree, "A Theory of the Origin and Development of Employer Associations" (paper presented at the Proceedings of the 15th Annual Meeting of the Industrial Relations Research Association Pittsburgh, PA, December 27-28 1962).

²⁸ Mancur Olson, *The Logic of Collective Action* (Cambridge: Harvard University Press, 1968). An alternative hypothesis is that because the number of firms in a locality might cause or be a consequence of higher economic production, more firms in a locality could be positively correlated with the development of employer associations.

²⁹ See examples from Gladstone and Windmuller. Alan Gladstone and John Windmuller, eds., *Employers Associations and Industrial Relations* (London: Routledge, 1984).

However, this hypothesis has not been rigorously tested.

I consider now hypotheses regarding political variables. Firms should be responsive to political conditions in making decisions about forming repressive organizations. Specifically, I hypothesize that repressive employer organizations are more likely to form to respond to left-wing electoral support. This is because firms would be concerned that local support for left-wing politicians would make pro-union policies more likely. This could be because of the concern that the local population will support unions through favoring legislation (such as laws that prohibit the use of injunctions to prevent strikes, or that exempt unions from anti-trust regulation), or through coercive intervention in labor disputes that would favor workers. Under this hypothesis, employers coordinate to form repressive organizations in response to the activities of the state, as opposed to those of unions.³⁰

In the first empirical section, I test these competing hypotheses with a new dataset on US county-level variation in repressive employer organizations from the inter-war period. In the second empirical section, I address the question of why these local movements did not organize with existing sector-level organizations to form a more organized national confederation of

³⁰ An alternative hypothesis is that lower support of the left could mean that that the population would be willing to support actions by employer organizations (such as lockouts or importation of substitute workers during a labor conflict). Therefore, left support could be negatively correlated with more employer organizations. Political support for employer organizations could take the form of pro-firm or anti-union legislation, or executive intervention in industrial disputes. The empirical test below arbitrates between these competing hypotheses. One difficulty is that the Democratic Party was not nearly as affiliated with workers as Socialist parties were in European states, indicating that Democratic support is not necessarily a threat to firms. Elizabeth Sanders, *Roots of Reform: Farmers, Workers, and the American State, 1877-1917* (University of Chicago Press, 1999).; David Montgomery, *The Fall of the House of Labor: The Workplace, the State, and American Labor Activism, 1865-1925* (Cambridge University Press, 1989).

employers after the formation of local-level Open Shop associations. The evidence, gathered from reports and internal discussions from regional and national employer institutions, indicates that the US Open Shop movement did not nationalize because existing employer organizations chose not to do so. The qualitative evidence indicates that the interests of incumbent institutions matter for explaining the emergence of repressive employer coordination at the national level.

DATA SOURCES, VARIABLES, AND ESTIMATION

In this section I describe the sources of data and coding procedures used to code variables to test the above hypotheses.

Measuring the dependent variable: city/county level repressive employer coordination. To measure the dependent variable of the existence of repressive employer coordination, I use results from a 1920 questionnaire distributed to firms and associations administered in 1920 by the Associated Employers of Indiana (AEI). The AEI supplemented the questionnaire with attempts to find out which cities in the United States had active Open Shop Associations (OSAs). As noted above, the OSA is a useful proxy to denote the existence of repressive coordination. The adoption of an OSA in a city or county indicates that firms in a given locality felt strong enough that a formal association was needed.³¹ I use the AEI survey data to generate a list of US counties that contain an OSA because more precise economic data from the US Census are available at the county level.³² The dependent variable of interest for all county level analyses is

³¹ The AEI's survey data are discussed in several editions of the *Iron Trades Review* (see note 23). The existence of an OSA in a county does not indicate that the city government or the electorate chose to have an OSA; it only indicates the collective decision of firms within a given locality to form an OSA.

³² This results in a reduced number of observations because some counties have more than one city which had an active OSA). Unfortunately the sampling methodology used by the AEI to form their list of active OSAs is not available.

binary: I code whether a particular county had an OSA. I code the county with a "1" if an OSA in the inter-war period was present; "0" indicates no OSA was present.

Independent Variables

Economic Control Variables. I use county level economic data from the 1920 US Census. I include lagged control variables at the county level for logged population, amount of manufacturing output, and number of firms.³³

Non-Economic Variables: Threat Posed by Unions. To code the threat posed to firms by unions, I use data that quantifies the amount of union presence at the county level. This dataset indicates whether a US county had a union local for 23 industries or craft professions for three different time periods between 1890 and 1915. The three time periods for which data on the existence of a union local are coded are 1890-1895, 1895-1910, and 1910-1914. Data on the presence of union locals by county are available for 595 cities in 17 states.³⁴ For

³³ Haines, Michael R., and the Inter-university Consortium for Political and Social Research. Historical, Demography, Economic, and Bibliographic Citation: Social Data: the United States, 1790-2000 [Computer file]. ICPSR02896-v2. Hamilton, NY: Colgate University/Ann Arbor: MI: Inter-university Consortium for Political and Social Research [producers], 2004. Ann Arbor, MI: Inter-university Consortium for Political and Social Research [distributor], 2005-04-29. Other economic variables are discussed in the results section.

³⁴ The industries or crafts where union locals were coded are: Boiler Makers, Boot and Shoe makers, Bricklayers, Carpenters and Joiners, Cigar makers, Coopers, Flint glass workers, Gold beaters, Hod Carriers, Machinists (IAM), Electrical Workers (IBEW), Ladies Garment Workers (ILGWU), Molders (IMU), Typographers (ITU), Leather workers, Metal polishers, Painters, Postal workers, Pattern makers, Sheetmetal workers, Stove mounters, Amalgamated Wood Workers. The states for which county level data on union local presence were available are: Alabama, Arkansas, Florida, Georgia, Illinois, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, Texas, Virginia, Wisconsin.

each industry at each of the three different time intervals, there is a binary indicator for local union presence.

To construct the measure of union threat to firms at the county level, I first code a binary variable for each county that indicates whether county j was home to a union local in industry x for any period t (t represents one of three time periods of 1890-1895, 1895-1910, and 1910-1914). A “0” indicates that for the given county-time period-industry in question, no union local was present; a “1” indicates that a union local in that county present. I then sum for each county j each of these binary indicators. This sum indicates the total number of *binary* indicators for a union local in a country, throughout the entire time period, 1890-1914. For example, if a county had no union local until the period 1910-1914, but then had union presence in 10 different industries in that period, its summed union threat would be 10.³⁵ The variable *Unionthreat* denotes this sum. Higher values of *Unionthreat* indicate that throughout the time period 1895-1914, the county had a higher number of different unions represented in the county. The mean of this union threat variable is 4.8 and the standard deviation is 5.9.

I also code a variable that measures the growth in union presence at the county level. To do so, I follow the same procedure as above—summing the binary indicators for a union local for each county—for each of the three time periods. The difference between the total number of unions across all time periods (*Unionthreat*) and the sum for just the first two time periods captures the number of new union locals that emerged. This variable is called *Uniongrowth*. This variable captures changes in union presence in the most recent period before employer organizations emerged after WWI. The mean of this union growth variable is 2.3

³⁵ Similarly, if a county had one union local in the same industry across all three time periods, its value on the *Unionthreat* variable would be three. Unfortunately, such data at the annual level do not exist. Nor do data on union density by county level exist for this period. But the data at the time-period level capture much of the threat posed by unions to firms by documenting the number of locals in different industries.

and the standard deviation is 3.0. 35% of counties experienced no growth in union presence between 1910 and 1914. 20% of counties had one additional union local in this five-year period. This was also the modal amount of union growth, conditional on a county experiencing any growth in union presence. Both variables of *Unionthreat* and *Uniongrowth* are the best available measures of the threat posed by unions to firms during this time period.

Political Variables. To measure the threat from a left-wing electorate, I use county-level Democratic presidential vote share from the 1920 election. This is a proxy for political support for the left and the potential threat from the left to firms. I also use data for the Socialist presidential vote share from the same election. I also use the difference in Democratic presidential vote shares between 1916 and 1920.

Estimation Procedure

To test the competing hypotheses about the development of repressive employer coordination, I estimate a probit regression model with standard errors clustered by county.³⁶ The unit of analysis is the US

³⁶ One methodological concern could be that given the limited data available regarding county-level union presence, there could be selection bias when estimating the effect of union presence on OSA adoption. That is, it could be the case that for the counties for which data on union presence are available, are also counties in which OSAs are adopted, but it may not be the case that the union presence has an independent causal effect on OSA adoption. To address the possible selection issues, I also estimate a Heckman probit model with sample selection. This is the equivalent of a Heckman selection model, except the model consists of a probit model in the selection equation, and a probit model in the outcome equation. In this model, the selection equation has the binary dependent variable indicating if data were available on union presence or not for a specific county. The main dependent variable was the same as in equation (1). The intuition is that some of the economic independent variables might explain why union data are more available in certain counties. In the Heckman probit model, the statistical significance of the parameter estimate of ρ is the correlation of errors between the two questions. If ρ is zero,

county. The dependent variable for each specification is binary: whether the county was noted to have an OSA or not. I use the existence of an OSA as an indicator of repressive employer coordination. The model takes the form:

$$\text{probit}(Y_{ij}) = a_i + b_j X_i + e_i \quad (1)$$

where Y_{ij} indicates the binary presence of an OSA for county i , and X is the vector of relevant covariates for each county. In all specifications the subscript j is binary, taking a value of 1 if the county has an OSA, and 0 if not.

RESULTS

Before presenting the results of different estimations, I discuss some basic patterns in the data that are supportive of the hypothesis that the threat posed by unions is a predictor of repressive employer coordination (which I proxy by adoption of an OSA). In 1921 there were 272 cities (217 counties) in the United States that had at least one OSA. The cities that had such associations were not just limited to the largest metropolitan areas; in fact, such employer associations were prominent in many medium-sized cities throughout the Midwest and South. 2,889 counties did not have an OSA, so the dependent variable of interest for all US counties is 7% of the sample. Only one US county had an OSA that also had no union local presence in any

industry (that, is where the value on the union threat variable is zero). This is strong baseline evidence that the minimal existence of a union in a county is necessary for an OSA to exist. In other words, the set of counties that experienced an OSA constitutes almost an entire subset of cities with at least some union presence in the previous time period 1885-1914.

For the entire set of counties, population and manufacturing output are correlated at $r = .56$. Manufacturing output and the number of firms are correlated at $r = .57$. The 1920 Democratic presidential vote share is negatively correlated with population, manufacturing output, and number of firms ($r = -.047, -.13, -.31$, respectively). Regarding union presence or union threat, interestingly both union presence and union growth are negatively correlated with Democratic presidential support ($r = -.20, -.21$, respectively). Union presence is also positively correlated with population, manufacturing output, and number of firms ($r = .69, .47, .28$, respectively).

How are counties that have an OSA different from those without? I conduct difference of means tests between the means of the economic variables of the OSA and non-OSA counties. As expected, OSA counties are much richer and more populous counties than non-OSA counties. OSA counties have four times the amount of manufacturing output per capita as non-OSA counties and are about nine times as populous ($p < .001$ for both tests). OSA counties also have 30% more firms than non-OSA counties ($p < .001$). Regarding differences in Democratic presidential vote share, OSA counties have a 10% less electoral support for the Democratic candidate than do non-OSA counties (36% versus 46%, $p < .001$). OSA counties also have a mean of approximately 14 different union locals between 1885 and 1914, whereas non-OSA counties only have a mean of three union locals for this time period ($p < .001$). Thus the initial evidence indicates that union presence is an important factor that distinguishes OSA from non-OSA counties.

Table 1 presents results of different probit estimations of equation 1. Overall, the results confirm the hypothesis that

then the unobserved variables that affect whether union data area available for a county are independent of the unobserved variables which might affect adoption of an OSA. In all specifications of the selection model, ρ was statistically insignificant indistinguishable from zero, and the coefficient on the variable *Unionthreat* was the same as those estimated in the probit equation (1). Interested readers should consult Dubin and Rivers and Greene 1997 for details on derivation of the model. Jeffrey A Dubin and Douglas Rivers, "Selection Bias in Linear Regression, Logit and Probit Models," *Sociological Methods and Research* 18, no. 2/3 (1990).; William H Greene, *Econometric Analysis* (New Jersey: Prentice Hall, 1997). See Berinsky for an application of the model. Adam J Berinsky, "The Two Faces of Public Opinion," *American Journal of Political Science* 43, no. 4 (1999).

union presence affects the adoption of repressive employer associations, even controlling for important economic variables. Models 1-3 consider just the effect of economic covariates on adoption of an OSA. Models 4-6 consider union characteristics. (Recall that due to more limited data on union characteristics, there is a smaller sample of counties. For models 4-6, 15 percent of the counties have an OSA). Models 1 and 2 show that population and manufacturing output are positively correlated with a higher probability of OSA adoption. The coefficients for both variables are positive and statistically significant at conventional levels. However, as Model 3 shows, the number of firms is not correlated with the probability of OSA adoption in a county. The non-effect could

capture the relative sizes of firms, which may better proxy for difficulty in collective action as a predictor for formation of an employer organization.³⁷

Models 4-6 control for the variables of the threat posed by unions, changes in this threat, and the Democratic support of the electorate. The coefficient on *Unionthreat* for all three estimations is statistically significant and substantively meaningful. Importantly, these results hold controlling for general industrial productivity and number of firms. It is evident that overall union presence affects the adoption of an OSA. Note that when the effect of union presence and union growth are accounted for, the standard errors for the coefficients for manufacturing output and number of firms increase dramatically. This is one of

TABLE 1. Determinants of County-Level Repressive Employer Coordination

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Logged Population	1.26*** (.082)	1.08*** (.086)	1.09*** (.088)	1.15*** (.261)	1.09*** (.256)	1.20*** (.282)
Logged per capita output		.30*** (.069)	.27*** (.076)	-.03 (.141)	.01 (.153)	.01 (.148)
Logged per capita # firms			.11 (.104)	.55* (.270)	.60* (.280)	.32 (.334)
Union threat				.13*** (.030)	.21*** (.047)	.22*** (.049)
Union growth					-.17* (.084)	-.20* (.085)
Democratic Pres. vote share						-.01* (.005)
Constant	-14.66*** (.876)	-14.44*** (.771)	-13.67*** (1.007)	-10.60*** (2.944)	-9.99*** (2.912)	-12.26*** (3.703)
Observations	3048	2857	2857	459	456	456
Adj. R-squared	.47	.51	.51	0.57	.57	.58

Robust standard errors in parentheses, clustered by county. *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

have several interpretations. It is reasonable that higher number of firms in a county would make it more difficult for a collective employer association to form. But it is possible that such a relationship could be non-linear: a small number of firms may decide they are capable of repressing workers without the need for a formal open-shop association, and thus not form an OSA. Conversely, if there are a large number of large firms, they may be better able to overcome collective action problems. The number of firms does not

the few systematic tests using sub-national variation to link the threat posed by organized labor to the response of *repressive* employer coordination.³⁸

³⁷ Specifications that include a square term for logged number of firms per capita also yielded no statistically significant coefficient for either the original term or square term.

³⁸ All models in Table 1 were also estimated with the economic variables normalized by number of workers in the county (as opposed to per capita); the coefficient on *Unionthreat* does not substantively change and remains

Table 2 displays the substantive effect of the union threat variable. The table shows the changes in the probability of a county adopting an OSA when the value of *Unionthreat* variable changes (with 95%

Overall, there is a steady increasing positive relationship between the degree of union threat and the probability of the adoption of repressive employer coordination. A county with no union presence has almost no

TABLE 2. Changes in Probability of OSA Given Levels of Union Threat

Union threat level	Predicted Probability of OSA adoption
0	0 (0, .011)
1	.01 (.005, .018)
3	.02 (.003, .043)
5	0.05 (.012, .093)
7	.12 (.057, .19)
8	.17 (.084, .26)
9	.24 (.11, .36)
10	.31 (.15, .47)
11	.39 (.18, .60)
12	.48 (.23, .72)
13	.56 (.29, .84)
15	.73 (.44, 1)
16	.80 (.52, 1)
18	.90 (.69, 1)
20	.96 (.81, 1)

Predicted probabilities based on holding all covariates, except for *Unionthreat* variable, at means. 95% confidence intervals in parentheses. *n* = 456.

confidence intervals in parentheses, and holding all other variables at their means).

statistically significant. The inclusion of other economic controls—percent of owned homes, amount of manufacturing value added—did not affect the results.

chance of having an OSA. Moving to just one union during the time period gives just a probability of .01. But a county having an increased union threat level at eight union locals has a higher probability of OSA adoption of .17. A county with a union threat level of 16 has a probability adoption

of OSA adoption of .80. It should be noted that despite the relative statistical importance of union presence over economic variables, only relatively high values of unions (13) change the probability of OSA adoption above .50. Still, there is a definite positive impact of union threat on the probability of repressive employer coordination.

The results from models 5-6 show that the coefficient on the variable union growth is negative. Counties that face more union growth in the five years preceding WWI actually have a lower probability of having an OSA, though the trend is less pronounced. The substantive impact of the coefficient is not as large as that of the variable union threat, nor is the effect monotonic. Following the same procedure used to generate the results in Table 1, the predicted probability of an OSA for a county with no union growth is .12. An increase in the value of the union growth variable to two (the mean of the sample) lowers the probability of OSA adoption to .06. An increase of four union locals between 1910 and 1914 generates a probability of OSA adoption that is statistically indistinguishable from zero. Thus the negative effect of union growth on OSA adoption is limited to changes involving less than four union locals, though this constitutes about 75% of the distribution.

This result suggests that a very high amount of union growth right before WWI makes it more difficult for employers to establish OSAs. Thus, repressive employer coordination might only be possible under conditions where unions pose a threat to firms, but faster union growth can prevent firms from organizing in such a way. From this data alone it is difficult to infer whether this is because firms try to coordinate repressively and fail to do so, or whether they sign agreements with workers under collaborative arrangements (such as consenting to collective bargaining), or both. The negative effect of union growth on OSA adoption indicates that the arrival of specific union locals, indicating perhaps the creation of "union towns," can have disproportionate effects that undermine

coordinated employer repression.³⁹ But, the overall results indicate that union presence going back to the early twentieth century is correlated with firms' response through collective repressive strategies.

Model 6 controls for the threat posed by a left-wing electorate, as indicated by Democratic presidential vote share in 1920. The coefficient for the variable is statistically significant, but the substantive effect is quite small. Following the same calculation of predicted probabilities as shown in Table 1 (holding all other covariates at their means), a presidential vote share of 10% yields a probability of OSA adoption of .11 (.037, .17). A higher presidential vote share of 50% leads to a predicted probability of OSA adoption of .05 (.015, .091). A much higher presidential vote share of 70% leads to a predicted probability of .03 (.0017, .070). While there is a negative relationship, the effect is not large and the confidence intervals overlap for much of the range of data.⁴⁰ Overall, the results indicate that it is not the *electoral* concern at the county level that affects firms' decisions to create an OSA, but rather specific concerns about union presence. One possible reason for this set of results is that the Democratic Party, while perceived to be pro-labor, was far less extreme in its demands than counterpart Socialist parties in other states. Firms were more responsive to direct threats posed by union organization than Democratic politicians.⁴¹

Overall, the results demonstrate both the existence of repressive employer coordination and confirm the hypothesis

³⁹ This finding is robust to alternative specifications of "union growth" for the time period until 1914. One interpretation of this negative effect is that there is variation in the degree of militancy and nature of union demands among the 23 industries and crafts.

⁴⁰ Specifications controlling for difference in presidential vote share between 1916 and 1920 yield similar results. Specifications controlling for Socialist presidential vote share yield a statistically significant but substantively small positive coefficient.

⁴¹ See Martin for discussion of the relationship between the Republican Party and the NAM. Martin, "Sectional Parties and Divided Business."

that union presence predicts repressive employer strategies. The above results help isolate individual factors that explain why repressive employer coordination was adopted in some counties and not in others. Once the effect of union threat is accounted for, number of firms and manufacturing output are not correlated with repressive coordination; only population is still correlated with probability of OSA adoption. These results confirm the theory and previous historical evidence that repressive firm strategies were primarily designed as defensive organizations against union penetration of plants. The next section considers whether these hypotheses can help us understand decisions to form collective strategies at the national level.

Why Did the Open Shop Movement Fail to Generate “An American Federation of Employers?”

In this section I turn to explaining why repressive coordination at the local county level did not necessarily translate into repressive coordination at the national level. Why was a strategy of repressive coordination not sustained beyond this initial post-WWI Open Shop movement? Given the virulence of some of the anti-union rhetoric used by both employer organizations, and the potential collective benefits that a more coordinated national organization could have attained, it is surprising that a federation, or more nationally coordinated set of movements, did not emerge. The Open Shop seems like it should have naturally segued into an American Federation of Employers, or some similar organization. But it did not. Why?

In this section I provide evidence that key industrial actors—initial employer organizations—chose not to do so, against the preferences of other employer organizations, for several strategic reasons. It was not due to a failure of collective imagination. Existing employer institutions did not support plans for nationalization of the Open Shop because of: 1) concern with radicalization of craft labor movements; and 2) protection of their incumbent institutional authority. Specific records from employer organizations provide

evidence of preferences and strategies of the major actors in this time period.

Towards the end of World War I there was much discussion among existing employer organizations regarding the question of national-level collective action. Many national level organizations viewed their task as defending against what they perceived to be encroaching union presence in plants, both in finished metal goods as well as raw metals processing.⁴² Such organizations included the NMTA, NEA, and the NAM. The NAM, the most publicly visible organization at the time, had demonstrated previous interest in labor issues but did not until after World War I have an official committee that addressed them and drafted policy responses. The NAM had little to do with earlier local-level pre-WWI anti-labor organizations. But they directly confronted the choice about whether to nationalize this movement after WWI, and discussed the possibility of forming inter-regional bodies to deal with union in internal correspondence and meetings.⁴³

As early as 1907, some individual executives in the NAM had advocated a form of national federation of employers that would counter organized labor directly. J.W. Van Cleave, the president of the NAM, addressed member firms of the NMTA, and thought that the modal manufacturing firm should have a preference for repressive coordination at the national level, as well as across sectors. In particular, he advocated a national federation:

“To a large degree we have organization among employers already, but we do not extend the principle far enough. We must supplement organization with federation. The National Metal Trades Association, the founders’ Association, the National Association of Manufacturers, the National Typothetae and the other organizations of great interests should be brought into constant and intelligent cooperation. All these and other great national organizations of employers should come together in a spirit of

⁴² Fine, *Without Blare of Trumpets*.

⁴³ Wakstein, “The Open-Shop Movement, 1919-1933.”

mutual fraternity and establish a central body in which each would be represented. This central body, or council, could deal with the interests common to all organizations. These interests are not only large in number, they are large in magnitude. And in each particular they are rapidly expanding...One of the evils which every organization of employers is frequently called upon to combat is silly or pernicious legislation..."⁴⁴

Van Cleave singled out his dissatisfaction with employers' existing individual state level and somewhat *ad hoc* approach to organization, regarding labor legislation and unionization:

"I have said that each organization of employers is often called upon to combat these menaces [demands raised by unions] to its activity and prosperity. But each organization acts separately. Each fights its own battles, in its own time, and in its own way. Each makes its own experiments, and learns its own lessons from its own losses. And the losses are frequent and humiliating. By an intelligent concentration of effort these reverses to us would be avoided, and we would be spared the losses and humiliations which beset us under our present lack of cooperation. We could avert these losses in one or other of two ways. By coordination of effort in diffusing education among the people we would have a chance to head off all foolish or vicious propositions before they were introduced in our national or state legislature, or by a prompt massing of forces, we could defeat them after they were introduced...Let us have a federation of all the organizations of employers, in which each organization, while preserving its independence as absolutely as at present, will come into cooperation with all the other organizations in a great council, in which each will have a choice and in which all will meet on terms of fraternity and equality"⁴⁵

From Van Cleave's address, and other early NAM documentation from this period, it is unclear whether he intended for a federation that would do more than coordinate information flow and lobby. At the time of this address, the NAM had at the time no explicit labor-oriented institutional apparatus that would have supported such a massive integration of local-level employer organizations; it is unclear whether the proposal there could have even been implemented. But the expressed initial preference for such an organization raises the question of why it did not emerge in the wake of local-level Open Shop movements after WWI.

In the immediate post-WWI period, several influential leaders of regional employer organizations met to discuss a national federation; one leader was Andrew Allen of the Associated Employers of Indiana (AEI), whose address was noted at the outset of this paper. Allen was one of the most vocal proponents of further developing a national federation that would coordinate local-level Open Shop movements. In 1919, the AEI undertook a research endeavor to assess local employer-organization interest in such a federation, part of which involved collecting the survey data analyzed in the first empirical section. Allen desired that the AEI be the leader behind such a movement. The AEI had successfully challenged the efforts of the machinists' union in Indianapolis, and Allen wanted to take this victory nationally and establish a comprehensive collective institution of employers.

Allen's own correspondence with the NAM and with the executive committee of the AEI reveal a central tension among local employers' preferences. On the one hand, some organizations did not support the idea of placing organizational decisions in the hands of a national federation. A summary of Allen's committee report stated, "In some quarters at first it was felt that a local association could do more effective work by 'going it alone,' but when it was explained that a national federation does not presume to dominate the affairs of the local, but to offer such assistance as the local could not possibly obtain otherwise, the local invariably has favored 'going in.'"

⁴⁴ J.W. Van Cleave, "The Labor Question and Employers' Organizations.," *The Open Shop* 1907. 343.

⁴⁵ Van Cleave, "The Labor Question and Employers' Organizations," 345.

⁴⁶ This concern reveals that local associations that already existed had concerns about giving up autonomy of management of labor relations to national-level employer organizations.

Internal correspondence between Allen and officials of other state and local-level employer organizations reveals some interest from local employer organizations in a national-level organization that could provide assistance, in the form of information about union activity or strike support. The records of the November 11, 1920 meeting of the AEI executive committee include a memo from Allen to other AEI executives. The letter describes Allen's account of his attempt to get employers to sign on to his proposed "American Plan" and his previous meetings with representatives of the NAM. Allen argued that the AEI had been "besieged on all sides by local employers' associations in all sections of the country" to establish a central national organization to assist businesses that would "[bring] about the exchange of information, counsel, advice and mutual assistance and guidance for the national good in association endeavor with respect to right industrial relationships."⁴⁷ The minutes of this meeting also note Allen's belief that the execution of the "plan of mutual cooperation in behalf of the open shop on a national scale" would start in December of that year. The AEI itself would presumably have had a large administrative role in such a national-level organization, although this is not detailed in the letter.

The precise outline of the AEI plan that Allen had come to advocate, stemming from internal AEI suggestions, as well as consultations with "hundreds of Associations throughout the country," is unknown. But Allen details a number of aspects of the proposed organization. The new organization would have centralized existing state-level "American Plan

Associations" (i.e., state-level employer organizations) into a national organization based in Washington. This national organization would have required annual meetings from representatives of all state-level employer organizations; had national-level employment of "field agents" to promote the Open-Shop organization (partially funded by state-level organizations); clear hierarchy of state and city-level employer organizations and coordination among them; establishment of an information exchange service; inauguration of a department to deal with standardization of employment contracts and civic and industrial coordination; and funding of the plan through taxation of existing employer associations to support these measures.⁴⁸ Such a proposal would have been institutionally quite different from the status quo, characterized by the patchwork nature of the Open Shop movement and the tremendous local-level variation in repressive employer organizations.

It is difficult to assess the counterfactual of how many of the above measures would have been implemented, had Allen's movement to nationalize employer coordination succeeded. The proposals discussed by the AEI were not completely based off of other national organizations like the NMTA, which had more explicit rules regarding support for lockouts and support for member firms during strikes. The AEI meetings on this subject do not reference the existing NMTA or NEA institutional structures and rules. So it is unknown how much of an overhaul to the status quo that the AEI proposal would have been, in comparison to the then locally-driven Open Shop movement. However, given the lack of centralized efforts that actually directed the Open Shop movement, and absence of national-level institutional apparatus, it seems the AEI proposal would have constituted a fairly radical departure and overhaul from locally-driven status quo.

⁴⁶ "Public Sponsors Open Shop Associations." *Iron Trades Review* November 11. (1920), 1339-1348.

⁴⁷ Allen, Andrew. Correspondence with AEI members. Associated Employers of Indiana. BV 25-6-11. (1920). Page 2. Indiana Historical Society. Indianapolis, Indiana.

⁴⁸ *Ibid.*

The Death of the Federation Movement

The AEI plan foundered because the necessary support required from existing national organizations, particularly the NAM, did not exist. The actual death of the AEI proposal occurred when the NAM refused to consider it in the NAM Open Shop Committee (OSC), on November 16, 1920. Allen himself attended this meeting to help influence the institutional goals of the OSC, and broached his proposal to the OSC committee members.⁴⁹ But key NAM officials including James A. Emery, the NAM legal counsel, were present. The NAM OSC did not consider Allen's proposal formally after Emery expressed his opposition (NAM OSC, "Minutes of Meeting," November 16, 1920). Emery held particularly important sway in the organization. In his correspondence with AEI member firms and other regional employer organizations, Allen expressed disappointment at the NAM and NEA's shelving of the nationalization plan.

Why did the NAM and other affiliated national employer organizations stop Allen's AEI plan to nationalize the OS movement? Two reasons were given. The first reason was that nationalization of an employer movement would radicalize labor, and just as critically, inflame public opinion against employers. Walter Drew, the president of the pro-Open Shop NEA, wrote Allen on October 29, 1920: "The appearance of a national organized movement for the purpose of crushing labor unions, as it would be interpreted, would be unfortunate...If the employers make the move that you suggest, the public will say, 'it is only the same old fight between capital and labor,...[Our] worst enemy at this time is the employer who attempts to take advantage of the reaction against the unions in order to return to old methods of exploitation and unfairness.'"⁵⁰ While Drew was one of the most vocal proponents of the Open Shop philosophy, he also took pride that the movement's goals had been attained at the local level without arousing

public anger against employers.⁵¹ The NAM also shared Drew's concern, regarding federation, that the "appearance of a new national association would give organized labor the opportunity it desired to start counter propaganda on the ground that capital was making preparations to curtail the power of trade unions."⁵² Drew's concerns may have been cold comfort to counties that either could not form an OSA, or could not get NEA assistance. They also illustrate an inherent tension in the differing strategies of firms when dealing with workers—they had to pitch their battle as partly ideological, no doubt upsetting some firms that found it advantageous to collaborate with unions, but they also had to restrain from nationalizing the policies that logically followed from the rhetoric. Existing employer organizations viewed local-level strategies to be sufficient in dealing with union demands.

A second explanation for the NAM killing of the AEI plan was that AEI plan would have posed a serious threat to the NAM's desire to be the institutional leader of employer actions. The NAM had already in May 1920 established the OSC to concern policy proposals regarding union threats, and AEI leadership on the matter would have detracted from NAM's hegemonic position on the matter, which was needed to attract and maintain membership, the financial lifeline of the organization.⁵³ The NAM did not want to cede any control to the AEI. As Emery himself stated: "...what is needed is not more organizations, but more co-operation; that new machinery is not necessary for greater efficiency and that conservatism is better than an unnecessary display of

⁵¹ Fine, *Without Blare of Trumpets*.

⁵² Allen, Andrew. Correspondence with AEI members. 1.

⁵³ Albert K Steigerwalt, *The National Association of Manufacturers: Organization and Policies, 1895-1914* (Ann Arbor: University of Michigan Press, 1952); Larry J Griffin, Michael E Wallace, and Beth A Rubin, "Capitalist Resistance to the Organization of Labor before the New Deal: Why? How? Success?," *American Sociological Review* 51, no. 2 (1986).

⁴⁹ *Ibid.*

⁵⁰ *Ibid.*

aggression.”⁵⁴ Emery expressed to NAM leadership the importance of turning the NAM into the primary institutional advocate for labor relations issues of member employers, as well as for potential member firms.⁵⁵ In fact Allen, the initial entrepreneur of nationalization, expressed a suspicion in his letter, after his plan was shelved, that the NAM voiced disapproval because “... prominent eastern national associations interested in the furtherance of the open shop, [voiced] disapproval of the proposed plan to coordinate local associations’ activities because (a), they either misunderstood the motives and plans or (b) were fearful that the Associated Employers [of Indianapolis] would be successful in doing the very work these national associations should have undertaken and accomplished long ago.”⁵⁶ In a meeting of the NAM’s OSC in November 1920, Walter Drew of the NEA suggested that Allen from the AEI “...should be given to understand that the great national associations would not go along with him in the plan proposed.”⁵⁷

What exactly did the NAM’s Open-Shop Committee do, if its committee chairs and parent institution did not want to take the federation approach and really create a national institution with repressive coordination? Their efforts in centralization of information and lobbying were still considerable, but they did not constitute the collective strategy that was common in other employer associations in European states. The committee was originally proposed by Counsel James Emery to

President Stephen Mason on February 12, 1920. In Emery’s letter, his principal concern was unions’ attempts to “destroy” independence of the judiciary, and that an OSC should promote the ideology of anti-unionism. The OSC’s initial responsibilities included compilation of information, presenting it to member firms, contacting and persuading the media, and becoming the principal medium of “propaganda.”⁵⁸ The NAM succeeded in this information clearinghouse role.

But Emery was particularly concerned with limiting NAM intervention in regional employer movements around the country. The OSC codified what had already been a local movement. The newly created OSC did not obligate local employer associations at all to the dictates of the NAM board. As reported in the *ITR*, “...local associations are not affiliated with one another in an organized movement, nor are they under specific obligations to one another, although they are promised the active support of a national association.”⁵⁹ The OSC committee resolved only to have informal cooperation between the NAM and local bodies.⁶⁰ There were explicit provisions in OSC meetings for the NAM *not* to interfere in local employer associations or open-shop movements, and to leave local organizations to engage in any militant or anti-labor activities.⁶¹ In fact an NAM administrator, J. Constantine argued that regarding Open Shop policy, the NAM in “cannot actively enter the field of specific local labor troubles.”⁶² The most

⁵⁴ Minutes of NAM OSC Meeting, November 16, 1920. National Association of Manufacturers Records. Accession 1411. Series VII Box 127. Hagley Library Museum and Archive. Wilmington, DE.

⁵⁵ Letter from James Emery to Stephen Mason, February 12, 1920. National Association of Manufacturers Records. Accession 1411. Series VII Box 127. Hagley Library Museum and Archive. Wilmington, DE.

⁵⁶ Allen, Andrew. Correspondence with AEI members. 2.

⁵⁷ NAM OSC meeting notes, November 16, 1920. National Association of Manufacturers Records. Accession 1411. Series VII Box 127. Hagley Library Museum and Archive. Wilmington, DE.

⁵⁸ Letter from James Emery to Stephen Mason, cited in Wakstein, “The Origins of the Open-Shop Movement, 1919-1920,” 473.

⁵⁹ “Wages Working to Normal Basis,” *Iron Trades Review*, January 6 1921., 7-10, 8.

⁶⁰ NAM OSC Meeting Notes, October 10, 1922. National Association of Manufacturers Records. Accession 1411. Series VII Box 127. Hagley Library Museum and Archive. Wilmington, DE.

⁶¹ NAM OSC Meeting Notes, December 14, 1923. National Association of Manufacturers Records. Accession 1411. Series VII Box 127. Hagley Library Museum and Archive. Wilmington, DE.

⁶² NAM OSC Meeting Notes, February 6, 1925. National Association of Manufacturers Records. Accession 1411. Series VII Box 127. Hagley Library Museum and Archive. Wilmington, DE.

succinct expression of this sentiment came from Noel Sargent, head of the OSC during this period:

“The Committee.....opposed recommendation by Mr. Nelson of Tacoma that the National Association of Manufacturers should attempt to coordinate the work of local bureaus. Such coordination can best be handled by trade bodies, such as the National Metal Trades Association. Any such coordination on a national scale by a national organization such as the N.A.M. would moreover tend to substantiate union claims of central direction of the open shop movement. The Committee expressed opposition to any such central direction or control, believing that the Open Shop Department should remain as an agency of research and advice, with the open shop movement continuing its spontaneous character.”⁶³

This qualitative internal evidence supports that conclusion that non-federation of repressive coordination was a *choice* on the part of employers, particularly those in already incumbent positions, and that institutions like the NAM wanted to keep the status quo.⁶⁴ In these particular discussions from the OSC there is little mention of partisanship of the government or discussion of whether certain kinds of governments would better support their decisions on this matter, although there had been institutional connections between the NAM and the Republican Party. It may be the case that they felt this de-centralized form of institutionalization would be invulnerable to future partisan intervention.⁶⁵

⁶³ Noel Sargent, OSC Meeting, February 6, 1925, pg. 4. Cited in Wakstein, “The Origins of the Open-Shop Movement, 1919-1920.”

⁶⁴ This evidence and claim here are not inconsistent with Swenson’s observation that a national multi-employer lockout in the United States would have been difficult due to the size of the state. The evidence suggests that even if such a lockout were possible, existing nationally based employer organizations thought local-level coordination was sufficient. See Swenson, *Capitalists Against Marekts*.

⁶⁵ See Martin, “Sectional Parties, Divided Business.”

CONCLUSION

In this paper I argue for the theoretical importance of repressive employer coordination, in addition to the extensively studied collaborative employer coordination. I demonstrate that such repressive coordination can be best explained as a response to the threats posed by unions. This hypothesis is corroborated by unique data on local-level participation in repressive employer organizations from the US inter-war period. I also demonstrate that the failure of nationalization of repressive coordination was due to choices of incumbent institutions to protect their interests and the belief that local-level coordination was sufficient to counter the threat from organized labor.

The theory and results here raise additional research questions relevant for the fields of American political development as well as comparative political economy. This paper has theorized and shown the historical importance of repressive employer coordination, but an open question is when firms choose collaborative versus repressive forms of coordination. A related question is the precise conditions under which firms would choose to coordinate as opposed to pursue labor-market strategies individually. It could be that when the threat posed by workers reaches a certain threshold, it becomes too costly for firms to repress. The fact that the labor movement in the United States never posed a revolutionary threat (and the lack of electoral viability of the Socialist party) could be one reason why repression was an optimal strategy.

A second set of questions deals with the implications of the qualitative evidence regarding battles between incumbent employer institutions. Under what circumstances do incumbent employer organizations, even those representing similar product markets, coordinate? The evidence from the US inter-war period indicates that local-level coordination was viewed to be sufficient. But it is an open question whether a greater threat from a more coordinated labor movement would have induced a reaction at the national level from employers. More attention should be paid to internal divisions between employer

organizations as a reason why national-level institutions do not form.

Another set of questions deals with the existing explanations of employer coordination that focus on the role of electoral systems and pre-existing systems of economic coordination. The research design of this paper allows for a more precise test of economic and union variables as they relate to repressive coordination, but cannot test for variables that vary more clearly at the cross-national level. The findings here are not inconsistent with previous research that identifies linkages between party systems and patterns in employer coordination, though those accounts paid less attention to repressive institutions. Future research would benefit from replicating the mechanism of employer coordination as a response to degree of union threat. An implication of the findings here is that the success of the initial repressive coordination at the local level helps explain why the United States never developed long-lasting cooperative institutions that Wilson envisioned at his conference. The precise causal story though that links early collective repression to contemporary outcomes is an area of fruitful research.

Center for Advanced Study in the Social Sciences (<http://www.march.es/ceacs/ingles/ceacs.asp>)
WORKING PAPERS

Series Editor: Andrew Richards

Most recent titles:

<u>Working Paper</u>	<u>Author</u>	<u>Title</u>
2007/233	Balcells, L.	<i>Rivalry and Revenge. Killing Civilians in the Spanish Civil War.</i>
2007/234	Penadés, A.	<i>Thresholds and Bounds for Divisor and Quota Methods of Apportionment.</i>
2008/235	Ortiz, L.	<i>Not the Right Job, but a Secure One: Over-Education and Temporary Employment in France, Italy and Spain.</i>
2008/236	Levi, M., Olson, D., Agnone, J, and Kelly, D.	<i>Union Democracy Reexamined.</i>
2008/237	Fernández-Albertos, J. and Manzano, D.	<i>Business and Labor Market Policies.</i>
2008/238	Queralt, D.	<i>Determinantes del voto swing en España.</i>
2008/239	Polavieja, J. G.	<i>Sex-Differences in Job-Allocation: What Drives Women's Investments in Their Jobs?</i>
2009/240	Fernández-Vázquez, P.	<i>The Influence of Electoral Manifestos on Citizen Perceptions of Parties' Ideological Preferences. Results for European Parties (EU-15) between 1989 and 2004.</i>
2009/241	Queralt, D.	<i>Learning the Mechanical Effect of Electoral Systems.</i>
2009/242	Astudillo, J.	<i>Neopopulismo, y respuesta sindical a las reformas económicas en América Latina.</i>
2009/243	Aguilar, P., Balcells, L., and Cebolla, H.	<i>Determinants of Attitudes towards Transitional Justice: An Empirical Analysis of the Spanish Case.</i>
2009/244	Sánchez-Cuenca, I.	<i>Terrorism and Territory.</i>
2009/245	Ortega, F. and Polavieja, J. G.	<i>Labor-Market Exposure as a Determinant of Attitudes toward Immigration.</i>
2009/246	Amat, F. and Wibbels, E.	<i>Electoral Incentives, Group Identity and Preferences for Redistribution.</i>
2009/247	Alonso, S. and Claro da Fonseca, S.	<i>Immigration, Left and Right.</i>
2009/248	Amat, F., Jurado, I., and León, S.	<i>A Political Theory of Decentralization Dynamics.</i>
2010/249	Kselman, D. M.	<i>Electoral Institutions, Legislative Accountability, and Political Corruption.</i>
2010/250	Pop-Eleches, G. and Tucker, J. A.	<i>After the Party: Legacies and Left-Right Distinctions in Post-Communist Countries.</i>
2010/251	Urquizu, I.	<i>Moderate Voters and Internal Party Factionalism.</i>
2010/252	Kuo, A. and Margalit, Y.	<i>Measuring Individual Identity: Experimental Evidence.</i>