

WAGE DETERMINATION IN THE MEN'S SHOE INDUSTRY

A Case Study of the Shoe Producing District  
Centered Around Brockton, Massachusetts

By

GEORGE PRATT SHULTZ

B.A., Princeton University

1942

SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF  
DOCTOR OF PHILOSOPHY

at the

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Professor Joseph S. Newell  
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Dear Sir:

In accordance with the requirements for the Degree of Doctor of Philosophy, I herewith submit a thesis entitled: WAGE DETERMINATION IN THE MEN'S SHOE INDUSTRY. A Case Study of the Shoe Producing District Centered Around Brockton, Massachusetts.

Respectfully submitted,

George Pratt Shultz

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While these individuals should receive most of the credit for any useful ideas which follow, they should in no way be blamed for defects which the thesis may contain.

Abstract of

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## ABSTRACT

Economists have always been concerned with analyzing and explaining the general level and the structure of wage rates. At times, economists have been reasonably well satisfied that some particular theory of wages provided an adequate explanation. But this is not one of those times. Taking as a point of reference the fact that we do not now have a generalized statement of how wage rates are determined and how they are related to other major economic variables, recent efforts have been directed toward a more thorough understanding of union and business behavior in the hope of developing generalizations which fit present-day circumstances. The purpose of this study is to contribute toward that understanding and that development by analyzing one, admittedly small, segment of our economy and by comparing the generalizations which seem to grow out of such analysis with generalizations put forth by others.

The area chosen for this study, that surrounding Brockton, Massachusetts, is one in which most manufacturing is specialized on men's dress shoes. In this area an independent union represents the shoeworkers and most of the companies involved have joined, for collective bargaining purposes, a Manufacturers' Association. The research has been concentrated on the actions of these groups, as they

have reacted to the problems arising from their own historical background as well as from industry-wide influences felt in the product market.

Principal reliance has been placed on four sources of data, three of them more or less formal. First, access was obtained to the records of the Brockton Manufacturers' Association, in which are included summaries of meetings held by the Manufacturers' separately and in conjunction with Union representatives. Second, memoranda were made available relative to the weekly meetings of all the Union's governing Boards. Both the Union and Association records are regarded by the parties as confidential and are, in no sense, public attitudes of the parties, adopted with an eye to their possible effect. A third source of data is more suspect from this point of view: statements by the parties and reports on events made in the local newspapers. Finally, and by all odds the most important as a source of information and as a means by which to evaluate material gathered elsewhere, extensive, informal discussions have been held with past and present principals in the Union and Manufacturer groups.

Resulting from this intensive study of a particular collective bargaining relationship, six conclusions, which may possibly have more general validity, stood out.



1. The important forces conditioning wages in a given situation cannot usually be determined from the study of general wage movements alone. In this situation, certainly, adjustments made through a so-called Grade System have been quantitatively significant and have tended to reflect different pressures from those felt at the level of general wage changes.

2. General wage movements, however, may be the principal point of reference for satisfaction of the "political" pressures which emanate from the fractionalized nature of the American labor movement, from rivalries within particular unions, and from comparisons with the achievements of "other" employee groups. Again and again, general wage changes have been directed toward an unstable political situation in Brockton.

3. Even at the level of general wage movements, however, the possible effect upon output and employment of any given settlement may be an important pressure in the bargaining process. Consciousness of this "employment effect" has been most apparent when the inter-union rivalry in Brockton has been relatively quiescent.

4. When all of the areas of wage activity are considered, the employment side of the wage bargain may become a dominant, motivating force--such that the

union may consciously try to adjust the level of employment through changes in wages. Using the mechanism of the Grade System, in fact, the Brotherhood of Shoe and Allied Craftsmen has made many explicit wage-employment bargains: a specific labor-cost concession granted in return for a guaranteed rate of production from the company. This conclusion is notably different from the observations of Ross and Reynolds, who feel that wage changes and the level of employment in an individual firm are unrelated, at least in the short-run.

5. Underemployment and unemployment may become an effective determinant of wage activity through the creation of a demand by the rank and file for action which will increase the volume of work. In the Brockton case, then, the cause of more "shoes" has at times been more potent politically than easier promises of wage increases.

6. The benefits from small technological changes in piece-work industries tend to be captured by the workers directly concerned with the change, thus altering the intra-plant wage structure. This seems to have taken place in Brockton since (1) workers on the old job have asserted a prior claim to the new one and (2) bargaining on the new rate has consequently taken as a point of reference the rate on the old job.

Finally, this case throws some light on the classification of union objectives as proposed by Ross: union behavior as motivated by (a) institutional survival, (b) personal achievement on the part of the leaders, and (c) increased benefits for the rank and file. This classification does seem to fit, in a general way, the Brotherhood of Shoe and Allied Craftsmen; but, perhaps, the most important question concerns the relative potency of these objectives, rather than their mere existence. The Brotherhood supplanted an organization which placed the interests of institutional survival and personal ambition above the wishes of the rank and file. As a consequence, the Brotherhood has been characterized by democratic procedures, designed to assure the membership of an organization responsive to its demands. As such, union activity in the Brockton district has survived the most taxing circumstances. Perhaps, then, vigilant emphasis on the interests of the rank and file, despite conflict with short-run institutional and personal needs, is the means for stable trade union operations.

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## CHAPTER I

### INTRODUCTION

Economists have always been concerned with analyzing and explaining the general level and the structure of wage rates. At times, economists have been reasonably well satisfied that some particular theory of wages provided an adequate explanation. But this is not one of those times. Taking as a point of reference the fact that we do not now have a generalized statement of how wage rates are determined and how they are related to other major economic variables, recent efforts<sup>1</sup> have been directed toward a more thorough understanding of union and business behavior in the hope of developing generalizations which fit present-day circumstances. The purpose of this study is to contribute toward that understanding and that development by analyzing one, admittedly small, segment of our economy and by contrasting the generalizations which seem to grow out of such analysis with generalizations put forth by others.

In the years immediately following World War II, the wage changes have been most spectacular in industries which are dominated by large unions and large companies and which have not been able to supply the quantities of goods demanded at the asking prices. However, a few industries have already,

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1. For example, see Arthur M. Ross, Trade Union Wage Policy, University of California Press, 1948, and Lloyd G. Reynolds, "Toward a Short-Run Theory of Wages", American Economic Review, June 1948, pp. 289-308.



even in this period of "full employment", experienced a shift from a "seller's" to a "buyer's" market, with the attendant price and employment problems which such a shift involves. Further, the extent of unionization is not uniform in all sectors of our economy. Such is the case in the men's shoe industry, to which this study is directed. The scope of the inquiry, furthermore, includes, insofar as possible, all phases of wage activity, rather than simply general wage movements.

The group of manufacturers and the Union to which the following material and conclusions pertain are located in and around the shoe-producing center, Brockton, Massachusetts. Here, over thirty companies, about two-thirds of which belong to a Manufacturers' Association, deal with an independent union, the Brotherhood of Shoe and Allied Craftsmen. Though the shoeworkers in Brockton have been unionized since the turn of the twentieth century, the present Brotherhood has been in existence only since 1933; and it is the period from that date through 1947 that is analyzed here.<sup>1</sup> The period includes, of course, a range of economic circumstances from very bad to very good; however, the men's shoe industry in Brockton must be generally characterized as

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1. For an analysis of this district during a previous period, see Thomas L. Norton, Trade-Union Policies in the Massachusetts Shoe Industry, 1919-1929, Columbia, 1932, pp. 99-171.

declining. In contrast to studies of highly-unionized industries operating under conditions such that wage increases could be passed on in the form of price increases, then, this study is focused on a long-established union-management relationship, operating in an industry which is only partially unionized and which has chronically been faced with "excess" capacity.

The exposition which follows is divided roughly into two sections: (a) conditioning forces which have been generally operative upon all wage activity in the Brockton area, and (b) specific reactions of the parties to particular situations and problems. The generally operative forces are treated here in three groups. First, the economic characteristics of the industry are discussed, especially the competitive nature of the product market, the structure of costs, and the trends of prices, wages, and productivity in the industry. Second, the nature and development of the manufacturing process itself seems to have influenced the form of the union organization and the structure of wages within the factory. In addition, some knowledge of the manufacturing process is essential for an understanding of the type of mass-production economies available in the shoe industry and for an understanding of the manufacturing differences between high and low grade shoes. Both these areas of knowledge will be helpful in analyzing the

difficulties of the Brockton district and the adjustments which have been made. Third, since the district is bound by long-standing traditions of the past, the growth and the structure of the Manufacturer and Union institutions, which reflect that past, must be described.

With the immediately relevant environment thus defined, specific areas of wage activity<sup>1</sup> can be discussed. These areas, too, are treated in three sections. First, the general wage movements which have occurred in the district between 1933 and 1947 are described and analyzed. However, these general wage movements, taken by themselves, present a deceptive and incomplete picture of Brockton wage activity. The district has used as a primary means of adjustment a so-called Grade System, by which piece prices are made dependent on the selling price of the shoe. Analysis of this System, therefore, forms the second section on specific wage activity. Finally, the administration of piece rates is discussed.

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1. The phrase "wage activity" seems most appropriate to events which have transpired in Brockton. The more generally used term, "policy", usually implies both conscious planning and action according to plan, and the principals in Brockton area events do not seem to have behaved that way. They have made immediate adjustments to particular situations, acting, in most cases, without any generally-planned framework.

The fact that actions in Brockton are not generally guided by overall policies is apparently not an unusual condition in this world. On the contrary, it has been described in a more famous context as "muddling through".

For another point of view on this question, see John T. Dunlop, Wage Determination Under Trade Unions, Macmillan, 1944, p. 45.

Following this expository material, wage determination in the Brockton men's shoe industry is summarized in two forms. The material is presented in terms of the approach of the Manufacturers and of the Union to their wage problems. Especial effort is made to focus attention on the types of pressures to which the parties seemed most sensitive and most likely to respond. Then, the material is presented in terms of generalizations which seem to grow out of the data, and these generalizations are compared with those advanced in other studies.

The material for this study has been gathered in the course of a full-time research year, the major proportion of which was spent in the Brockton district. Reliance has been placed on four sources of data, three of them more or less formal. First, access was obtained to the records of the Brockton Shoe Manufacturers' Association. These records include either minutes or summaries of what transpired when the Manufacturers' group met either with Union representatives or by themselves. These notes on meetings exist, in varying detail, for the years from 1903 on. Second, memoranda were available relative to the meetings of all the Brotherhood's governing Boards from 1933 to the present. These memoranda, typewritten and entered in the Union's formal records each week, cover the business that came before the Boards and the disposition made of particular items. On

some issues, the specific discussions which took place have been recorded. Both the Union and Association records are regarded by the parties as confidential and are, in no sense, public attitudes of the parties, adopted with an eye for their possible effect. A third source of data is more suspect from this point of view: statements by the parties and reports on events made in the local newspapers. Nevertheless, these statements and reports have been useful in compiling a chronology of the more highly-publicized of Brockton's wage disputes and problems.

Finally, and by all odds the most important as a source of information and as a means by which to evaluate material gathered elsewhere, extensive discussions have been held with past and present principals in the Union and Manufacturer groups. Insofar as possible, these have been discussions--not interviews. The basic research approach has been one of getting to know the parties through day-to-day informal contacts. In this way, an attempt has been made to see problems and lines of thought in a realistic frame of reference--to see through the eyes of the parties themselves the pressures they feel in the conduct of their jobs.

## CHAPTER II

### ECONOMIC CHARACTERISTICS OF THE SHOE INDUSTRY

Of what relevance to wage determination are an industry's economic characteristics? Some observers of the post-war United States have concluded that the connection is indirect at best; and they feel that study of the politics and strategy of particular bargains will prove more fruitful. One student of this problem, for example, has made this statement: "The volume of employment associated with a given wage rate is unpredictable before the fact and the effect of a given rate upon employment is undecipherable after the fact. The employment effect cannot normally be the subject of rational calculation and prediction at the time the bargain is made; and union officials are normally in no position to assume responsibility for it."<sup>1</sup>

But, where fairly "workable competition" is combined with proportionately significant labor costs, such an extreme position may not be warranted. This appears to be the case in the shoe industry. Here, labor costs and wages do feel the impact not only of competition in the product market,

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1. Arthur M. Ross, "What is Responsible Wage Policy?", The Southern Economic Journal, January 1948, p. 270. This quotation represents the most extreme position taken by Mr. Ross. In the introduction to his book, Trade Union Wage Policy, which includes the article referred to above, he grants that "the economic environment is important to unions at the second remove: because it generates political pressures which have to be reckoned with by the union leader" (p. 14).

but, in addition, of such industry characteristics as the ease with which production facilities may be acquired and moved. The probability that these and other economic factors condition wages and employment in Brockton-area shoe concerns makes understanding of these factors necessary to understanding of Brockton's wage activity. The purpose of this chapter is, then, examination of those characteristics of the shoe industry most relevant to wage determination.

This chapter will start with discussion of the "product" under consideration here; then the firms in the industry will be described and compared. Next, the elements of cost in a man's shoe will be examined, from the individual company point of view and from that of the industry as a whole. The conditions of entry into shoe manufacture and the relative ease with which production facilities may be moved both influence the determination of wages in established shoe centers; a section is devoted to discussion of these two influences. Finally, shoe-industry wage levels and labor productivity are described and analyzed.

### The "Products" of the Shoe Industry

The shoe industry is generally considered to be "competitive".<sup>1</sup> Now, one of the conditions which makes for competition in the market is a standardized product; but a walk through the average shopping center will disclose wide variation between what are generally called "shoes". Differences are most obvious when the "product" is compared as to type of consumer: infants, children, boys, girls, women, or men; but shoes may also be differentiated by construction, quality, material used, stylistic novelty, skilled workmanship required, and in many other ways. For the most part, factories specialize on one fairly narrowly defined field such as "women's novelties" or "men's fine welts".<sup>2</sup> However, practically the same basic machinery is used on all types of footwear,<sup>3</sup> and operations are similar enough to break down technical

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1. For instance, see TNEC, Monograph No. 21, Competition and Monopoly in American Industry, pp. 45-46.

2. This type of specialization is generally true of factories; however, many of the larger firms produce in a variety of fields, with each of their factories specialized. The International Shoe Company, for instance, produces shoes in almost every footwear classification.

3. Different types of construction, of course, require particular machinery at various stages in the production process. However, the bulk of the equipment used in one shoe factory is adaptable to use in almost any other factory.



boundary lines between related product classifications.<sup>1</sup> As a result, though the "product" is not standard, the potential competition for any single type of shoe is broader than the limits of its own particularly defined group might suggest. But it is within a classification like "men's dress shoes" that price, quality, and cost comparisons are closest, and the more direct forces of product-market competition are brought to focus.

This "men's dress shoe" grouping,<sup>2</sup> which is the one most relevant to analysis of the Brockton area, is something of a puzzle itself. The advertising copy used by one well-known retailing chain, for instance, asks the consumer to compare this "hand-made" shoe worth \$75.00 with the "machine reproduction" which "we" offer for \$8.95. In the show case, at least, the shoes look about the same; in fact, the 1947 window-shopper had a hard time distinguishing the \$5.95 model displayed on "Main Street" from others selling for anything up to \$25.00. While differences do appear between the extremes after a few weeks of

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1. For instance, workmen in a men's welt factory could probably produce boys' shoes or the staple types of women's shoes. In general, a quality shift is much more difficult when the direction is up than when the line of shoes involved is cheapened. Most manufacturers, however, seem to consider production of widely divergent types of shoes under the same roof as impractical, even though it might be possible to switch from one type to another if that became necessary.

2. This classification includes all footwear worn by men, except for the heavy "work" shoes. In 1939, three-fourths of the men's shoes produced were "dress" and the other one-fourth were "work" shoes.

wear, the differences become harder to find as price intervals become smaller. Though a wide quality range of men's shoes is on the market, their outward appearance is quite homogeneous. As a result, consumers make value comparisons not only inside price ranges, but, especially in times of "price resistance", between them as well.

How has the consumer chosen as among the various price grades and how has his choice varied over time? The most detailed information on the shoe consumer's choice covers only certain periods during World War II; but, the wartime experience illustrates adequately the range and importance of various price categories.<sup>1</sup> For the six months between the beginning of September, 1944, and the end of February, 1945, the median wholesale price was slightly under \$3.50, with a range—running from \$1.00 to "\$12.00 and up". Only 12% of the total pairs produced, however, fell in the so-called high grades, above \$6.00 at wholesale (the "pre-war" \$10.00 retailer). The great bulk of production, 70%, sold at the factory for from \$2.50 to \$4.50.<sup>2</sup> While the greatest volume of shoe business was

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1. The question of shifts in demand will be discussed subsequently; however, the wartime consumption pattern was not markedly different from the one which existed just previous to the outbreak of hostilities.

2. The relative importance of the various price groups during the war period is presented in detail by U.S. Dept. of Commerce, Boot and Shoe Industry Statistics, May 1946, p. 12.

concentrated in the lowest grades, the number of firms reporting sales in the various price categories was rather evenly distributed. This is to be explained in part by the fact that many firms apparently produced in more than one price group,<sup>1</sup> and in part by the concentration of the larger firms on shoes selling in the low price ranges.

Two principal advantages accrue to firms which spread their output over a range of quality rather than specialize on one narrowly defined "product". First, efficiencies in the utilization of material may be obtained by grading leather into the most appropriate quality classification. But, second, sales are hedged against shifts in the composition of consumer demand--that is, against price-preference changes which exceed movement of individual shoe prices. The extent of such shifts is difficult to demonstrate in an exact sense; but manufacturers, especially those in the higher quality brackets, do feel that these changes take place: "Some former consumers in this makes-no-difference-what price group have found it necessary to grade down....They must...buy in a price bracket which

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1. The extent to which this is the case is indicated by the fact that the total of firms, when added price group by price group, was 480, while the actual total was only 169.

today represents the price existing in the quality brackets of yesterday."<sup>1</sup>

The available statistical evidence is summarized on Charts 1 and 2, where index numbers of shoe prices are compared with average prices.<sup>2</sup> Presumably, deviations between an index and an average should indicate a shift in the relative importance of the various price brackets:<sup>3</sup> a shift down when the average drops in relation to the index, and up when the reverse occurs. The figures on which these comparisons are based unfortunately contain a diverse product-mix, in which the relative importance of various kinds of shoes can and does change; nevertheless, the comparisons which are made are so sharp that they may be considered as meaningful. Chart 1, for example, discloses that a rather drastic shift toward the lower price brackets occurred for "all shoes" between

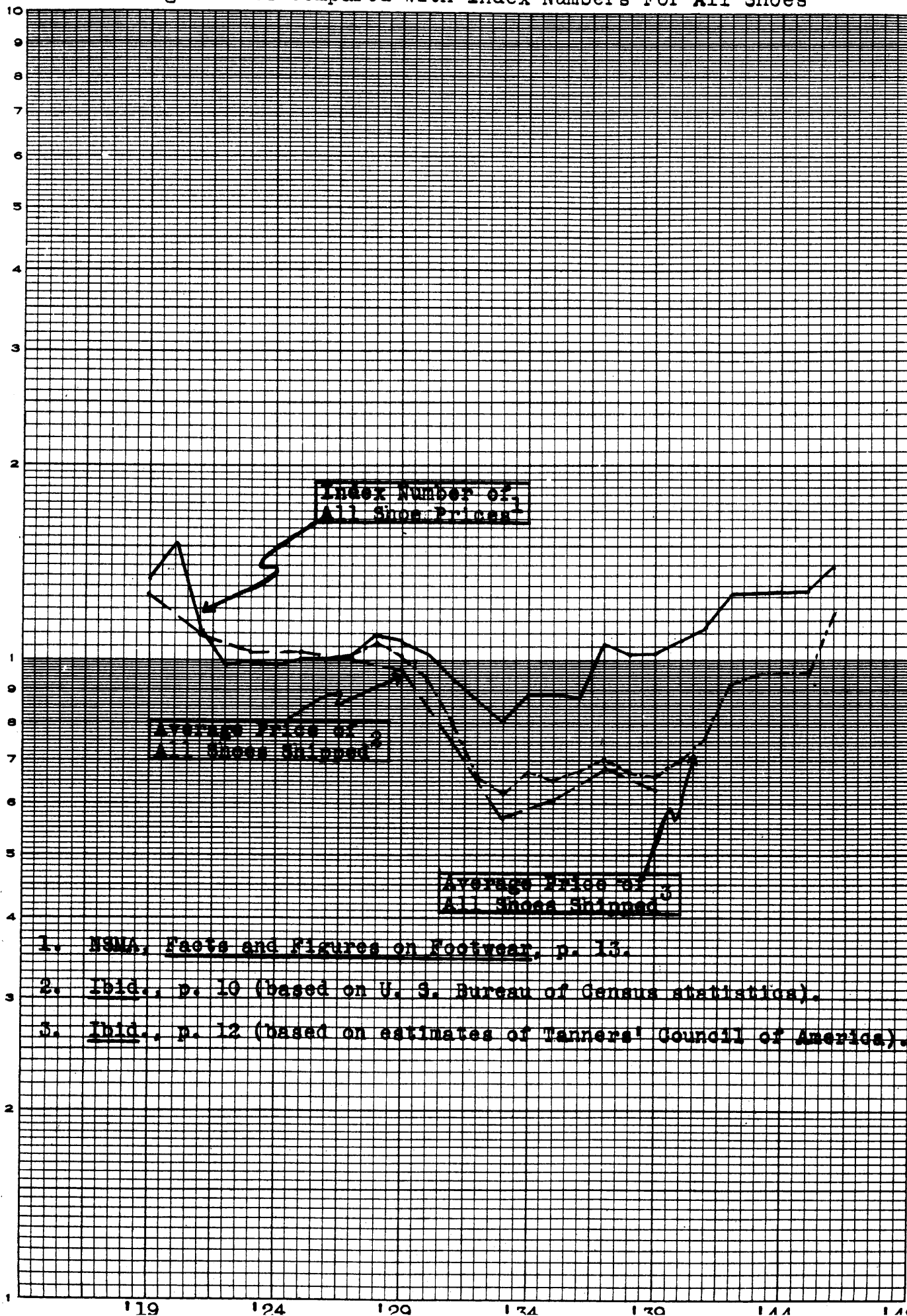
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1. B. Harrison Cort, as quoted in the Boot and Shoe Recorder Daily, October 28, 1947, p. 25. Even the International Shoe Company, primarily manufacturers of low-priced shoes, noted the "public demand for lower grades in all types of merchandise" in the early thirties. International Shoe Company, Annual Report, 1932.

2. The author is indebted to Dr. John H. Patterson, Economist for the National Shoe Manufacturers Association, for pointing out the applicability of this type of analysis to the data available on the shoe industry.

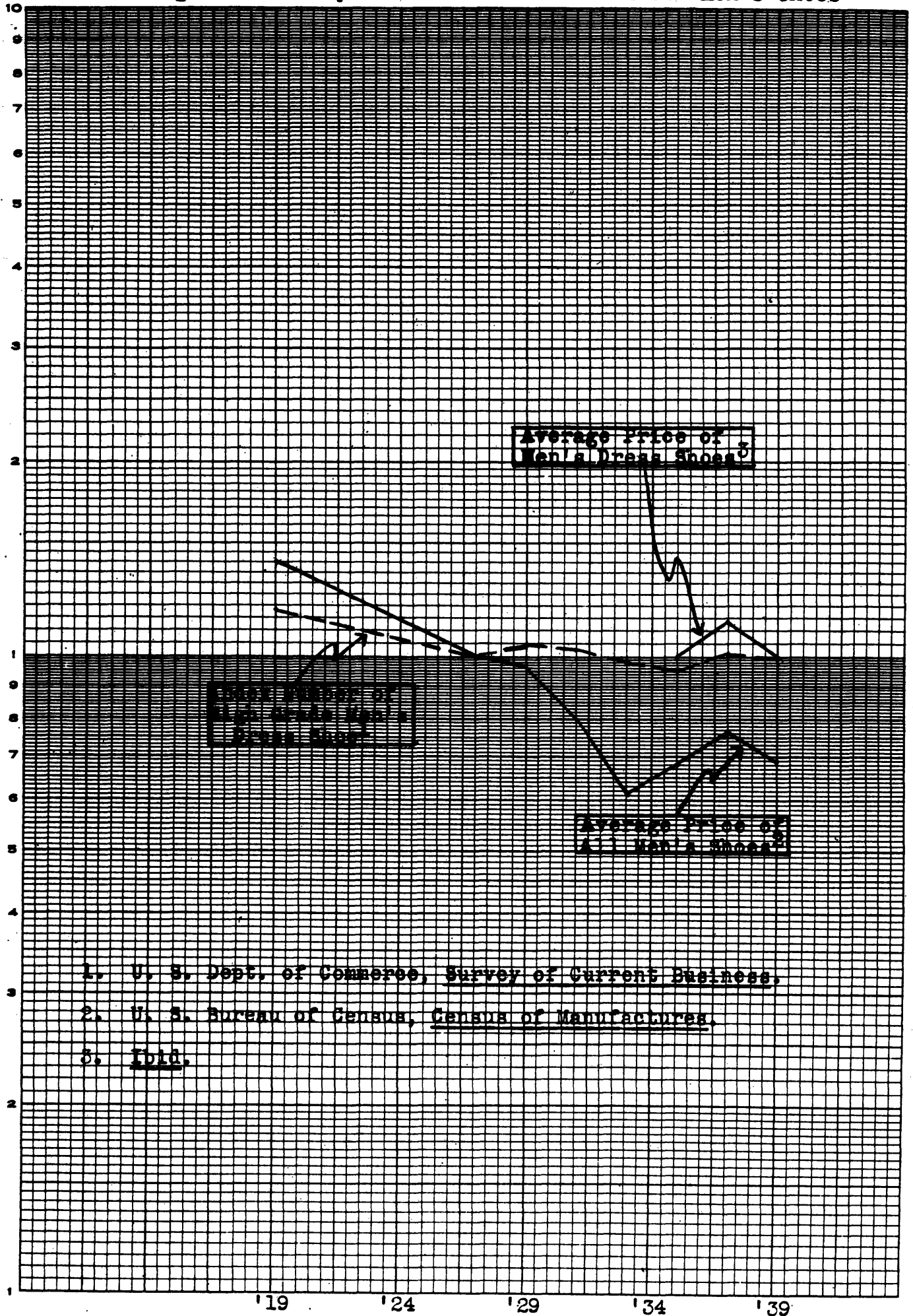
3. Shoe prices in the inter-war period fell into somewhat inflexible grooves. Presumably, the index should represent the price tags on these grooves and deviations from the index by the average price should indicate changes in the price-quality preference of consumers.

Chart 1  
Average Prices Compared With Index Numbers For All Shoes



1. NSMA, Facts and Figures on Footwear, p. 13.
2. Ibid., p. 10 (based on U. S. Bureau of Census statistics).
3. Ibid., p. 12 (based on estimates of Tanners' Council of America).

Chart 2  
Average Prices Compared With Index Numbers For Men's Shoes



1. U. S. Dept. of Commerce, Survey of Current Business.
2. U. S. Bureau of Census, Census of Manufactures.
3. Ibid.

1930 and 1933, and that no substantial recovery had been effected by the end of the decade. In 1946, however, some upgrading did take place. Chart 2 indicates that, in the men's shoe field, too, there has been a long-run tendency for consumers to shift toward lower grades of merchandise. This trend has been effective throughout the period between World Wars, though it was particularly strong in the depression years of the early thirties. Available data on men's dress shoes cover only a five year period, but, especially between 1937 and 1939, a shift toward the lower price brackets apparently occurred.

These two facts, the similar appearance made by all quality grades of men's shoes and the way in which consumer preferences have slowly moved toward the lower price brackets, both indicate that demand for men's shoes may be primarily oriented toward price. Nevertheless, some effort and money is spent in trying to establish and differentiate particular brand names<sup>1</sup>--in fact, the National Shoe Manufacturers Association has estimated that 78% of all shoes sold carry some brand name.<sup>2</sup> There is

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1. While the shoe industry's advertising outlay is only a fraction of 1% of total consumer expenditures on shoes, this advertising is apparently fairly well concentrated. For instance, all the national-magazine advertising on shoes during 1946 was done by 289 (about 23%) of the shoe manufacturers.

2. National Shoe Manufacturers Association, Facts and Figures on Footwear, p. 16. Many of these brands are, of course, nothing more than the name of a retail store stamped on the sole of the shoe, and, as such, have only a local appeal.

no way of telling, of course, just how much advertising and branding has changed the demand curves for various individual shoes. In a recent survey conducted by Elmo Roper,<sup>1</sup> 68.8% of the men questioned about their last purchase said that they "just went into a store and asked for shoes", although 41.9% named a brand in answer to the inquiry, "What brand or make will you probably get when you buy your next pair of shoes?" Of course, adherence to a particular make of shoe induced through advertising does not necessarily mean that the consumer disregards price, since the advertising is often aimed primarily at his billfold.<sup>2</sup> Further, though most men have no way of judging the inherent quality of a shoe at the point of purchase, they do buy shoes frequently enough so that proven or disproven wearing qualities can influence a subsequent choice.<sup>3</sup>

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1. Elmo Roper, A Survey on Shoes Covering Purchase Habits, Use Customs, and Attitudes of Consumers, prepared under the joint sponsorship of the National Shoe Manufacturers Association and the National Shoe Retailers Association. See especially Table 11, p. 14 and Table 18, p. 16. While the men "who just went into a store" were apparently uninfluenced by advertising, neither did their action express price-consciousness.

2. For instance, Thom McAn advertisements stress their low price, and even in the so-called quality brackets, emphasis is often on extra wear and consequent low price in the long run.

3. From 1922 up until the ration-stamp days of World War II, consumption of men's shoes averaged 2.08 pairs per capita. U.S. Department of Commerce, Boot and Shoe Industry Statistics, May 1946, p. 28.



Probably then, a few brand names do command a certain following, but even their price-quality position must be reasonably well maintained.

All in all, then, the product classification known as shoes is difficult to define, since footwear is made in many types of construction and for a wide range of consumers. Nevertheless, equipment and production techniques are similar enough to prevent these variants from resulting in absolutely separate competitive compartments. Within a classification like "men's dress shoes", brand names do command the allegiance of some consumers; but similarity of appearance makes this product hard to differentiate. The facts that the majority of men's shoes are sold in the low-price brackets and that a steady shift toward these brackets has been in evidence during the entire inter-war period seem to indicate that this product is standard enough to permit a workable degree of price competition.

#### Firms in the Shoe Industry

The fact that the "product" of an industry is standard enough to allow price competition does not, of course, mean that such competition exists. That evaluation depends partly on the answers to these questions about individual firms in the shoe industry. How many

shoe companies are there, and what is their relative size? Is any particular segment of the industry dominated more than others by large producers? How profitable are shoe concerns in relation to sales, to net worth, and to size? What selling methods prevail in the industry? These are the questions which will be discussed in this section.

No single company or small group of companies dominates the shoe industry. The five largest firms together produce only about 30% of the total output, and their "share" of the market has shown no marked tendency to increase during the last fifteen years.<sup>1</sup> The most spectacular recent record of growth among larger firms has been that of the General Shoe Corporation, which has tripled in size since 1938; but here the case has not been one of increased importance of a dominant concern, for this company's output is still under one-third that of the largest producer. Although the International Shoe Company has for many years turned out more shoes than any other firm, this company's share of the market has recently ranged from 10% to 12%, a drop from the 13% to 15% level of the twenties and early thirties. On the other hand, the number of pairs produced per firm increased steadily throughout the fifteen years preceding

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1. Table 1 summarizes data on the number of shoe manufacturing establishments and the share of the largest firms in the total industry output.

TABLE 1

## PRODUCTION IN THE SHOE INDUSTRY

Year	Number of Companies <sup>1</sup>	Total Pairs Produced (000 omitted) <sup>2</sup>	International Shoe Co. (000 omitted) <sup>3</sup>	Five Largest Shoe Cos. (000 omitted) <sup>4</sup>	Five Largest Cos. as a % of Total	Production per Company
1926	1280	324,514	47,210	NA	NA	253
1927	1253	343,606	51,378	NA	NA	273
1928	1229	344,350	48,696	NA	NA	280
1929	1258	361,402	54,731	NA	NA	288
1930	1254	304,170	NA	NA	NA	242
1931	1165	316,240	44,807	NA	NA	271
1932	1127	313,290	39,990	89,528	28.6	278
1933	1140	350,382	43,662	100,367	28.6	308
1934	1124	357,119	44,805	102,512	28.6	318
1935	1096	383,671	43,042	103,224	27.7	350
1936	1098	415,227	43,969	104,543	25.2	378
1937	1086	411,969	44,480	114,345	27.8	379
1938	814	390,746	39,137	101,776	25.7	480
1939	790	424,136	49,268	117,510	27.7	535
1940	972	404,151	45,427	111,750	27.7	415
1941	984	498,382	56,609	143,962	28.8	502
1942	940	483,870	54,984	144,797	29.9	515
1943	918	465,397	50,133	139,009	30.0	506
1944	1015	462,568	53,921	142,608	30.9	455
1945	1100	483,739	52,651	143,515	29.5	439
1946	1246	528,960	47,365	142,536	27.0	424
1947	1179	468,044	54,044	150,923	32.5	399

1. National Shoe Manufacturers' Association, Facts and Figures on Footwear, 1947, p. 14. For the year 1947, see U.S. Dept. of Commerce, Facts for Industry, Shoes and Slippers, June 4, 1948.

2. NSMA, op. cit., p. 4. For 1947, see U.S. Dept. of Commerce, op. cit., June 4, 1948.

3. International Shoe Company, Annual Reports, 1923-1947. NA signifies that the data is unavailable.

4. Standard and Poor's Corporation, Industry Surveys, Leather and Shoes. Production for the Endicott-Johnson Corporation is unavailable for the years from 1942 on; consequently, an estimate of this company's production was made.

World War II. Nevertheless, the number of corporations in the shoe industry is still large, ranging above 1,000, although here, too, a definite downward trend has been in evidence during the last two decades.<sup>1</sup> Of the total number of firms in the industry, 95% are relatively small, stating their capacity to be 10,000 pairs per day and under, as compared with approximately 220,000 for International.<sup>2</sup> Though no breakdown of actual production according to size of establishment is available, these relatively small concerns apparently account for over half the total output, if listed capacity is even a rough indication of performance.<sup>3</sup>

The influence of the larger concerns, however, is not spread evenly through all the shoe sub-classifications. As might be expected, these companies have concentrated primarily on the more staple lines, leaving such specialties

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1. The trend was reversed in 1940 with the start of wartime shoe orders; but, by the end of 1947, the downtrend was once again in evidence.

2. William A. Rossi, "Bigger and Fewer Shoe Firms, A Trend?", Hide and Leather and Shoes, October 4, 1947, p. 17. Mr. Rossi's estimates are compilations from statements of capacity made in shoe trade directories. As such, they represent a reasonably accurate, though rough index of size distribution in the shoe industry.

3. Ibid. Mr. Rossi does not make this point, as he is discussing the trend toward larger and fewer shoe firms; however, the conclusion is easily deducible from facts which he presents.

as high style women's shoes to smaller concerns. In the "men's" field, the leading producers are particularly important, especially since the major proportion of their output goes on the market in the low price ranges, where total demand is largest. In 1937, according to the TNEC study, "Concentration of Production in Manufacturing" by Walter F. Crowder, the four principal companies making men's dress shoes accounted for 43.4% of those made by the Goodyear welt process, (85 out of 100 men's dress shoes are constructed this way) 67.4% of the "McKay's", and 91.1% of the "Stitchdown's".<sup>1</sup> Both of the latter two types of men's shoe construction are found almost exclusively in the lowest price ranges. Since the men's "welts" made by the top four concerns had a value per pair 12% under the average for the industry,<sup>2</sup> there is little doubt that the impact of these concerns is concentrated on the so-called "popular" grades. If the men's shoe output of all five of the large companies were added together, the total would represent about 70% of the country's production in the low-price

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1. Temporary National Economic Committee, Investigation of the Concentration of Economic Power, Monograph No. 27, The Structure of Industry, p. 448.

2. Ibid. This figure was computed by the author by comparing the percentage of total production for the four leading concerns with their percentage of total value. Both these percentages are stated by Mr. Crowder.

field.<sup>1</sup> This fact indicates that the definite downward shift in consumer preferences which occurred during the inter-war period has been provided for primarily by the output of the large concerns.<sup>2</sup> The approximately 165<sup>3</sup> smaller companies which make men's shoes have been forced more and more to rely on the buyer's desire for a "better product", but at a higher price. Nevertheless, these companies, because of their flexibility in manufacturing, represent strong potential competition in all quality grades, even though the lowest grade is presently dominated by five large concerns.

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1. This figure is only an approximation, but it is believed to be reasonably correct. If the four leading companies produce 47% of all men's dress shoes and if their output is concentrated entirely in the low-price ranges, which account for 71% of the production, then it follows that these companies produce 66% of the total low-priced output. Of course, their production is not concentrated entirely in the low brackets; but the small error thus introduced should more than be outweighed by addition of the fifth large concern (General) to the other four (International, Endicott-Johnson, Brown, and Melville).

2. The relative advantages obtained by large companies in this industry will be discussed in connection with shoe costs.

3. Ibid. Mr. Crowder found that 170 firms produced men's dress shoes in 1937. In May 1946 the Leather Unit of the Bureau of Foreign and Domestic Commerce found 165 companies engaged in the manufacture of men's footwear. U.S. Department of Commerce, op. cit., p. 5.

Now, through what sort of market mechanism do these "sellers" meet the "buyers" of shoes? Starting from the manufacturer, shoes move toward the consumer through four principal channels. In 1939, 21.7% of the total went to manufacturers' wholesale branches and 4.3% to retail outlets which they controlled; 19.0% went to independent wholesalers and jobbers, but the largest portion, 53.4%, was sold directly to independent and chain retail outlets.<sup>1</sup> Looking at these selling organizations from the ultimate consumer's point of view, in 1939 there were 13,215 independent shoe stores doing 41.2% of the business, 5,721 chain stores doing 49.7% of the business, and 1,522 leased departments with 8.5% of the total sales.<sup>2</sup> Since 1929 the proportionate importance of chain stores has increased by about 12 percentage points, though their gain was concentrated in the years between 1929 and 1935. Travelling salesmen employed by individual manufacturers are the principal medium through which the "sellers" contact and transact business with shoe buyers. However, even though the "market-place" is thus not geographically defined, the number of contacts available to any single

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1. U.S. Dept. of Commerce, Bureau of the Census, 16th Census of the United States, 1940, Census of Business: 1939, Volume V, Distribution of Manufacturers' Sales, p. 117.

2. U.S. Dept. of Commerce, Bureau of the Census, 16th Census of the United States, 1940, Census of Business: 1939, Volume I, Retail Trade, Part 1, p. 63.

buyer or seller is large. Further, the several "Shoe Fairs" held during the course of the year do provide an opportunity for direct comparison of products and prices.

In this industry where the number of significant buyers and sellers both are fairly large, what percentage of the manufacturers' sales dollar can be retained as operating profit, and what is the relationship of profit after taxes to net worth? Do the larger companies fare better than, worse, or about the same as the smaller ones? Is this one of those "sick industries" commonly associated with the competitive sector of our economy?

Shoe companies are "sick", indeed, if the ratio of the number of companies showing losses to the total number of firms in the industry is any index of illness. As shown in Table 2, this ratio never once dropped below 40% in the fifteen years between 1926 and 1940; and, in every year between 1930 and 1938, at least half the companies engaged in shoe manufacturing lost money.<sup>1</sup>

Partly responsible for the high number of firms showing losses is the relationship between productive capacity and consumption in the shoe industry. In 1899, the Census of Manufactures reported that "The machinery

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1. These figures and others on profits in the shoe industry may be found on Tables 2, 3, and 4, which follow.



TABLE 2LOSSES IN THE SHOE MANUFACTURING INDUSTRY<sup>1</sup>

Year	No. Companies Filing Returns with Bureau of Internal Revenue	No. Companies Showing Losses	% of Companies Showing Losses	% of Sales by Companies Showing Losses	No. of Failures in Shoe Manufacturing <sup>2</sup>
1926	1280	611	48	NA	NA
1927	1253	512	41	NA	72
1928	1229	534	43	NA	54
1929	1258	547	43	NA	31
1930	1254	725	58	NA	38
1931	1165	708	61	38	67
1932	1127	829	74	48	71
1933	1140	634	55	27	38
1934	1124	642	57	26	52
1935	1096	591	59	19	51
1936	1098	555	51	19	36
1937	1086	601	55	20	36
1938	814	455	56	24	36
1939	790	403	41	21	47
1940	972	480	49	19	59
1941	984	286	29	8	26
1942	940	190	20	3	NA
1943	918	97	11	NA	NA
1944	NA	NA	NA	NA	NA
1945	NA	NA	NA	NA	NA
1946	NA	NA	NA	NA	NA
1947	NA	NA	NA	NA	NA

1. NSMA, op. cit., p. 14. NA signifies that data was not available.

2. U.S. Dept. of Commerce, Boot and Shoe Industry Statistics, May 1946, p. 40.

capacity employed...was sufficient to produce in seven months of the year all the boots and shoes for the normal annual consumption".<sup>1</sup> Nourse and his Associates writing in 1934, have concluded that this is too drastic a statement. They estimated that machine equipment has been used at an 85% to 90% rate, though their rate for floor space and other incidental equipment was only 70%.<sup>2</sup> Figures compiled in 1947 indicate that productive facilities could have turned out at least 800,000,000 pairs of shoes, as against an actual 1947 output of 468,000,000.<sup>3</sup> However, this estimate is based on an assumption of steady operation throughout the year, a condition difficult to attain in those branches of the industry where styles are changeable and consumption is seasonal. At any rate,

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1. U.S. Dept. of Commerce, Bureau of the Census, 12th Census of the United States, 1900, Vol. VII, Manufactures, Part I, p. cxxxiv.

2. Nourse and Associates, America's Capacity to Produce, Brookings, 1934, p. 225.

3. Rossi, op. cit., p. 17. Mr. Rossi does not make an estimate of total capacity, but this conclusion can be drawn from the figures he presents. In attempting to demonstrate a trend toward larger shoe firms, he estimates that 146 companies have a 400,000,000 pair annual capacity as compared with a possible output level of 500,000,000 pairs; and he then states that "this leaves only 100,000,000 pairs to be divided among the remaining 1,219 firms." But 400,000,000 pairs is not the actual production of the 146 largest companies; it is a liberal estimate of their capacity. What his figures do show, then, is an excess of productive capacity in the shoe industry.

TABLE 3

RATIO OF NET INCOME BEFORE TAXES TO SALES<sup>1</sup>

Year	All Cos. <sup>2</sup> Combined	All Cos. Showing <sup>3</sup> Profits	193 Cos. Surveyed <sup>4</sup> by OPA	International	Endicott- Johnson	Brown	General	Melville
1929	4.1			14.5	4.8	5.4		7.0
1932	-2.0	5.0		11.8	3.3	5.8		3.8
1935	3.4	5.1		12.1	4.7	5.2		7.7
1936	3.3	5.1	6.6	11.5	4.0	3.5	8.1	8.1
1937	2.3	3.8	5.0	8.4	2.5	3.3	7.3	5.9
1938	1.6	3.4	3.8	6.1	1.9	1.1	5.0	5.1
1939	3.1	5.1	5.4	9.0	3.5	3.3	7.0	7.0
1940	3.0	4.7	5.3	9.1	4.1	2.3	5.3	10.2
1941	4.2	4.9	5.9	8.3	5.4	4.9	6.6	9.3
1942	6.1	6.4	8.2	11.9	9.8	5.8	9.5	11.7
1943	6.5		9.0	13.5	8.9	7.7	10.3	9.1
1944			7.0	8.4	7.5	6.6	9.1	7.1
1945				7.2	8.3	7.4	8.4	8.2
1946				1.6	8.0	11.1	8.2	10.3
1947				10.6	7.3	8.0	5.8	12.2

1. Moody's Manual of Investments, Industrial Securities.

2. NSMA, Facts and Figures on Footwear, p. 14.

3. U.S. Dept. of Commerce, Boot and Shoe Industry Statistics, May 1946, p. 39.

4. OFA, Economic Data Analysis Branch, Survey of Leather Tanners, Shoe Manufacturers, and Wholesale and Retail Shoe Distributors, May 1947, p. 2.

TABLE 4

RETURN ON NET WORTH AND TOTAL ASSETS<sup>1</sup>

Year	International Assets N.W.	Endicott-Johnson Assets N.W.	Brown Assets N.W.	General Assets N.W.	Melville Assets N.W.
1935	10.3	5.3	6.6	9.3	22.1
1936	9.8	4.7	3.8	5.6	25.1
1937	7.5	3.4	4.7	6.7	20.1
1938	5.2	1.9	1.2	1.7	15.5
1939	7.8	3.7	4.6	6.6	14.6
1940	7.6	3.8	3.0	4.2	21.1
1941	8.2	4.8	5.2	8.2	18.8
1942	8.0	4.3	4.5	7.4	16.3
1943	7.6	5.0	4.8	7.6	15.4
1944	6.6	4.2	3.8	5.9	13.8
1945	6.3	4.0	3.6	5.8	15.1
1946	5.9	3.9	9.6	13.0	22.7
1947	12.9	4.0	8.1	12.5	28.7

1. Moody's Manual of Investments, Industrial Securities.

whatever excess capacity exists is not held out of operation by voluntary restriction of output, since the number of firms is so large.

But the picture is not nearly so "red" as the figures on capacity and incomes might indicate; the losses were heavily concentrated among the smallest firms in the industry. For instance, in one bad year, 1932, 74% of the firms showed losses, but the sales of these companies amounted to only 48% of the total for the industry; and, in a good year, 1936, the 51% who lost money represented 19% of the sales. The largest shoe manufacturing concerns have consistently earned money; not one ran at a loss even at the bottom of the depression in 1932.<sup>1</sup> Within this group, however, the rate of return on operations has not been uniform. In 1937, for example, when the largest company, International, made a net income before taxes and reserves of 11.7% of its sales, Endicott-Johnson, the second largest manufacturer, made only 2.5%. Return (after taxes) on "Net Worth" also varied considerably among the big companies. Melville, makers and sellers of "Thom McAn" shoes, consistently obtained a return on investment ranging between 15% and 20% during the five years preceding World War II, while

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1. Endicott-Johnson and Brown did come very close to operating at a deficit in 1938.

International averaged a little over 7% and Endicott-Johnson about 4% during the same period.

Further evidence that profitability is not strictly proportional to size in this industry is provided by the rates of return reported for all companies showing gains and for the 193 firms surveyed by the OPA Economic Data Analysis Branch. In both these cases, the Net Income before taxes as a percent of Sales during the pre-war years ran at approximately the same rate as the average for the five largest manufacturers. The return (after taxes) on Net Worth for the firms covered in the OPA survey equalled or exceeded that of the biggest concerns, reaching a pinnacle of 26.3% in 1943. Apparently, then, profits and size-of-company are related in the sense that losses are concentrated on the small companies; however, beyond that, the relationship does not hold. For the industry as a whole, some return on investment was obtained in every year but one during the period from 1926 to 1943.

Does this rate of profit belie the contention that shoe manufacturing is a "competitive" industry? Presumably, an over-abundance of productive capacity coupled with a market where many buyers and sellers deal in a fairly standardized product should drive price down, making it difficult for manufacturers to recapture their full costs. How, then, the profits? Two conditions permit "cut-throat"

competition in the product market and, at the same time, net income for many firms in the industry: (1) a range in efficiency as between companies of, perhaps, 10%;<sup>1</sup> and (2) extremely small fixed costs for all concerns engaged in shoe manufacturing.<sup>2</sup> Thus, the fixed costs possibly "lost" by the less efficient firms can be more than offset by operating economies obtained by more efficient firms.<sup>3</sup> Given this possibility, the industry's rate of return before taxes, which ranged close to the average of 2.58% of sales through the fifteen years from 1926 through 1941,<sup>4</sup> seems low enough to be consistent with "workable" competition.

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1. This is just a rough estimate, based, primarily, on comparison of the average rate of return on sales with the range in return indicated for the industry. The conclusion is further supported, however, by examination of shoe costs, especially with reference to the high proportion fixed for all firms by industry conditions.

2. The nature and breakdown of shoe costs to an individual manufacturer will be discussed in the following section.

3. This could not be true where fixed costs are relatively high--as, for example, in the steel industry. Here the fixed costs which are, in effect, "lost" to everyone, could not be offset without tremendous efficiency differentials.

4. The consistency of this average is attested by the facts that losses were recorded in only one year, and that the highest figure attained was 4.79% in 1927.

### Shoe Costs

A predictable diversity of opinion seems to develop whenever shoe prices are unsettled. On a rising market, buyers argue for "firm" prices and manufacturers become acutely conscious of the possibilities latent in their raw material costs. But, when the tables are turned, all talk of lower shoe prices is belayed by manufacturers: they argue that the high level of costs prohibits any reduction by them and that, therefore, "you might as well buy now before the seasonal rush." Of course, both parties are arguing on the side of their own best interests, but the nub of the argument, often obscured, is this: costs to the individual firm are by no means identical with costs to the industry as a whole. Accordingly, this section will treat them separately and in the order named.

Two aspects of the composition of costs as seen by the firm are important here: (1) the extent of variation with respect to time, and (2) the possibilities for difference as between firms. Table 5 discloses the basic elements of cost in 1947 for a firm making medium-grade men's dress shoes. These figures are stated as relatives to manufacturing costs and to total costs, including selling expenses; and each element is designated as variable or fixed with respect to changes in output over a period of one week. The composition of costs shown in Table 6



TABLE 5

COST SCHEDULE OF A MANUFACTURER OF MEDIUM GRADE  
BRANDED MEN'S SHOES, 1947<sup>1</sup>

Item	% of Mfg. Cost	% of Total Cost	Variable (V) or Fixed (F) in Short Run	Total Fixed Costs in Short Run
<b>Mfg. Cost:</b>				
Upper Stock	29.0	25.0	V	
Linings & Trimmings	6.6	5.7	V	
Bottom Stock	23.5	20.0	V	
Findings	4.0	3.6	V	
Piece Labor	21.0	19.7	V	
Day Labor	4.0	2.3	F	2.3
Mfg. Exp. Fixed	4.5	4.1	F	4.1
Mfg. Exp. Variable	2.5	2.2	V	
Royalties & Rents	1.5	1.3	V	
Lasts, Patterns, & Dies	0.9	0.8	F	0.8
Social Security	0.6	0.5	V	
Vacation Pay	0.9	0.8	F	0.8
Cases and Cartons	1.0	0.9	V	
<b>Selling Costs:</b>				
Commission		5.5	V	
Selling Expense		2.7	F	2.7
Advertising		3.4	F	3.4
Bad Debts		0.5	V	
Returns & Allowances		0.7	V	
Samples		0.3	F	0.3
<b>Total</b>		<b>100.0</b>		<b>15.0</b>

1. These figures were derived from the financial statements of a medium-sized shoe manufacturing company. At the company's request, its name is withheld.

TABLE 6  
COSTS OF MEN'S DRESS SHOES<sup>1</sup>

	1942			1944			1942			1944		
	Under \$3.00	\$3.00 and over	Average all price ranges	Under \$3.00	\$3.00 and over	Average all price ranges	Under \$3.00	\$3.00 and over	Average all price ranges	Under \$3.00	\$3.00 and over	Average all price ranges
	Average per pair						Percent of selling price					
1. Net selling price	\$2.557	\$3.593	\$3.106	\$2.586	\$3.892	\$3.473	100.00	100.00	100.00	100.00	100.00	100.00
MANUFACTURING COST												
2. Direct material	1.542	2.120	1.849	1.525	2.286	2.042	60.31	59.00	59.53	58.97	58.74	58.80
3. Direct labor	.469	.665					18.34	18.51	18.45	21.15	18.88	19.44
4. Prime cost	2.011	2.785	2.422	2.072	3.021	2.717	78.65	77.51	77.98	80.12	77.62	78.23
5. Manufacturing overhead	.213						8.33	6.68	7.31	8.16	6.96	7.26
6. Cases, cartons and tissues	.008	.010					.31	.28	.29	.50	.26	.32
7. Total manufacturing cost	2.232	3.035					87.29	84.47	85.58	88.79	84.84	85.80
8. Selling and administrative expense	.238	.336					9.31	9.35	9.34	8.31	9.17	8.95
9. Total cost	2.470	3.371	2.948	2.511	3.659	3.291	96.60	93.82	94.91	97.10	94.01	94.76
10. Net margin	.087	.222	.158	.075	.233	.182	3.40	6.18	5.09	2.90	5.99	5.24

1. OPA, op. cit., p. 2.

is less detailed, but the coverage includes approximately 20% of all men's dress shoe output in the years designated. These tables disclose that as much as 85% of all shoe costs are completely variable in the very short run, even over small changes in the level of output. Further, with each six-month selling season, almost all costs can be changed. For instance, the quantity of raw materials purchased depends, of course, on actual or anticipated orders. Even if these orders do not materialize, inventories of leather and "findings" can be adjusted to a lower output level without much difficulty.<sup>1</sup> The principal machine costs are royalties paid on a "per-pair" basis to the United Shoe Machinery Corporation, which controls the basic shoe-making equipment used by all manufacturing companies. Of the labor costs, about 85% are paid on a piece-work basis and so vary almost directly with output.<sup>2</sup> The day-labor expense is here designated as fixed; but, if the level of production were to change by 10%, this could probably be adjusted accordingly. The importance of variability in

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1. A leather purchase without a covering order for shoes is a "long" commitment, and liquidation of such an inventory could take place at a loss. There is always a question as to whether that kind of "anticipation" is the act of a speculator or a manufacturer; however, in this case, purchases should be adjustable to reasonable output changes in a week's time.

2. While minimum wage legislation places some limit on the variability of piece-work earnings, hourly production rates should not fall off drastically when output changes occur.

shoe costs to explanation of the nature of competition in this industry has already been indicated; but there is further and direct relevance to wage determination. For instance, the high proportion of variable costs appears to minimize the penalties connected with such inefficiencies as seasonal production, which, in turn, affects the yearly pay envelope.

But how may the elements in this cost structure vary as between firms, especially with respect to possible economies obtained from size? First of all, machine expenses are not reduced as a result of size, since all companies pay identical royalties to the United Shoe Machinery Corporation no matter how many pairs of shoes they produce.<sup>1</sup> The largest element of cost, leather, is priced to shoe manufacturers in a "competitive" market, under conditions such that, as one observer expressed it, "there is no evidence of collusion in price policy nor does there seem to be any possibility of successful price control".<sup>2</sup> Now, it is true that the largest shoe companies

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1. A few of the machines are on a time-rental basis and so the cost per pair would change with small short-run changes in output level. In addition, minimum royalties may mean increased machine costs when a firm operates considerably below capacity. The author's understanding from people in the industry is that neither of these influences is of great importance.

2. L. C. Brown, S. J., Union Policies in the Leather Industry, Harvard, 1947, p. 29.

operate or control their own tanneries; and they may derive some advantages thereby, especially in times of extreme raw material scarcity. For leather tanning companies during the five years immediately preceding World War II, however, the ratio of profits before taxes to sales was far from excessive, averaging only about 2%.<sup>1</sup> Further, approximately half the total cost of leather is made up of hide prices, which are quoted on an organized exchange, where one buyer is no different from the next.

Of course, one firm may utilize material purchased more effectively than another; but, in shoe manufacture, such efficiency does not depend so much on the size of the company as on the skill of the management and of those craftsmen who cut the leather. A firm can gain a possible advantage in material utilization by producing in more than one price classification of shoes, thus affording itself an opportunity to grade sole leather according to quality desired; but even the smaller firms apparently can diversify the quality of their output.

The only remaining major element of manufacturing cost is labor; and here large, multi-factory firms appear to have some advantage over smaller concerns. Large orders for a

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1. Office of Price Administration, Economic Data Analysis Branch, Survey of Leather Tanners, Shoe Manufacturers, and Wholesale and Retail Shoe Distributors, May 1947, p. 2.

few standardized styles of shoe generate economies of mass production in the factory, and these economies show up in reduced man-hour requirements per pair. The firm which has apparently made the most of this opportunity is the J. F. McElwain Shoe Company (wholly owned manufacturing subsidiary of the Melville Shoe Corporation), makers of the Thom McAn line. Here the essential condition, standardization of product in the factory, is obtained from operation of over 500 retail outlets<sup>1</sup>--providing a large volume of orders, but for an identical and restricted number of styles. Thus, a small firm, whose orders from independent retail stores generally are for a "full line", may have as great or greater variation of style within 500,000 pairs per year as McElwain has within 11-1/2 million pairs. One operation is essentially a job-lot proposition and the other a case of mass production.<sup>2</sup> On the other hand, small total volume does not necessarily imply a wide variation in shoes produced. If a company is willing to become dependent on a few large buyers, close

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1. The number of retail outlets owned by the Melville Shoe Corporation was 519 in 1946, a reduction from almost 700 in the middle thirties. Melville Shoe Corporation, Annual Report, 1946.

2. The way in which standardization of product generates manufacturing economies despite use of identical machinery by all concerns will be described in the following chapter.

cooperation between principals can create in a single-factory firm the basic condition of standardization which permits lower labor costs, with given hourly wage rates. Of course, the number of small companies to which this opportunity is open is restricted by the small number of large buyers; and, in addition, the initial volume of bigger manufacturing firms makes the problem of standardization easier for them.

But there is another labor-cost advantage available to multi-plant companies. Though the optimum size plant is not large, operation of several plants makes possible the movement of existing facilities or the establishment of new factories in low-wage areas, where no trained labor force exists. When a small company stops operations in one locality and opens in another where the labor force must be trained from the beginning, sales outlets must seek other sources of supply. Further, the lower quality of the product which must be produced at first in a new location may necessitate a difficult reorientation in company standards and in sales policies. On the other hand, a large concern, with productive facilities and market outlets in a range of quality grades, can more easily fit a new factory into its total operations. From the financial point of view, furthermore, the losses incurred while training "green" help, though not great for a large concern, may be more than

the typical small company can stand. At any rate, the bigger concerns, principally International, Brown, and General, have led in the movement of the shoe industry to new, low-wage areas.

The analysis of individual firm operations discloses, then, that total shoe costs are largely variable even over small ranges of output and that the advantages from large-scale operation are not great. Since the prices of machinery are the same for all shoe companies and the prices of leather do not vary greatly as between firms, the focus of competition falls on labor costs. Here, large companies have some advantage as a result of large volume operation and from their ability to operate branch plants in low-wage areas. The mobility of shoemaking equipment will be discussed further in the following section; but, first, examination of these shoe costs from the industry's point of view may yield important conclusions for wage determination.

The factor prices which the industry draws from common markets are those for machinery and for leather. Notice has already been taken of the United Shoe Machinery Corporation's uniform royalty policy in the leasing of shoemaking equipment. This Corporation enjoys an extremely favorable position with respect to the bulk of this equipment; and, as a result, it can and does administer prices so that



industry machine costs per pair are no different from those of the individual firm: the supply curve to both is perfectly elastic.<sup>1</sup>

However, for the largest single element of shoe cost, leather, the respective supply curves look more like opposites: the firm's, extremely elastic but the industry's, relatively inelastic. The explanation for this contrast lies in two factors conditioning the supply curve of leather: (1) no company or group of companies can administer hide and leather prices over any length of time; and (2) the quantity of hides produced is for the most part, independent of the price.<sup>2</sup>

Income from the sale of hides makes up less than 5% of the revenue obtained from the sale of animal products.<sup>3</sup>

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1. This is another way of saying that the United Shoe Machinery Corporation's administered prices do not vary with changes in the level of shoe production. Since the total machine royalties amount to less than 2% of the retail price per pair of shoes, negligible demand stimulation would result from royalty reductions in depression years.

2. The term "hides" is used here in the general sense. In more precise nomenclature, "hides" refer to large animals such as cattle and horses, "kips" to undersized or immature animals, and "skins" to small animals such as calves, sheep, and goats.

3. U.S. Bureau of Census, 16th Census of the United States, 1940, Census of Manufacturers: 1939, Vol. II, Part I, p. 57. The dollar revenues from sales of hides and skins as a percentage of aggregate wholesale value of all "meat packing" products was as follows: 1929, 3.5%; 1937, 5%; 1939, 4%.

As a result, the level of hide prices does not influence the rate of slaughter appreciably; conditions in the cattle and food markets determine the number of hides produced. This fact, taken by itself would indicate that the supply curve of hides is almost perfectly inelastic; however, such an extreme position is not warranted, since the quantity produced in the United States is not usually equal to the quantity supplied. Brown has estimated that 14 per cent of this country's supply of hides in 1935 were net imports, and he concludes that "the hide market is, basically, a world market".<sup>1</sup> Of course, the rate of production in other countries is, like that in the United States, controlled by a rate of slaughter oriented toward the food market; nevertheless, the American leather industry must bid for raw materials against tanners in other countries. Presumably, a shift down in this country's demand schedule for hides would similarly shift the total world schedule, and, acting against a relatively inelastic supply curve, would result in a lower world price. But the share of world production used in the United States would also be reduced; thus, the supply curve to this country is more elastic than the conditions of production might indicate. This tendency toward greater elasticity is further augmented since high prices may induce

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1. Brown, op. cit., p. 20.

better care in "take-off" of country hides and greater effort in recovery of hides from fallen animals.<sup>1</sup>

On the other hand, hides are not a homogeneous commodity; and, apparently, United States' imports are heavily weighted by various special categories within the general product classification. For example, in the period 1938-1940, this country produced a negligible proportion of the goat and kid skins consumed here, only half the sheep and lamb skins, and 75% of the calf and kip skins.<sup>2</sup> Even though 15% of the cattle hides were imported, these imports were apparently concentrated in the higher grades.<sup>3</sup> Throughout the 1930's, furthermore, domestic cattle hides were "protected" by a 10% tariff<sup>4</sup>; so that, in reality, this classification, which accounted for about 60% of the total value of all hides and skins consumed in the United States,<sup>5</sup>

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1. Ibid., p. 22. Both these factors are considered "minor" in a 1946 U. S. Tariff Commission Report, U.S. Tariff Commission, Hides and Skins and Leather, 1946, p. 3.

2. Ibid., p. 22. The discrepancy between these figures and the estimate made by Brown is attributable to the different years covered.

3. Ibid., p. 1.

4. Ibid., p. 37. Effective November 15, 1941, the duty was reduced to 5% ad valorem.

5. Ibid., p. 23. Cattle hides averaged 62% of the total value of hides and skins in the period 1938-1940.

may have been practically removed from the world market over relevant price ranges.<sup>1</sup>

Under these circumstances and especially considering the nature of hide production, the supply curve to this country's leather industry is undoubtedly quite inelastic.<sup>2</sup> Now the objection may be entered that production and supply may not be equal, even with reference to conditions within the United States. Since hides can be stored, couldn't the "Big Five" packers, who control about one-third of the total production,<sup>3</sup> adjust the flow of this by-product to the market? Brown raises and discusses this question at some length. His analysis is that "these five packers, if they constituted one company or acted in concert, could cause stringencies in certain sectors of the hide market and possibly profit therefrom", but that such concerted action "postulates too much

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1. Probably, this difference between various categories of hides and skins is what Mr. L.B. Sheppard, President of the National Shoe Manufacturers Association, had in mind when he stated: "At one time hides and skins may have been commodities whose prices were determined in world markets, but I personally doubt very much if this has been true since 1914." L.B. Sheppard, Address Before the Tanners' Council of America, Chicago, Illinois, December 5, 1947, as reported by the National Shoe Manufacturers Association, News of Shoes (undated).

2. Others have also reached this conclusion. U.S. Tariff Commission, op. cit., p. 3. Brown's conclusion seems to be the same, though the emphasis of his argument is on the fact that the supply of hides is not perfectly inelastic. Brown, op. cit., p. 22. The inelasticity of the supply of hides is further indicated by the violent reactions of price to changes in demand. For example, the price of Green Salted Packers' Native Cowhides at Chicago fell from 25.37 cents per pound in January 1928, to 5.13 cents in January 1933.

foreknowledge and restraint on the part of competitors to be realistic in the hide market".<sup>1</sup> The conclusion follows that "the large packers, no matter what sales policies they may adopt, cannot support hide prices for long periods [more than six months] of time".<sup>2</sup>

Assuming hide and, consequently, leather supplies to be relatively inelastic with respect to price,<sup>3</sup> costs of this raw material to the shoe industry, which consumes 80% to 85% of the total,<sup>4</sup> should vary considerably with changes in demand for hides. This raw material price, fixed to the individual firm, is, then, variable to the industry as a whole. But, for wage determination, what is the meaning of this conclusion? The relevance concerns the possible adjustment of shoe output and employment to an industry-wide

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1. Ibid., pp. 22-23.

2. Ibid., p. 23.

3. Direct material costs to leather tanners, consisting principally of hides, accounted for about 55% of net sales in the period 1936-1945, OPA, op. cit., p. 2. Elasticity could be introduced in the supply of leather at very low prices, even with an inelastic supply of hides. However, over the relevant price ranges the respective demand schedules should have similar properties.

4. U.S. Tariff Commission, op. cit., p. 26. The percentage used by the shoe industry varies with the type of leather under consideration, as follows: cattle hides, 85%; calf and kip skins, 90%; goat and kid skins, 95%; and sheep and lamb skins, 30%. Ibid., p. 5.

increase in labor cost, resulting, say, from general acceptance of vacations with pay or from a "round" of wage increases. Under these circumstances, assume an increment was added to the price of shoes with a resultant reduction in unit sales and output.<sup>1</sup> Purchase of leather would decrease and the lower demand for leather and for hides would lower raw material costs to the shoe industry. Reduced raw material costs to the individual firms would finally allow reduction in prices and a compensating restoration of output.<sup>2</sup> The cost increase, if industry-wide, would be at least partially passed back to the producers of raw materials, and employment of shoeworkers would not suffer to the extent that product-demand considerations might

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1. Alternatively, the reduction of output might come about directly, with no initial product-price reaction necessary. This might occur when "marginal" firms found their average variable costs higher than their average price.

2. If this process worked out in the sequence described, definite leads and lags in price and output fluctuations of the commodities involved might be expected. Research on this point, however, indicates that "hide marketing, leather tanning, shoe production and retailing all seem to reach peaks or troughs more or less together" and that no "clear temporal sequence in the vertical succession of processes" exists. National Bureau of Economic Affairs, Annual Report, 1948, p. 42. Lack of a temporal sequence does not, of course, mean that the process described does not work itself out, though it would be comforting if such a sequence could be found. But the basic economic factors indicate definitely that hide prices are primarily demand-governed in any given period, even though "expectations", for example, may cloud empirical evidence of this relationship.

indicate. Thus, though the competitive nature of the industry may make an individual firm's demand curve for labor elastic, the industry's demand curve may be relatively inelastic.

The inelastic nature of the industry's demand curve for labor stems primarily from that property of the supply curve of hides. If the latter schedule were perfectly vertical, the former would be too. Since the quantity of hides on the market is relatively independent of price, there is an opportunity present for shoeworkers to cut into this economic rent.<sup>1</sup> But the supply curve of hides does have some elasticity, and, to that extent, the elasticity of shoe demand and its relationship to that for shoeworkers must be studied.

First of all, of course, the demand for shoeworkers is considerably less elastic than that for shoes, from which it is derived, since labor costs make up only about 20% of wholesale price. But second, some evidence exists that demand for shoes is, itself, of somewhat less than unit elasticity. The data upon which any conclusion must be

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1. This opportunity is also open to leather workers; and, further, the existence of this economic rent may partly account for the United Shoe Machinery Corporation's strong position. The amount of rent, of course, varies with the times, so that the "employment effect" of high-shoe-worker wages might be greater in depression than in "normal" or "boom" periods.

based are, unfortunately, quite inexact; however, statistical analysis may have at least some meaning. Von Szeliski and Paradiso applied such analysis and found the demand to be quite inelastic: "a price increase of 50 percent would then force a decrease of 20 percent in the number of pairs".<sup>1</sup>

Altogether, then, the demand curve for the labor of shoeworkers as a group is undoubtedly quite inelastic. This conclusion follows from (a) the inelasticity of the supply schedule for hides, (b) the inelasticity of the demand curve for shoes, and (c) the fact that the demand for shoeworkers is derived from that for shoes. Under these circumstances, an increase in the wages of shoeworkers, if it were made industry-wide, could take place with no appreciable effect on employment opportunities in the industry.

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1. Victor S. Von Szeliski and L. J. Paradiso, "Demand for Boots and Shoes As Affected By Price Levels and National Income", Econometrica, October 1936, p. 346. The 20 percent decrease occurs after the authors have "adjusted" for quality variations. On an unadjusted per pair basis, the decrease would be only 7 per cent.



### Shoe Factory Location and Movement

"The most serious danger faced by shoeworkers as a group is that of becoming stranded", states one recent analysis of the industry.<sup>1</sup> If this conclusion is correct, then a pronounced and identifiable "employment effect" has been found, at least insofar as individual shoeworkers are concerned. But before the reasons behind these shifts in the location of production facilities can be examined, some attention should be given to the evidence that such shifts have in fact taken place. Table 7 discloses considerable change in the share of total shoe output manufactured in the most important producing states; and, since total output has not been subject to spectacular growth, relative decline has often meant absolute decline as well. Massachusetts has been most affected, especially in the period preceding and immediately following World War I. While the shift has at least partially resulted from loss of business by firms in Massachusetts and growth of those located in other areas, actual migrations have also been a contributing factor. For example, Davis has estimated that, between January, 1930 and December, 1938, 79 firms left the state,

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1. Horace B. Davis, Shoes, The Workers and the Industry, International Publishers, 1940, p. 9. Mr. Davis' book appears to have been written from the "left-wing" point of view. Despite this bias, however, the volume includes an impressive amount of information relative to shoe-workers' problems.

TABLE 7  
PERCENTAGE OF SHOE PRODUCTION BY STATES<sup>1</sup>

	U.S.	Mass.	Me.	N.H.	N.Y.	Penn.	Ohio	Ill.	Mo.	Wis.	Other States
1946	100.0	20.7	6.1	8.2	19.0	8.2	3.3	6.6	11.4	3.5	13.0
1945	100.0	19.6	5.6	8.3	20.8	7.8	3.3	6.9	11.6	3.6	12.3
1944	100.0	19.0	5.3	8.5	20.7	7.9	3.1	7.4	11.7	3.8	11.9
1943	100.0	18.6	5.5	8.6	19.6	8.2	3.1	7.7	11.7	4.3	12.2
1942	100.0	19.0	6.0	9.5	18.4	8.5	3.4	7.8	11.6	4.2	11.5
1941	100.0	18.5	6.5	9.1	18.0	9.2	3.3	7.2	12.0	3.9	12.3
1940	100.0	18.9	6.5	9.2	17.7	8.9	3.7	7.1	11.3	3.9	12.8
1939	100.0	19.5	6.8	9.0	16.6	7.7	4.1	7.5	11.5	3.9	13.4
1938	100.0	19.2	6.9	9.4	18.0	7.0	4.2	6.8	10.8	3.9	13.5
1937	100.0	19.5	6.1	8.1	20.2	6.3	4.2	7.0	11.1	4.0	13.5
1936	100.0	20.3	6.8	8.1	20.5	5.7	4.1	6.7	10.8	4.1	12.9
1935	100.0	19.6	6.6	7.8	21.7	5.7	4.3	7.0	11.3	4.4	11.6
1933	100.0	21.4	5.7	6.0	22.0	5.4	4.0	7.4	12.5	5.4	10.2
1931	100.0	24.0	4.7	7.5	23.1	4.4	3.1	7.2	12.3	4.1	9.6
1929	100.0	23.4	4.3	6.9	21.7	4.8	3.3	7.5	13.3	4.8	10.0
1927	100.0	24.0	4.3	6.0	22.9	4.9	3.8	7.3	13.0	4.9	8.9
1925	100.0	22.3	5.2	5.5	22.5	5.2	4.6	( 22.2 )	)	5.2	7.3
1923	100.0	25.6	5.0	6.4	21.6	6.2	5.0	( 18.5 )	)	4.8	6.9
1921	100.0	30.0	5.9	5.2	22.3	6.6	5.9	4.2	9.4	3.4	7.1
1919	100.0	35.3	5.8	6.9	19.0	7.1	5.4	3.2	8.0	3.4	5.9
1914	100.0	39.4	5.4	8.4	13.3	7.6	6.1	2.8	7.1	2.9	7.0
1909	100.0	41.4	3.3	9.0	10.0	6.2	6.6	2.9	9.1	2.6	8.9
1904	100.0	44.3	3.8	9.1	9.8	5.5	7.5	2.5	6.8	1.8	8.9
1899	100.0	47.1	4.9	9.7	8.9	5.7	6.4	2.8	3.8	1.6	9.1

1. NSMA, op. cit., p. 7.

and that migrations into the state were almost completely balanced by the number of firms which went out of business during the period.<sup>1</sup> In the years preceding World War I, the inter-regional aspect of this shift is most pronounced; in fact, Dr. Hoover has concluded that "there seems to be a long-run tendency toward a more equal distribution of the industry relative to population".<sup>2</sup>

On the other hand, and especially in more recent years, an intraregional movement has apparently taken place. This aspect of the problem is emphasized by the decline in importance of all the major shoe producing centers ever since 1923;<sup>3</sup> apparently, recent movement has been primarily a process of decentralization. Explanation of the extent and nature of these changes in location may best be divided in two sections: (1) the permissive conditions, which allow movement of production facilities; and (2) the possible reasons which lead to actual shifts of these facilities.

The first of the permissive conditions may be obtained from analysis of the asset structure of almost any shoe company, large, medium, or small. Such analysis reveals

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1. Ibid., p. 13.

2. Edgar M. Hoover, Location Theory and the Shoe and Leather Industries, Harvard, 1937, p. 182.

3. Ibid., Table 58, p. 253. Dr. Hoover states (p. 243) that "plainly...there has been a dispersion to satellite towns in recent years from all the larger cities."

the great bulk of assets to be "current", consisting primarily of Cash, Accounts Receivable, and Inventories. For example, in 1946, the balance sheet of the Brown Shoe Company, one of the largest, listed 89% of all assets as "current"; for the medium-sized W. L. Douglas Company, the figure was 92%, and for a small firm such as A. Freedman and Sons, Inc., 88%.<sup>1</sup> Since many communities appear willing to subsidize shoe factories to the extent of "free taxes and free rent"<sup>2</sup> the remaining assets are seldom invested in real estate or factory buildings, which would hold a company to some specific locality. For example, the attorney for the International Shoe Company has stated that, "The decentralizing of manufacturing...was carried on principally through the activities of local business groups whose desire

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1. Figures for the Brown Shoe Company and the W. L. Douglas Shoe Company were taken from Company Annual Reports for the year 1946. Figures for A. Freedman and Sons, Inc. are as filed with the Commissioner of Corporations, Commonwealth of Massachusetts, December 16, 1947.

2. One government committee which studied the "important factors...contributing to migration" found that inducements were "offered by cities and towns in other states to Massachusetts manufacturers to move to their localities. These inducements usually vary in form, but comprise, among others, free taxes, free rent, donations of factory sites, and/or property, and frequently outright cash subsidies." The Committee did not believe this to be "very significant when viewing the industry as a whole". National Recovery Administration, Division of Review, Report of the Survey Committee on the Operation of the Code for the Boot and Shoe Manufacturing Industry, Final Report, July 16, 1935, p. 89.

to promote business in their communities caused them to offer inducements to the International Shoe Company".<sup>1</sup> No appreciable amount of machinery valuation appears in the asset structure, since specialized shoemaking equipment is, for the most part, rented from the United Shoe Machinery Corporation. Most concerns do own their own sewing machines, but these represent only a small capital outlay and are, themselves, a resalable commodity.

The second important permissive condition concerns the nature of the equipment used in shoe manufacturing. Like sewing machines, most of the specialized equipment is light and easy to truck from one locality to another, so easy, in fact, that labor union officials commonly refer to "factories on wheels". Thus, neither financial commitments nor immobile physical machinery hold manufacturing facilities to any given location.

But what about the skilled workmen necessary to produce a salable shoe? Can their skills be taught quickly to "green" hands or does such acquisition require

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1. Richard V. Brewer, Address Before Members of the Saint Louis Stock Exchange, January 12, 1940, published by the Saint Louis Stock Exchange, March 1940. The General Shoe Corporation has stated that "all other (80%) shoe manufacturing facilities in Tennessee are located on tracts and in buildings leased from the respective municipalities for a nominal rental in most cases". General Shoe Corporation, Preferred Stock Prospectus, dated June 11, 1946.

a long period of apprenticeship at the trade? The ease and speed with which "farmers" can be taught the "arts" of shoemaking depends directly on the quality and style of shoe desired. High quality footwear can be produced only by experienced workmen, but a satisfactory "work" shoe, for example, can probably be turned out by a "green" crew after several weeks of training.<sup>1</sup> Between these possible extremes exists a wide range of style and quality, with correspondingly varied training requirements.

The meaning of these requirements is as follows:

(1) fairly low-grade, standardized footwear can be produced with inexperienced help without great difficulty; but (2) the costs of training and risks of failure<sup>2</sup> are large enough to keep the smallest firms located near sources of skilled

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1. Of course, training time will vary, depending upon both the trainee and the teacher. Unfortunately, little published information exists on the difficulty of turning a new site into a going shoe factory; however, the author has talked with several practitioners of this art and their testimony is the basis for the discussion above. In addition, the author has been through a factory which, after four months of operation, was producing a salable, low-grade men's dress shoe, though the rate of production was not high in relation to the superintendent's estimate of potential capacity. On the other hand, a large buyer of medium and low-grade footwear told the author that he would not purchase men's dress shoes from a factory location with less than a year's experience behind it.

2. The risks, of course, are not confined to training difficulties. For example, a severe sales slump after a training investment, which was high for a small company, might prove disastrous.

labor; and (3) for production of high quality or high style footwear even the largest firms must either locate near shoe "centers" or gradually up-grade their existing rural plants. On the other hand, even those firms specializing in quality and style have some choice in location, since under employment is more or less chronic in all the shoe centers.

A fourth permissive condition results from the relatively small size of the average and, no doubt, of the "optimum" shoe factory. The manufacture of footwear is really an assembly line operation, and the line can apparently be balanced on a relatively low output level;<sup>1</sup> in fact, even the largest concerns do not concentrate their production in one factory:

"The shoe business is readily adaptable to decentralization, as manufacturing can be done economically in small units employing 300 to 1,000 people, in buildings of light construction, and by use of light machinery. As arranged by the International Shoe Company, each factory is a specialty unit, making a certain kind and grade of shoes."<sup>2</sup>

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1. Table 2 shows that the average production for all firms in the industry was about 400,000 pairs per year, or, on a 250-day year, 1600 pairs per day. A balanced production line can be achieved even below this low level of output, though minimum requirements will vary according to the type of shoe being produced. Probably, the lowest economical operating volume is governed more by financial considerations (such as the necessity of spreading a minimum "overhead") than by the technical problems of production efficiency.

2. Brewer, op. cit.

The conditions of small manufacturing units, a high proportion of liquid assets, many possible buyers of the product, and machine costs (and most labor costs) on a per pair basis, all combine to make both entry and exit in shoe manufacturing relatively easy. Altogether, then, neither shoe factories nor firms are strongly tied to any given location; a gentle shove should be enough to get them moving.<sup>1</sup> What sort of propellent forces do appear to be important?

Hoover has concluded that "no other element of production cost can have an effect comparable to that of labor costs, though some of them may occasionally influence location".<sup>2</sup> The truth of this conclusion is derived not so much from any overwhelming percentage importance of labor as from the locational similarity of all other cost elements. Transportation costs, which may partially explain pre-World War I movement of the industry, are apparently of negligible importance today;<sup>3</sup> in fact, as early as 1925, a group of shoe

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1. Hoover (op. cit., pp. 175-198) has added a possible "restrictive condition": the importance of "nearness to markets". Incidentally, this is more of a convenience than a cost factor and would be "restrictive" only for inter, not intra-regional shifts.

2. Ibid., p. 17.

3. Hoover (op. cit., p. 170) has estimated that a labor cost differential of 10% would pay for the "transporting of shoes 1,000 miles, leather 1,500 miles, or coal 6,000 miles". These are conservative estimates under 1947 conditions.



manufacturers stated that "...the largest item in the cost of a shoe is material, but the variation in costs of similar materials in different parts of the country is so slight that it can be neglected as a variable factor".<sup>1</sup> The conclusion that transportation costs cannot explain recent movement of the shoe industry is further strengthened by the nature of that movement, a process of decentralization which can only add to total shipping distance for both raw materials and finished products.

Other elements of cost which may influence location are those connected with the inducements often tendered to shoe companies by small towns anxious to obtain or enlarge manufacturing payrolls. The effect of specific items like "free taxes" and "free rent" is difficult to separate from labor cost aspects of small town operation, since the "inventions" may contain a reference to low wage levels or imply "protection" from unions.<sup>2</sup> While the non-labor inducements are not generally thought to be important cost considerations, by themselves,<sup>3</sup> they do contribute to a company's bargaining power in a given community, since no fixed

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1. Boston Chamber of Commerce, The Shoe Manufacturing Industry of New England, Boston, 1925, p. 13.

2. Ibid., p. 255, and Davis, op. cit., pp. 19-29.

3. National Recovery Administration, op. cit., p. 39.

assets restrain movement from that community. Of course, inducements are a resource open to any region or town. Though they are usually associated with "country" locations, shoe centers have themselves sometimes entered in this competition for "business".<sup>1</sup>

Analysis of labor costs as a propellent location factor is most meaningful if the conception of those costs is relatively broad, extending beyond the "facts" of dollars and cents to the various penalties and rewards which accompany the work force associated with any given community. This total conception includes within it at least four factors which apparently motivate manufacturers to establish plants or move, especially to small towns in low wage areas. Probably of first importance is the prospect of actual savings on labor cost. Most observers feel that differentials in wage costs do exist between the "cities" and the "towns", and that these differentials provide a principal stimulus to the decentralizing movement. For example, a National Recovery Administration survey<sup>2</sup> found "the necessity to reduce manufacturing expenses and obtain

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1. For example, Davis states (op. cit., p. 23) that "The city of Haverhill, entering the field rather late, began actively soliciting outside firms at the end of 1935 with the aid of a slush fund of \$3,500 raised by 'popular' subscription.

2. NRA, op. cit., p. 385.

lower labor costs, in order to meet severe price competition" to be a prime reason for movement of shoe companies.<sup>1</sup>

But cold dollar savings are inextricably mixed as a motivating factor with three other aspects of the labor-management relationship. Many shoe manufacturers have been and apparently still are decidedly anti-union. Thus, the movement away from high labor costs has been and is, at the same time, a movement away from the industry's unionized centers. Hoover, for example, has found "abundant evidence of the effect of organization in driving factories out of the larger localized centers,"<sup>2</sup> and he has labelled the principal effect of unions a "diseconomy of location".<sup>3</sup> Lest this aversion to unionization be

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1. Hoover's emphasis on this fact has already been noted. Davis' (op. cit., pp. 15-16) description of "Why Shoe Plants Migrate" is more colorful: "A lower labor cost is what the manufacturers chiefly seek in their migrations. In the old-established centers an outright wage cut or lengthening of hours is apt to be met with resistance. So one fine day the boss sends for half a dozen trucks, loads his machinery onto them, fires a parting shot at the union which has tried to enforce standards for his workers and sets off for which ever non-union town has bid the highest for the privilege of having him".

Personal observation corroborates these impressions that (1) labor cost differentials exist and (2) the location of many plants has been oriented toward low labor cost.

2. Hoover, op. cit., p. 242. For further evidence, see also Davis, op. cit., pp. 15-19.

3. Hoover, op. cit., p. 254.

considered a phenomenon of the past, note should be taken of the General Shoe Corporation's attitude in a 1948 NLRB representation election. Here, the results were set aside by the Board on the grounds that the company's campaign against the union "created an atmosphere calculated to prevent a free and untrammelled choice by the employees," and the Board questioned particularly "the method selected by the Company's president to express his anti-union views".<sup>1</sup>

Along with employee organization have come union bargaining tactics, which sometimes have meant "strikes without warning when the factory is full of shoes".<sup>2</sup> Manufacturers apparently feel that such "disturbances" affect their future sales, since customers may come to regard the afflicted firm's delivery promises as unreliable. At any rate, "flight from labor disturbances" may be a contributing cause of shoe factory movement.<sup>3</sup>

A fourth propellent aspect of labor costs, broadly defined, may be the prospective stability of operation outside of recognized shoe production centers. This long-run ability to control wage costs stems partly,

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1. Bureau of National Affairs, Labor Relations Reporter, Decisions of National Labor Relations Board and State Boards, April 26, 1948, Vol. 21, No. 51, p. 1340.

2. NRA, op. cit., p. 87.

3. Ibid., pp. 87-88.

of course, from the strong bargaining position of the dominant or sole company located in a particular small town. However, a relative degree of control results, as well, from operation in an area isolated from other shoe companies, and thus comparatively free of the minute wage rate comparisons, which may disrupt closely grouped plants.

Of course, the cost advantages of operation in established production centers must not be overlooked. The convenience in emergencies and the savings in training expenses available in localities where a pool of skilled labor exists are especially important to the newer, small firms and to manufacturers of high style or high quality footwear. Nevertheless, the long-run record of migrations seems to indicate that the strongest forces are those which draw factories to the outlying, rural communities. Added to a set of "permissive" conditions, then, are propellent forces, particularly labor costs and conditions, which are apparently responsible for the considerable "employment effect" noted at the start of this section.

### Labor's Wages and Productivity

The location and the potential mobility of shoe factories indicate that wage levels are probably low and geographically variable. What are the facts? Table 8 discloses that, in general terms, shoeworkers have fared consistently worse than workers in other manufacturing industries. Though the deviation was narrowed greatly in the middle thirties,<sup>1</sup> this spread is now greater both absolutely and percentage-wise than in any year from 1920 up to World War II. In 1946, a good year for the shoe industry, the National Industrial Conference Board's figures show that average hourly and weekly earnings of shoeworkers were lower than those of any of the other twenty-five industry groups surveyed.<sup>2</sup> Further, NICB compilations for February 1948, for example, show that in only one industry out of twenty-four did "unskilled" labor earn less in an hour than \$1.07: "unskilled" shoeworkers averaged 69¢. In the "skilled" and "semi-skilled"

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1. The narrowing of this differential may possibly be explained by the greater impact of NRA code wage standards on a low-wage industry than on industry in general and the widening after 1935 may represent departures from those standards in the shoe industry due to relatively weak unions. For a comparison of wages in 1939 with NRA code minima, see Bureau of Labor Statistics, Earnings and Hours in Shoe and Allied Industries, During the First Quarter of 1939, Bulletin No. 670, pp. 25-26.

2. National Industrial Conference Board, The Economic Almanac for 1948, pp. 109-112.

TABLE 8

HOURLY AND WEEKLY EARNINGS OF SHOEWORKERS<sup>1</sup>

Year	Average Hourly Earnings (¢)		Average Weekly Earnings (\$)	
	Boots and Shoes (NICB)	Boots and Shoes (BLS)	Boots and Shoes (NICB)	Boots and Shoes (BLS)
1926	48.9	48.9	21.79	22.31
1927	48.9	48.7	22.11	22.26
1928	49.2	48.8	21.78	21.78
1929	50.1	49.3	22.16	21.63
1930	47.3	47.3	19.12	18.87
1931	43.6	39.9	19.39	17.60
1932	40.5	34.1	16.67	14.94
1933	45.7	38.8	17.94	15.21
1934	55.2	49.3	20.58	17.22
1935	57.0	51.3	21.15	17.96
1936	56.7	49.9	20.89	17.37
1937	54.6	51.5	20.89	18.57
1938	54.2	49.9	17.76	16.98
1939	51.9	50.3	18.73	17.81
1940	53.8	52.7	18.19	17.88
1941	59.0	57.7	22.39	21.69
1942	66.9	65.6	25.99	25.32
1943	70.1	71.7	27.98	28.18
1944	74.0	76.8	31.01	31.16
1945	83.1	82.3	34.90	33.44
1946	91.8	93.1	36.13	36.16
1947	NA	101.9	NA	39.12
				NA
				27.42
				27.53
				27.80
				28.55
				25.84
				22.62
				17.05
				17.71
				20.06
				22.23
				24.39
				26.80
				24.43
				27.04
				28.54
				33.62
				40.03
				45.88
				48.83
				48.46
				47.55

1. The NICB figures were taken from NICB, The Economic Almanac for 1948; the BLS figures were taken from NSMA, Facts and Figures on Footwear, 1948. NA signifies that these figures are not yet available.

classifications, shoeworkers once again were the lowest, their average of \$1.25 per hour exceeding by only 4¢ the average "unskilled" rate for the other industries.<sup>1</sup> No other conclusion is possible than that this is a low-wage industry. But what variations exist within the industry and what feasible explanations are there for these variations?

The most comprehensive examination of shoe-industry wages as of any given period of time was that made by the Bureau of Labor Statistics covering the first quarter of 1939. The data contained in this study supplemented by information drawn from a 1945 wage structure survey by the BLS form the primary basis for the discussion below.<sup>2</sup> Probably most relevant here is the influence on wages of these six factors: (1) geographic region; (2) kind of shoe; (3) size of company; (4) size of community; (5) unionization; and (6) price-grade of shoe.

In 1939, considerable variations existed as between wage rates in different geographic locations. The range of average hourly earnings as between regions ran from 42.7¢ for the "Southern States" to 52.5¢ for the "Middle

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1. NICEB, Management Record, April 1948, p. 237.

2. Internal plant wage structure will not be discussed here, but will be examined in some detail in the following chapter, which covers the shoe manufacturing process.



Atlantic" group; and, as between states, from 37.9¢ for Maryland to 60.4¢ for California and 58¢ for New York.<sup>1</sup> However, within regions and even within states, the dispersion was so great that these averages cannot be considered as representative of homogeneous wage areas. For example, the dispersion in the most important states was: Massachusetts, 35.2¢ to 63.6¢; New York, 35.1¢ to 90.0¢; and Missouri, 26.6¢ to 65.0¢.<sup>2</sup>

These variations are not explained by the "kind" of shoe produced. Although workers producing "girls'" and "misses", children's and infants'" footwear did average less per hour than those making "women's" and "men's" shoes, the range here is from 41.6¢ to 51.6¢,<sup>3</sup> nowhere near the dispersion found within states. Neither can the variations be explained by "size of company", for, in 1939, this factor "did not seem to affect to any extent average hourly earnings in the industry".<sup>4</sup> If the variations in shoeworkers' earnings cannot be correlated with region, state, kind of shoe, or size of company, can they be correlated with size of community, unionization, or price grade?

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1. Bureau of Labor Statistics, op. cit., p. 17.

2. Ibid., p. 16.

3. Ibid., pp. 38-40.

4. Ibid., p. 41.

In 1939, wage levels were found to vary directly with each of the latter three influences. Average hourly earnings were lowest in rural areas where the population concentration was "under 2,500", and these earnings increased with each of nine classifications of "size of community". The same tendency was marked for the sub-groups, "male"- "female", and "unskilled"- "semi-skilled"- "skilled".<sup>1</sup> The range of variation for all workers was from 37.3¢ per hour to 56.5¢. Unionization, as well, was uniformly correlated with wage level. Although the deviation for all workers was only 8¢, running from 46.4¢ for the non-union group to 54¢ for union workers, the differential prevailed within the various sub-groups noted above.<sup>2</sup> Variations by retail price of shoe ranged from

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1. Ibid., pp. 19-23. Of further interest is the fact that the proportion of males to the total work force also varied with the size of the community; the larger the community the greater the proportion of males. The variations in wage level were found also in 1945. BLS, Wage Structure, 1945, p. 7. Further support for this conclusion may be derived from BLS, Average Weekly Hours and Average Hourly Earnings in The Boot and Shoe Industry for Selected States and Metropolitan Areas (mimeographed). In January, 1946, for example, a 12¢ spread existed between "St. Louis Metropolitan area" and "Missouri, excluding St. Louis", a 29¢ spread between "Chicago" and "Illinois, excluding Chicago", and a 6¢ spread between "Milwaukee" and "Wisconsin, excluding Milwaukee".

2. BLS, Earnings and Hours, pp. 26-27. While the differential existed within all the sub-groups, the amount was less for "unskilled" workers and for females. This conclusion also is corroborated by the study made in 1945. BLS, Wage Structure, p. 7.

44.1¢ for the "under \$2.51" classification to 58.7¢ where prices were "over \$7.50". Once again, the variation occurred uniformly within the sub-groups of the working force.<sup>1</sup>

The difficulty with separate treatment of each of these influences is that no one of them operates independently of the other two. Thus, high-grade shoes are made in large communities by unionized workmen. On the other hand, analysis of the data simultaneously by size of community, unionization, and retail price of shoes discloses that each of the three factors may be presumed to have some independent correlation with wage levels:

"With but few exceptions, the average hourly earnings of either union or non-union plants in each size of community varied directly with retail price of shoes. Likewise, in most instances, the averages for either union or non-union establishments in each retail-price class increased with size of community. Moreover, with some exceptions, the average for each comparable retail-price range and size of community was higher in union as compared with non-union plants."<sup>2</sup>

These conclusions with respect to wage levels seem about what might be expected, given the potential mobility and present location of shoe factories as discussed in the previous section.

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1. BLS, Earnings and Hours, pp. 28-30. The 1945 study made no attempt to measure variations by price grades.

2. Ibid., p. 33.

It is not possible to explain these low wage levels by pointing to a lack of progress in man-hour requirements per pair of shoes. On a gross, over-all basis, a steady and pronounced trend of rising output per man-hour has been in evidence throughout the entire period from 1919 through World War II. From 1919-1940, the index of man-hour production rose by 63%<sup>1</sup>, and from 1939-1945, by another 10%.<sup>2</sup> Of course, these figures include a tremendous range of footwear classifications, so that change in the "product mix" could account for part of the change in productivity. However, the rising trend in man-hour output of shoes appears strongly in specific sub-classifications: between 1923 and 1936, the increase was 56% for men's "high-medium grade" shoes, 39% for men's "medium grade", and 35% for

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1. BLS, Productivity and Unit Labor Cost in Selected Manufacturing Industries, 1919-1940, February, 1942, p. 4. On the other hand, output per wage earner increased by only 27%, less than half the man-hour increase. The difference is probably attributable, at least partially, to a shorter work week and to the difficulty of reducing the number of workers attached to an industry during periods of general underemployment. This conclusion is further supported by the fact that, between 1929 and 1935, while man-hour output increased by 25%, output per wage earner increased by only 5%; that is, the disparity in movement was most noticeable during the depression years.

2. BLS, Trends in Man-Hours Expended Per Unit, Selected Footwear, 1939-1945, March 1948, p. 12. In this study, the increase in productivity is attributed primarily to these three factors: (1) larger orders, (2) reduction of styling, and (3) increased utilization of plant capacities.

men's "low grade" shoes.<sup>1</sup> During the period 1939-1945, slight increases of about 5% on the average were recorded for men's dress shoes.<sup>2</sup>

Information on man-hour requirements by region is not available for pre-World War II years; and, for the years, 1939-1945, for which data have been published by BLS, the dispersion of the data within regions makes interpretation of the averages difficult. For the period in question, however, the greatest gains in productivity in the men's shoe classification were recorded in New England and an actual decline occurred in the Middle West and Great Lakes region.<sup>3</sup> In the BLS study, this difference is reasonably attributed to two factors: (1) lower level of capacity utilization in New England before the War, and (2) the fact that, before the war, "the greater proportion of New England factories could be characterized as producers to customers' orders, while the western shoe companies appeared to engage to a greater extent in production for stock and sale from the warehouse".<sup>4</sup>

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1. Boris Stern, "Labor Productivity in the Boot and Shoe Industry", Monthly Labor Review, February 1939, p. 281.

2. BLS, Trends in Man-Hours, p. 17.

3. Ibid., p. 35.

4. Ibid., p. 34.

Perhaps of more significance are the BLS findings as to the relation between "size of factory" and man-hours expended per pair of shoes. During the 1939-1945 period, the small plants reduced their requirements by about 10% while the larger factories showed slight increases in per-pair requirements.<sup>1</sup> Though no explanatory comment is made in the study, the reasons given above for New England's productivity gains probably apply equally here. Speaking in terms of pre-war operations, then, the larger factories (and, therefore, generally the larger firms) may have used their labor-hours more effectively than small plants, the reasons being related more to merchandising than to technical production advantages.

The variations in man-hour requirements as between price grades of shoes is of interest here, since note has already been taken of the long-run shift to lower grades, produced on low wage levels. The data provided by BLS for 1945 show clearly that man-hour requirements per pair increase in direct proportion with the grade of shoe produced. The requirements for a low-priced men's dress shoe (under \$3.25 at the factory) were .79, and for a high-medium priced shoe (\$5.25 and under \$7.50), 1.73, or over twice as many man-hours.<sup>2</sup>

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1. Ibid., p. 35.

2. Ibid., p. 42.

Now all these wage and productivity "facts" taken together seem to indicate these conclusions: (1) shoes are produced on low wage levels; (2) considerable variation in average hourly earnings by plants exists; (3) these variations are closely correlated with grade of shoe, unionization, and size of community; (4) along with low wages, the industry has been characterized by steadily increasing output per man-hour; (5) merchandising advantages may account for more efficient utilization of labor hours by large firms than by small companies; and (6) man-hour requirements per pair of men's shoes increase directly with the grade of shoe produced. These conclusions may now be combined with others drawn from earlier sections, forming a summary of the points in this chapter most relevant to wage determination.

### Summary

The shoe industry's economic characteristics illustrate one way in which the wages paid in an industry may be conditioned by economic forces. These conditions do seem to indicate limits within which wage bargains must fall, if definite "employment effects" are to be avoided. The following factors seem most relevant to the qualitative definition of these limits.

1. This is a competitive industry. Although some concentration exists in the men's low-priced shoe field,

potential competition is ever present there; and, in general, many buyers and sellers are characteristic of the market. Similarity of production techniques checks any tendency for hard and fast boundary lines to develop between the various kinds of shoes; and, within product classifications such as "men's dress shoes", the commodity is homogeneous enough to allow "workable" price comparisons as between brands.

2. Production of shoes is heavily concentrated in the low-priced grades. Over the period between World Wars, a pronounced downward shift in consumer grade preferences has occurred, being most marked in the depression period of the early thirties. This shift took place in the field of men's shoes as well as in the general footwear classification.

3. The industry has not been particularly profitable on the average, over half the firms in each year from 1930-1938 having made losses. Although these losses are concentrated among the smallest firms in the industry, profitability does not seem otherwise to be related to size.

4. Total costs to the individual firm are largely variable with output, a condition which permits considerable fluctuations in output levels, down to and including the points of exit and entry. The advantages which may accrue to large firms are not great, but they do appear particularly in the labor costs. Since other costs are fairly well fixed



as between firms, this labor cost becomes the focus of competitive pressures.

5. The largest factor cost to the industry as a whole is that for leather, a commodity derived from a by-product and characterized by inelasticity of supply. Thus, while the demand for labor in any single firm is elastic with respect to price, the demand curve for shoeworkers as a group is probably quite inelastic: the general wage level could be raised without serious employment effects.

6. In recent years, the industry has been characterized by decentralization, a movement into low-wage, rural areas where shoes have not previously been produced. This movement is easiest for large firms, making staple, "popular-priced" shoes; but, coupled with the shift in consumer preferences toward these lines, the trend toward decentralization places great pressure on the competitive position of all firms in the industry. The consequence would appear to be generally low wages.

7. This is, in fact, a low-wage industry. Despite considerable gains in man-hour output, average hourly earnings did not rise during the inter-War period. However, sizable variations in wage levels do exist. These variations are positively correlated with size of community, grade of shoe, and unionization.

While these economic characteristics impose limitations, especially on wage levels and general wage movements, they imply very little as to an individual shoeworker's particular wage rate. However, the development and present status of shoemaking techniques does provide a necessary frame of reference for analysis of this important phase of wage activity. The next chapter deals with relevant aspects of the shoe manufacturing process.

### CHAPTER III

#### MANUFACTURING MEN'S SHOES

##### The Process, the Jobs, and the Structure of Wages

Some knowledge of how men's shoes are now made and how this process developed from a hand to a machine operation will contribute to understanding wage determination in Brockton for at least four reasons: (1) Such knowledge should point up distinguishing characteristics of the various shoemaking jobs and subprocesses which have lent themselves to the craft form of union organization; (2) This industry's wage structure and the relationship existing between important shoemaking occupations should be clarified; as should (3) The way in which economies of mass production are felt by workmen at the bench; and (4) The process and job content differences involved in making expensive as opposed to low-priced shoes should be indicated. Describing the manufacture of men's shoes in such a way as to allow elaboration of the four concepts above is the purpose of this chapter.

This description and elaboration may be conveniently divided into four categories. First, perspective may be gained by comparing the type of construction commonly used for men's shoes with those types provided today for other consuming groups. Following that will be a description in general terms of the Goodyear-welt manufacturing process

and of its historical development. The process will then be examined in some detail with attention devoted to manufacturing differences between expensive and low-priced shoes and between volume and small-order production, to specific jobs performed, and to craft groupings around those jobs. Finally, the wage structure into which those jobs fall will be discussed and the average relationships for the United States compared with those of the Brockton area.

#### Types of Shoe Construction

No matter what type of shoe he may be making, the shoemaker must perform a considerable number of operations in a similar way. Aside from "sticking to his last", he must cut out and stitch together the upper leather outside pieces and cloth or leather linings, he must cut out the sole, trim and set its edge, and clean up, dress, and pack the completed shoe. There are important variations in the way a shoe is built, but these are really variations in the way the upper is attached to the sole.

The three basic methods of doing this, cementing, stitching and nailing or pegging the upper to the sole, are used, for the most part, on shoes designed for quite different purposes. The cement process, unimportant until 1933, was used on 57% of all women's shoes by 1942,

but, in that same year, on only 3% of men's shoes.<sup>1</sup>

Nailed or pegged construction seems more suitable to the heavy and relatively crude workshoes, so that in 1939, half of all the workshoes produced were of this type; but, with the exception of about 20% of the "Youths and Boys", this construction attracted no other group of footwear consumers.<sup>2</sup> Stitching is by far the most popular of the three methods of attaching the upper and the sole (it was used on almost 60% of all footwear in 1942<sup>3</sup>), but meaningful analysis demands differentiation between the "Stitch-down", the "McKay" and the "Goodyear-welt" type of stitching process.<sup>4</sup>

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1. U.S. Dept. of Commerce, Office of Domestic Commerce, Boot and Shoe Industry Statistics, May 1946, p. 20. Among the reasons for use of this process on women's but not men's shoes, the operational difference between light, flexible soles and heavy, stiff ones is important. Perhaps more important, though, is the stylistic demand of men for a sole which extends out from the upper. Since a cement process sole is "squeezed" on, extensions are likely to curl up and ruin the looks of the shoe. A variation of the cement process known as the "Silhouwelt" shoe requires the same preparatory operations as the Goodyear-welt method, but then sticks instead of stitches the sole to the welt. Even here the amount of extension is limited, and, further, no operational savings are involved. The result is simply a light, delicate shoe favored by only a small number of men.

2. Ibid., p. 20.

3. Ibid., p. 20.

4. For more details on all these types of shoe construction, see U.S. Dept. of Commerce, National Bureau of Standards, Shoe Constructions, March 1938; also, United Shoe Machinery Corporation, How Modern Shoes Are Made, 1939.

Most popular with the nation's youth, the "Stitchdown" shoe was made in 1942 for 43% of our "Youths and Boys", 70% of our "Misses and Children", and 53% of our "Infants", so that, all in all, it was used on 20% of total footwear production.<sup>1</sup> In its simplest form, this shoe's upper is pulled over the last, then turned out and stitched down to the sole.<sup>2</sup> Though not an especially durable type of construction, it is a simple one and one which leaves the shoe flexible, with no uncomfortable stitching on its inside.

In contrast, stitches do appear inside the McKay shoe, though only to the curious who lift up its "sock lining". Here the upper is pulled over the last and fastened to the innersole by tacks.<sup>3</sup> After the last is withdrawn from the shoe, the outsole is sewed on by stitching through the upper and innersole. In 1942, 18% of the "Youths and Boys", 12% of the "Women's", and 10% of the "Men's" shoes produced were of this type.<sup>4</sup>

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1. U.S. Dept. of Commerce, Office of Domestic Commerce, op. cit., p. 20.

2. Other forms of the "Stitchdown" shoe are more complicated, but of the same general characteristics. By the use of two or three "soles", the quality, repairability (and the cost) of the shoes is raised.

3. The "Littleway" variation on this process staples the upper to the innersole in such a way that no metal appears on the inside of the shoe.

4. Ibid., p. 20.

But the shoe constructions described so far have accounted for only 15 out of every 100 pairs of men's dress shoes. What happened to the other 85? In 1942, a representative year in this respect at least, they were made by the Goodyear-welt process.<sup>1</sup> Here a rib is turned up on the bottom of the innersole. This rib is indented slightly from the innersole's edge and runs around the shanks and forepart of the shoe. After the innersole is tacked to the last and the upper pulled over, a strip of leather, the welt, is sewed to the upper and rib of the innersole in such a way that no stitching appears inside the shoe. When the outsole is attached, it is stitched, not to the upper or the innersole, but to the welt.<sup>2</sup> So, if the sole wears out, you can sew a new one to the welt; or, if the exposed part of the welt deteriorates too, another welt may be attached to the innersole rib.<sup>3</sup> These possibilities for repair, the comfort of a smooth inside surface.

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1. Ibid., p. 20.

2. If you look at the edge of the sole of your shoe, you will see that it consists of two or three layers. The top layer - the one you see when you look down on the shoe - is the welt.

3. Adding another "if" to this series, the trade has a saying that "the shoe is no better than its innersole". If the rib of your innersole gives way, you need a new pair of shoes--and probably a new supplier.

and of flexibility on the foot are apparently the factors which make this shoe so popular.<sup>1</sup>

There is no telling, of course, how long the Goodyear process will predominate in the men's field. Apparently, it is not too well adapted to "close-edged" shoes,<sup>2</sup> for which the cement process is so well suited. This being the case, a change in style could hurt its relative position, even if no new methods appear. But, for the years under discussion here, men's shoes have been welt shoes. The jobs and wage structure which belong to this process, then, are the ones which must be examined if the men's shoe industry is to be understood. But a prerequisite to such

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1. The author questioned a number of people in the shoe business as to why the Goodyear-welt shoe is preferred by men. They all stressed the importance of the fact that it could be resoled with relative ease. On the other hand, the National Bureau of Standards concluded:

"An old argument in favor of the Goodyear-welt type of construction has been that it can be repaired readily. This is still true but, aside from single-soled shoes, it is believed that modern methods permit the repair of other types with equal facility. Here again, however, the question of the quality of materials arises. A certain grade of a possibly less desirable construction might be repaired more readily than a Goodyear-welt made of low quality materials".

(U.S. Dept. of Commerce, National Bureau of Standards, op. cit., p. 12.) Of course, the repair problem to the consumer is partly a problem of what shoes the cobblers are equipped to handle. Long time predominance of the Goodyear-welt gives it an advantage in this respect.

2. As the needle joins the welt and the outsole on a "close-edged" shoe, it is not far from the thread joining the welt, upper and innersole rib; thus, it may cut that thread. For a critical discussion of the Goodyear-welt process see L. H. LaRouche, "Shall We Retain the Goodyear Welt?", Hide and Leather and Shoes, December 7, 1946, p. 13.



examination is a general statement of shoemaking's historical development and of work flow in today's shoe factory.

### Historical Development and Work Flow

Up until the last half of the nineteenth century, a shoemaker was a man who could start with pieces of leather and end up with a pair of shoes. Now, with a well-made Goodyear-welt requiring 170 operations and use of 140 machines,<sup>1</sup> the shoemaker has become a specialist, performing over and over again a minute part of his former task. Despite the machines and the specialization, though, many of the operations still require the attention of skilled workmen.<sup>2</sup> Most of the "revolutionary" machine developments occurred before the first World War; in fact, the job titles used in a 1910 Bureau of Labor Statistics survey appear again in that agency's 1945 study of the shoe industry's wage structure. But, despite this apparent stagnation of the process, labor productivity in medium grade men's shoes, for example, increased by about 30 percentage points between 1923 and 1936.<sup>3</sup>

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1. The relatively plain Navy shoe requires about 140 operations.

2. In a 1939 survey of the men's shoe industry, the Bureau of Labor Statistics classified a little over one-third of the workers as "skilled". U.S. Dept. of Labor, Bureau of Labor Statistics, Earnings and Hours in Shoe and Allied Industries, During the First Quarter of 1939, Table 17, p. 39.

3. Boris Stern, "Labor Productivity in the Boot and Shoe Industry", Monthly Labor Review, February 1939, p. 281.

Why should this industry's work be so simplified and yet require such a large proportion of skilled and semi-skilled workers? What kind of technological change is it that leaves each operator's effect on the shoe the same and raises productivity to such an extent? Part of the answer to these questions must lie in the conception of the machines that have been developed--they are conceived as substitutes for particular hand operations.<sup>1</sup> For instance, a pair of pliers supplemented by the workman's strong right arm once pulled the upper over the last. Now a machine, "draws the sides and toe into place with pincers which work like fingers".<sup>2</sup> While this innovation enables a man to "do" more shoes in a given space of time, it does not change the number of operations which go into a shoe. Further, and perhaps more significant, the majority of the machines are not automatic--the operator is not a machine-tender.

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1. It seems to the author that the process of work simplification (and shoe machine development is that sort of thing) almost inevitably chains itself to the "old method". Indeed, today's formal work simplification instruction teaches you to start by thorough description of the job as "now" performed and then to proceed by questioning "every detail". Thus, all the thinking is oriented toward the original method. Shoe machinery, ingenious as it is, seems to have been developed this way.

2. Frederick J. Allen, The Shoe Industry, Vocational Bureau of Boston, 1916, p. 61. According to Mr. Allen, "The old lasters say that this machine sung to them as it worked, 'I've got your job! I've got your job!'"

Largely responsible for this fact are two non-homogeneous items: at one end, the raw material, leather and, at the other, the product, finished in many styles, each with a range of lengths and widths.

For pieces of leather are very much like fingerprints: they all have the same general characteristics, yet each is just a little different. Aside from natural variations in stretch, grain, and color, chance placement of the rancher's brand, a barbed-wire scratch, or a tick mark on the animal's hide all distinguish one piece of leather from the next. These differences require handling in a manner flexible enough for appropriate adjustment, shoe by shoe, a difficult task for automatic machinery. Then, too, the many shapes and sizes of the product call for adjustments even in the type of machinery now in use--a problem which would be magnified if the personal flexibility of the workman were removed from the process. Of course, all this is not to rule out performance of many large segments of the shoemaking process by automatic machines, but just to focus on two important facts about the shoemaking process. These facts are (1) despite mechanization, shoemaking requires many skilled operators and (2) while machine development has often changed job content for the worker, it has seldom changed job content for the shoe.

But what about the flow of work necessary for a piece of leather to become a shoe? In this connection, the author

studied the departmental distribution of employees and labor cost in one factory and a list of piece and day work operations performed in that factory on a medium grade, straight-tip, black oxford--a fairly standard and very popular style of shoe. While no contention is made that this plant is "typical" in such respects as percent of day work, the groupings or departments of work and their relative importance in terms of operations and cost are felt to be representative of the Goodyear-welt process.<sup>1</sup> Chart 3 shows for each department the percent of total operations on a particular shoe, the percent of total labor cost, and the distribution of employees during a production season, and, for the process as a whole, the flow of work from one "room" to the next.

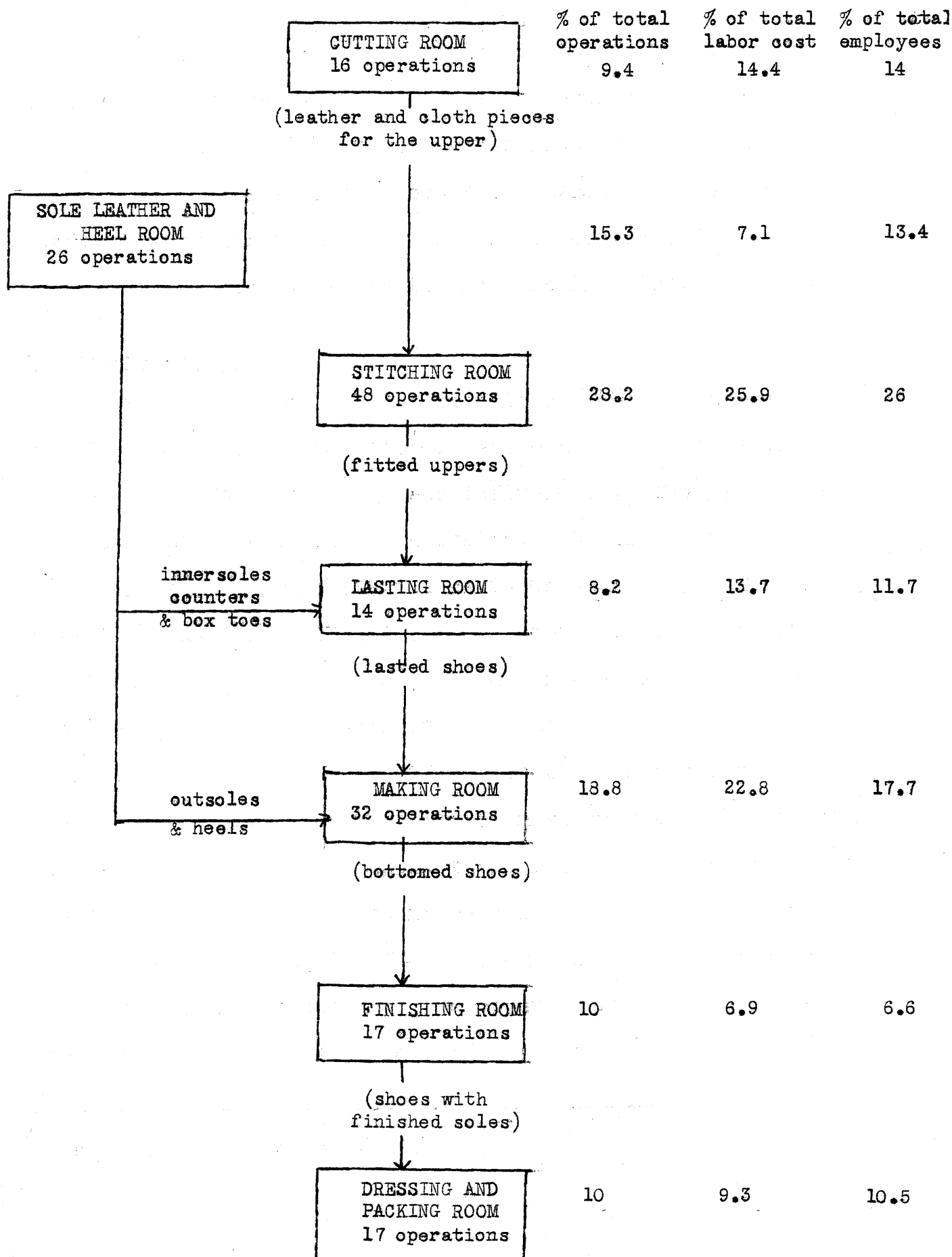
A glance at this chart discloses the main functions of each department and, in a general sense, the value of groups of operators to the manufacturer. For example, sole leather and heel workers make up 13% of the employees but get

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1. Lists of operations performed in making a shoe are apt to vary considerably depending on the amount of work contracted for outside the factory and the interpretation given to day work jobs. In this plant, the company cuts its own soles and makes its own heels, counters and box toes. Further, the list of operations includes such jobs as "die boy" and "sweeper" in the cutting room or "machinist" in the stitching room. While the result here is magnification of the number of operations, their distribution should not be affected, except in the case of the sole leather and heel room. A variation would occur there if a company purchased outsoles, innersoles, heels, counters and box toes from an outside concern.

## CHART 3

## THE PROCESS FLOW OF MEN'S GOODYEAR WELT SHOES



only 7% of the labor dollars for their efforts; whereas making room employees, 18% of the total number, get 23% of labor's "share". But each department has within it a wide range of skills and types of operation; so, before further generalizations on rates of pay can be made, a closer look at particular jobs within rooms is in order.

### Shoemakers' Jobs

Three important influences felt on jobs throughout the factory should be mentioned before any jobs are examined in detail. The first of these influences is the method of wage payment: the piece price system. Of the plants studied by the Bureau of Labor Statistics in October 1945, 88% were classified as "predominantly piece rate" establishments, and the Bureau found that 69% of all the workers studied were "paid on an incentive basis".<sup>1</sup> A piece price is, of course, a bargain to exchange a specified amount of money for a specified type and amount of work, known as the "job content". When this job content changes, there should be a change in the piece price. Three important ways in which shoe factory jobs can change are these: (1) The introduction of new styles means that Stitchers join parts of the upper together by travelling over new distances and by contending with a new set of hardships

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1. U.S. Dept. of Labor, Bureau of Labor Statistics, Footwear Wage Structure, October 1945, p. 24.

(curves, stops and so forth). This type of style change is frequent enough to force almost continuous rate-setting activity in the Stitching Room; (2) The introduction of new methods and new materials changes job content for the worker. While these innovations are not so frequent, the way in which they have come about (noted in the previous section) has apparently affected the piece prices; and (3) The great number of styles going through most Brockton factories at any one time creates so many different "jobs" that piece prices have tended to cover "the average run of work". Since some shoes are "hard" and others "easy", opportunities for discrimination between workers exist. Further, a change in the proportions of what the "average run" includes raises piece rate questions. Such changes are bound to occur and they bring with them a perpetual basis for dissatisfaction.

The second of these important influences is the rate of production per variation in style and size of shoe. This is nothing more than one of the well-known "economies of mass production". Since variation spells delay to the worker, there is justification for lowering the piece price of the "same" job when management introduces "block sizes" and restricts the number of styles. The description of shoemaking operations below will provide many examples of the way variation can slow up the worker. The third influence is the grade of shoe produced. The most important difference

between high and low-priced shoes is the quality of material used; but there are significant process differences too. These are the principal sources of this extra labor cost on high grade shoes: (1) the additional operations usually performed, (2) the increased care necessary on the same operations (though this condition is, by no means, applicable to all jobs), and (3) the tendency for volume of production to be lower the higher the grade of shoe, since the number of potential consumers is relatively small.

With the piece rate method of wage payment, the volume of production per style and size variation, and the grade of shoe produced in mind, examples of the types of jobs performed in the shoe factory may be examined,<sup>1</sup> starting, naturally, with the Cutting Room. Shoe manufacturers will generally agree that the "Cutters can make you or break you", since they are the ones who convert the expensive raw material, leather, into the component parts of the upper.<sup>2</sup> What is

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1. The author is indebted to Mr. John Regas of the W.L. Douglas Shoe Company for his careful explanations of shoe-making jobs and for the time he spent taking the author through the Douglas factory.

2. Skilled workmen like to use the amount they are "saving" the company as a justification for increasing their wages. "With the work we are doing, you are getting your shoes cut for nothing".

Brockton manufacturers apparently feel that an out and out bonus for saving leather would pose too great a quality problem, since the cutter might then find it advantageous to slip in imperfections where he felt he could get away with it. However, this type of bonus is used effectively in many shoe factories.



the nature of their skill? By the widely used "Krippendorf" system, the manufacturer can estimate the "average" footage of leather necessary to obtain a pair of shoes in the grade he desires,<sup>1</sup> and so he can put up "jobs" for his Cutters: so many pairs of this style of shoe from so many feet of leather. With the price agreed on (roughly according to the number of pieces to be cut), this "aristocrat of the shoe factory"<sup>2</sup> goes to work. He lays out the skin, locates the good quality sections and bad, and spots the tick marks and briar scratches which almost always appear. From this analysis, he must plan out the way he will fit his patterns together so as to maximize utilization of the skin: a process not unlike putting together a jig-saw puzzle. When he starts to cut, he takes the vamp, which receives great wear, from the best material, and he is careful that the tips, which show, match up in pairs and have no imperfections in them. Poorer material will do for the quarters and, for the tongue, almost any part of the skin is satisfactory. The actual cut is made today by a die forced

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1. Leather is sold to the manufacturers by grades, which vary in relation to the number of imperfections in the skin. Thus the number of pairs per square foot would be higher, the better the grade of leather.

2. Recognition of the Cutters' high estate appears when, in a crowd of shoeworkers, someone carelessly drops a coin on the floor. "The cutters are here," they say.

through the leather when a "clicking" machine's heavy beam comes down on it. Hand cutting, still used in some high-grade, low-volume shops, requires the craftsmen to follow around the edge of his pattern with a Cutter's knife.<sup>1</sup>

A number of observations can be made from this brief description of what a cutter does. First, it should be apparent that the high grade manufacturer, who will accept no imperfections at all in his upper leather pieces, must expect the workman to use more leather per pair of shoes. Further, since this workman must match up pairs very carefully (more difficult for browns than blacks), take time to select perfect "cuts" and so handle more skins per pair, his piece price should exceed that of a worker on lower grades. Second, opportunities for favoritism appear since some batches of leather will have more imperfections per foot than will others. Not only will the worker getting the poor batch need more time to cut a given number of shoes, but his record of leather utilization, on which his standing as a Cutter depends, will suffer. Third, the more styles and sizes required in a "job", the more dies the Cutter must use; the more dies he must use, the more time it takes him to cut the pairage specified. Thus, lower piece prices should go to manufacturers who

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1. No doubt these quality manufacturers feel that hand cutting yields a better product. But perhaps a more important consideration is the cost of the die necessary for machine cutting. When volume in a style is low, the die may not be a profitable investment.

provide large "jobs" in single styles and single sizes. Fourth, the relationship between earnings in hand cutting and machine cutting may provide an example of the "hangover" problem in an old shoe center. Work by hand requires all the skill of the machine operator plus ability to use the Cutter's knife, a fact indicated by the Bureau of Labor Statistics' 1945 finding that, throughout the United States, this additional skill was accompanied by higher hourly earnings. This earnings relationship held in all sections of the country except New England, a shoemaking center when the machine was first introduced.<sup>1</sup> It is quite possible that operators and manufacturers oriented toward the "old method" worked out relative piece prices that later yielded more earnings for less skill.<sup>2</sup>

But what other jobs are there in the Cutting Room? A regular hierarchy exists, ranging down from the "shoe cutter" to the die boy. An important stepping-stone job is that of lining cutter, either leather or cloth. Here the operator may accustom himself to the use of dies and

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1. Ibid., p. 22. In the United States the relationship was \$1.29 for hand cutters to \$1.22 for machine; whereas in New England it was \$1.13 to \$1.34. In Brockton this reverse relationship was even more noticeable: \$1.14 for hand to \$1.55 for machine.

2. This is not to imply either that machine cutting earnings in New England are too high or that those for hand cutting are too low. The question is one of relationships rather than of level. This relationship will be discussed in detail in the chapter on the problems of setting individual piece rates.

the "clicking" machine, but, especially in the case of cloth linings, relatively homogeneous material largely eliminates the skill of placing patterns and selecting cuts. In a high grade factory, a "sorter" may be employed to check on the matching and quality of outside leather pieces; whereas, the "popular" priced manufacturer may call the Cutter's judgment good enough and so save a little on his labor cost. All of these jobs are concerned with converting various raw materials into the pieces necessary to make an upper. Also often found in the Cutting Room,<sup>1</sup> though, are skiving operations--necessary steps in preparing work for the stitchers.

These jobs, generally performed by women,<sup>2</sup> contrast with the more skilled men's cutting operations. Skivers feed specified edges of the leather pieces to a sharp revolving disk, which cuts those edges down to the desired bevel. Such a bevel means that edges may be sewn together without creating a bulky seam, and it permits folding over so that exposed edges will present a smooth, finished

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1. Sometimes these operations are performed in the "Pre-Fitting Room" and in other places, the markers, at least, are included with the stitchers.

2. Women predominate in this job in all sections of the country, but, in the extent to which they do so, there are interesting variations. The ratio in men's shoes for the United States was found by the BLS to be 10 women to every man, but in New England that ratio was only 5 : 1 and in Brockton, 2 : 1. *Ibid.*, p. 22.

appearance. The operator's skill lies mainly in ability to move rapidly through the work, work which varies little between high and low quality shoes. Differences in labor cost would show up on this operation, though, since better shoes will generally have more skived edges. Now, it is apparent that, while skivers may work in the same department as cutters, they are distinctly differentiated by sex and type of skill. No surprise, then, should be the formation of a separate Skiver's Local in craft-conscious Brockton to give "their problems" attention not provided by Cutter-oriented business agents.

Other miscellaneous pre-stitching operations in the Cutting Room are match-marking leather pieces and perforating fancy patterns on them, jobs usually done by women. Machines help accomplish both of these tasks, but the possibilities in perforating provide us with an interesting example of economies accruing to large scale production. When a plant makes many pairs of a certain style shoe, a die is made to cut out the holes and do the pinking too, all in one blow. Smaller volume means use of a machine more flexible patternwise, but which cuts out the perforations one by one. In this case, furthermore, the volume method may actually perform a more uniform and better job.

The Stitching Room itself provides the biggest volume of rate setting problems, since here the twists of style

are worked into the shoe. New patterns bring variation in the number of turns, stops, and the total distance to be stitched, as well as the number of stitches to the inch; and each of these variations may alter the piece price. Where manufacturer and worker agree on the earnings which the job should yield, they may clash on the piece price, even (or perhaps, especially) if that price is set "scientifically". But, when one of the parties feels the estimated earnings are "out of line", style changes may become the vehicle for bargaining, not so much over work standards as over job worth. This problem is multiplied by the number of separate operations in the Stitching Room.

Linings must be attached to outside pieces, fancy stitches put in and the completed upper components brought together. Most of these operations may be done as flat work on machines which look much like those used in private homes. When the completed fore and rear sections of the upper are brought together for final assembly, though, the operator must work in three dimensions. Instead of using a flat surface, he holds the leather over a wheel, as his stitches finish what is virtually a shoe without a sole. This job, known as vamping, is apparently one of the most difficult in the Stitching Room and is, as well, crucial for proper performance of subsequent operations: a sloppy vamping job makes it impossible to line the shoe up on its

last. Vampers may consider themselves, then, as set apart from the other stitchers, with the special features of their work meriting separate union representation. Such a tendency may be augmented when many of the vampers are men, working in this relatively large and overwhelmingly female Stitching Department. Thus, while the BLS found in the United States 4.5 female vampers to every male, the ratio was 2 : 1 in New England and 0.44 : 1 (the men outnumbered the women) in the Brockton district,<sup>1</sup> where a strong Vampers' Local exists.

While the upper is being formed in the Cutting and Stitching Rooms, the Sole Leather (or Stock-Fitting) Department workers are preparing what will be the shoe's bottom. Here the outsole is "dinked" out when a heavy beam presses a die through the "bend" of leather. To cut for quality, the craftsman must know his material and must place his die in such a way as to exclude bad spots from his soles but, at the same time, maximize utilization of the leather. Though he has the same type of problem here as does the "Shoe Cutter", his earnings may be 15% to 20% lower.<sup>2</sup> Generally

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1. Ibid., p. 22.

2. People working in the Sole Leather Department are apt to think this earnings relationship should be reversed. "The outsole cutter must have all the skill of the shoe cutter, but, in addition, his work requires more effort: the die he handles weighs a ton." Part of the explanation may lie in the fact that in the Brockton district, at least, he is a day worker. Apparently, it is easy to speed up on this job, but to the detriment of quality; and the extra soles produced by the piece worker are not worth the consequent loss in the average value of those soles.

less skilled are the operations which prepare the inner-sole for the Goodyear-welt process.

The job of rounding provides an example of an operation which does not vary between grades and which shows some little economy to high volume production. Here the operator places the innersole on a flat piece of wood conforming exactly to the shape of the bottom of the last. Upon release, a knife guides along the wooden contour, cutting the innersole as it goes. In this case, the operator feeds in the work and changes wooden patterns when that is necessary. No matter what the grade, the job is the same; and the number of soles a given operator can do is determined by the number of times the pattern must be changed.<sup>1</sup> Again, the "skilled" operator who channels the innersole can describe his job as one which may require more work per piece on low grades than on high. His machine slashes the leather in such a way that it can later be turned up to form an all-important rib, the strength of which determines the durability of the shoe. Here, the relatively thin, fleshy innersoles used for inexpensive shoes are naturally harder to work with than the thick, firm material which goes into the top grades. Other jobs necessary in the

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1. This analysis assumes that the number of soles cut at one sweep of the knife is the same. Thus, assuming "x" number of soles per cut, a given operator's production depends on the frequency of pattern changes. Generally speaking, the high-quality, thick innersoles will be cut one by one; but cheap, thin soles may be done four at a time. Here again, the labor price per pair would be greater in the top grade factory.



preparation of innersoles for the laster are cementing and turning up this rib, then reinforcing it with a strip of strong "Gem Duck" cloth.<sup>1</sup>

By this time the upper is probably being "mulled"<sup>2</sup> and the specified style and size of last assembled on a "rack", now usually built to hold twelve pairs of shoes. This job, known as "last picking", provides a dramatic example of the savings which develop when a plant produces in blocks of single styles and sizes. If all twelve pair are the same, the last picker may go to one bin and there find the lasts he needs.<sup>3</sup> If the style or sizes vary, the worker must hunt longer and take more time to fill his "rack". Here the manufacturer calling for a "run of sizes" gets no extra quality for the extra money he must spend; in fact, he complicates the job and so increases the chance for error.

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1. Other jobs in the Stock Fitting Room revolve around preparation of the heel. In a great many cases, this part of the work is eliminated by purchasing component parts of the heel from companies specializing in their preparation. However, the stock fitting jobs in the process flow chart included the miscellaneous operations performed in making up the heels.

2. For the lasters to work the leather down tight over the last, it must be as pliable as possible. Addition of moisture in mulling gives the laster what he needs in this respect.

3. In some high volume factories, the lasts turn over so regularly that they are never even removed from the rack.

After it is picked, the last has the innersole tacked to its bottom and the upper assembled over its top, a job which requires insertion of the counter (to keep the rear of the shoe from breaking down). Next in line, the skilled pull-over operator must insert the box toe, line the shoe up, and stretch the leather down tight to the last. Six tacks inserted simultaneously by his machine hold the upper in place, after he has pulled it into the right position. The side laster then staples along the shank of the shoe, drawing this part of the upper snug to the innersole rib. While an automatic machine is used to wipe the leather in smoothly around the heel seat and tack it in place, finishing the toe requires a well-trained worker. This "Bed Machine Operator" lays his shoe in a jig (the "bed") and, by manipulating "wipers" (which, incidentally, must be changed with every change in style of last), he smooths the leather around the toe and wires it in place. Like many others in the Lasting Room, this is a hard job, one which requires strength as well as skill: "After a day of this work, you don't need nobody to rock you to sleep".

But if the heel can be lasted on an automatic machine, why can't the toe? The answer is that it can be. In shoe centers all over the country, even in non-union shops, "Bed Machine Operators" have been resisting introduction of a

machine which takes away much of their skill, their back-ache, and about half their jobs. While some managements may negotiate rates for the new toe laster so that they yield the same earnings as were received on the old skilled operation, others in a locality new to the shoe industry may have a "green" operator lasting toes for earnings down in the "semi-skilled" section of the wage structure. Indeed, these automatic heel and toe lasting machines provide clear examples of technological developments which change the worker's job content while leaving his job's effect on the shoe unchanged. A plant must still employ heel and toe lasters; but the number and skill of those employed may be decreased. While a new shoe manufacturing area may base expected earnings on the new skill, an old area's earning potential for that job is apt to be based on the old skill.

By the time the shoe is through the Lasting Room, all except three of the parts are on it. These three, the welt, the sole, and the heel, are attached and shaped in the Making Room by a series of operations, many of which are highly skilled. The first group of these jobs has to do with fastening on the outersole. First, the welt is sewed to the upper and innersole rib. Then, follow several miscellaneous jobs which vary little from one grade of shoe to the next: after excess upper material has been removed

by the inseam trimmer, the welt is beveled off at the shank ("butt welts") and beaten so that it will lie flat, in the same plane as the shoe's bottom ("beat welts"). Then the shank is "tarred in" and the unfilled space between ribs filled with cork composition material ("bottom filling"). With the aid of a little cement, the sole is "laid", a machine pressing it up into the contour of the last. After the Heel Seat Nailers have performed their work, the sole is given its preliminary shape by "rough rounding", an operation important to the shoe's final appearance.<sup>1</sup> Finally, the welt and bottom are sewed together by a "Goodyear Stitcher" and the sole is forced into the last's contour by automatic movement of heavy rollers over the shoe's bottom surface. Here, all told, are about 15 jobs, grouped around the sole-attaching process; but, of these jobs, three, "Welter", "Rough Rounder" and "Goodyear Stitcher", are particularly skilled. A union organizing on craft lines might well, then, call these three jobs a "jurisdiction". In Brockton, the name is Goodyear Operators Local, with those who perform operations around this skilled group joining the Mixed Local.

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1. Manufacturers of high quality shoes often add an expensive edge trimming operation here, so that the Goodyear Stitcher may have a more perfect guide-line as he sews.

The final assembly operation, heeling, requires use of what is really two machines combined in one. First, an automatic device feeds nails into a jig and holds them in readiness for the Heeler. Second, positioning guides hold the shoe and the heel in place and, upon release, drive the nails through the heel and sole, thus holding these parts together. Operation of this machine may be divided into unskilled elements such as putting the heel's parts in place and swinging the nail holder into position, and the skilled element of lining up the shoe and heel properly. While one man may do all parts of this job, production can be increased considerably by having a helper perform unskilled elements for the skilled Heeler. Thus, where the piece price is set for the whole operation and where the manufacturer needs greater output per machine (say "to get out production for the war"), circumstances set the stage for high Heeler's earnings.

From this point on in the shoemaking process, work is devoted to shaping and finishing the product. Rough parts of the heel must be shaved off and, if that heel is of leather, a row of wear-resistant "slugs" punched in. But also crucial to a finished appearance is the shape of the sole, one of the primary sources of shoe "personality". To smooth this edge down to specifications, the Edge Trimmer uses a rapidly revolving wheel made up of a series

of blades. With his eye for a guide, he must hold the sole to this wheel till its edge is smooth and its extensions and bevel correct. If the shoes are of high quality, he must be careful that they "look like pairs", but on the cheaper grades, he may find "close enough to be good enough". Here, of course, is real justification for a "graded" piece price, though operators may often complain of a foreman who tries to get a "first grade edge on a sixth grade shoe". Despite these occasional complaints, Edgetrimmers seem to earn, on the average, a little more than any other group of craftsmen in our country's shoe factories.<sup>1</sup> In fact, some manufacturers (and other shoeworkers, too) claim that Edgetrimmers' earnings are too high; and these objectors explain their position by pointing to the way Edgetrimming machinery has developed. Improvement has come by eliminating machine vibration and by speeding up the blade's revolutions per minute; but, while the three decade total has been quite significant, these changes have come slowly and, at any one time, have been relatively small adjustments. In many cases, apparently, these adjustments have not been bargained into the piece prices.

But whatever the grade, shaped and smooth, the edge is now ready for its polish. Employed in this process

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1. See the section on Wage Structure which follows.

is a heated, vibrating piece of metal, the "iron", which literally rubs into the leather a hard and shiny appearance. This operation consists of two elements: painting a liquid on the edge of the sole and "setting" that liquid by holding edge against "iron", as you revolve the shoe through its outside circumference. If the shoe is of high quality, the operator will perform the whole operation twice, once with a liquid filler and once with a dye; but on a low grade shoe, "one set" application of the color will suffice. Now in the Brockton district, the skilled Edgesetter performs all elements of this job; but, if additional output per machine were desired, a helper could paint on the liquid.<sup>1</sup>

With its edge shaped and polished, the shoe now goes from the Making Room to the Finishing Room, where the heel's outside circumference and the bottom of the sole are treated. These surfaces are first smoothed when workmen hold them against rapidly revolving rolls of successively finer and finer sandpaper.<sup>2</sup> After the heel has been stained

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1. Old time Edgesetters would probably object and say that this preparatory operation is "an art in itself". Nevertheless, the author is personally acquainted with several plants where the operation is split, and these plants apparently manage to sell their shoes.

2. The public's demand for a smooth and highly polished sole is very discouraging to good shoemakers, for the polish makes it almost impossible to tell good material from bad. And, from the consumer's own point of view, this demand seems the height of folly. The process may take a week's wear off the sole; yet a few steps on the average sidewalk leave the shoe's bottom rough and dirty.

and polished, the sole may be bleached, stained and brushed up to a high lustre. These various scouring, buffing and polishing jobs are semi-skilled machine operations which are certainly no more difficult on the high than on the low grade shoes. In fact, for many types of finish, the cheaper the sole, the more time the worker must spend before that sole takes on a presentable appearance. As one Finishing Room foreman put it, "Good material sells itself, but when we get this cheaper stuff, we have to do a lot of fixing up before the public will go for it".

The final shoemaking operations take place in the Dressing and Packing Room, where the upper is finished and the shoe inspected and placed in the proper box. Usually first in this department is a cleaning job called "Treeing". There are two methods now in use for getting this work done. The older Hand Treer puts the shoe on an appropriate form (the "tree"), then brushes and cleans it, smooths out wrinkles in the upper by rubbing them over with a hot iron, and applies stain or bleach to any blemished spots which he may find. Faster, but perhaps not so selective, is the Brush Treer, who applies a cleaning fluid, then holds the shoe up to a rapidly revolving brush, so as to rub off any dirt that may have accumulated on the upper. In either case, the amount of work the Treer must do is determined by management's standards of workmanship and by the condition



of the shoe when the Treer gets it. So, while he may have a "fussy" foreman in a high grade factory, this same operator may have less dirt and fewer blemishes to contend with, since costly shoes are apt to get more careful handling as they go through other parts of the plant.

Quite often another coat of dressing will be applied, either by hand or by spray gun, over that already put on by the Treer. Then, after the heel pod has been glued to the innersole and the laces inserted, one workman feels inside the shoe for stray tacks and another gives it a last general inspection. Finally, the shoe is packed away in its box, ready for shipment.

This completes the sampling of shoemaking jobs, but, even from such brief treatment, some of the problems implicit in setting piece rates for them can be seen. Possibly the most significant of these revolves around the way economies of mass production have expressed themselves. In this normally "competitive" men's shoe industry, prices of essentially identical products tend to be the same. Yet, two similar shoes may justifiably carry quite different labor costs, despite the fact that the same operations are performed on each of them. The all-important variable is contained in the question, "Does the flow of work include a wide range of styles and sizes or is it scheduled in uniform 'blocks'?" Where management must meet a specified price

if it's shoe is to sell, attention may focus on getting "competitive" piece rates. At the same time, if merchandising seems to demand a diversity of small orders, workers may find "non-competitive" rates necessary to adequate earnings. Such a situation may pose virtually perpetual wage problems.

Another question which job description raises is that of working out appropriate piece price and labor cost differentials for various quality grades of shoe. Of course, extra operations which makers of high-priced shoes require of their factory explain part of the added cost. But what about variations in the rates for jobs performed on all shoes? In general, small orders make it difficult for quality manufacturers to take advantage of economies from scheduling production in "blocks". Nevertheless, of the operations examined above, many seem to carry the same "job specification", whatever the grade. There are others, of course, where workmanship demanded (and, consequently, piece price justified) shows considerable variation between grades. In the wage activity chapters which follow, attention must be given to this problem: How to explain price lists graded by the same percentage for every job when analysis of job requirements shows that differentials should not be the same.

The description of shoemaking operations should also provide a means of identifying the craft groups which are present in any shoe factory and which may form the unit of union organization. In the Brockton area these units of organization, by department, are as follows:

Cutting Room:	Cutters Local and Skivers Local
Stitching Room:	Stitchers Local and Vampers Local
Sole Leather Room:	Sole Leather Local
Lasting Room:	Lasters Local
Making Room:	Goodyear Operators Local, Edgetrimmers Local, Edgesetters Local, Heelers Local and Mixed Local
Finishing Room:	Finishers Local
Dressing and Packing Room:	Treers Local and Dressers and Packers Local

Some indication of the relative earnings and skills among these groups has been given in the pages above, but, so far, there has been no direct discussion of the wage structure, its range or its comparability as between sections of the country. This is the purpose of the discussion which follows.

### The Structure of Wages

When the structure of wages in an industry is examined and compared with the relationships that appear in various sections of the country, really the study and comparison concern rates of pay on a number of specific occupations. Thus, when job "X" is related to job "Y" in area A and that relationship contrasted with the one for those jobs in Area B, the presumption is that these occupations are the same in

both places. If they are not the same, the comparison would be like saying that the price of apples is to the price of oranges as the price of pears is to that of grapes. It would not make any sense. What assumptions must be made if occupational relationships are to have real meaning?

Any comparison of the wages paid to specified "job titles" assumes first of all, that these titles include the same type and amount of work. The Wage Structure Division of the Bureau of Labor Statistics recognizes this fact by basing its wage rate studies on fairly detailed (10 to 12 lines) job descriptions; but, even in such descriptions, jobs are identified as including "most of the following", and no attempt is made to put limits on such things as the number and difficulty of "pick-ups" and "put-aways" or the condition of the product when it gets to the operator. We hope (and assume) that these minor job elements are adjusted "automatically" by a day worker's rate of production and an incentive worker's piece price. Of course, such assumptions are made through necessity, not through choice, for it would be difficult to find workers performing the "same job", minor element by minor element, in one plant, let alone in a whole industry.

In addition, consideration of the rate of production points up a third assumption. After the piece price (or productivity, if a day worker) has "adjusted" for minor

variations in job elements, we must assume that, on the average, the workers compared put out the "same" amount of effort and command the "same" degree of skill. If they do not, then the "jobs" being performed are not the same. Altogether then, when we say that occupation X "pays" \$1.50 in area A and \$1.30 in area B, the statement has in it at least these assumptions: (1) the job contains the same major elements of skill, in the sense that, if a worker can do the job in one area, he can, with a little adaptation to local conditions, do the job in the other area; (2) minor variations in job elements are taken into account by the rate of production in a day work industry or the piece price in an incentive industry; and (3) the workers compared have the same skill and expend the same effort.

Are these assumptions acceptable in an examination of the wage structure in the men's shoe industry? Since all manufacturers of Goodyear-welt shoes lease similar machinery from the United Shoe Machinery Corporation, there is a tendency for job descriptions to include similar basic skills. Nevertheless, there are important variables not included in the Bureau of Labor Statistics descriptions--for instance, the grade of shoe and the diversity of styles and sizes produced per operator. Workers might find it difficult to shift from cutting leather in "bulk" for cheap shoes to the "pick and choose" process necessary to the manufacture of a

high quality product. Further, in the Brockton area, the tendency is for all piece prices to show the same differential between grades even though job requirements show that differentials should not be the same. In this case, then, piece rates are oriented, at least partially, toward some other objective than that of adjusting for minor variations in job elements. Insofar as the assumption of similar effort and skill is concerned, it, too, may be open to some question. For instance, the high average age (estimated at about 52 years) of Brockton workers may slow them down. On the other hand, through their experience, they may have developed a degree of skill higher than that found in other sections of the country. All in all, then, job rate comparisons must be made with caution and findings about the wage structure regarded as, perhaps, useful indications.<sup>1</sup> Although statements are made in "dollars and cents", they do not represent necessarily conclusive "facts".

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1. Added to these reservations are others of a statistical nature. For instance, the United States occupational earnings are averages of the various regions; but the relative importance of each region is not uniform for all jobs. On most jobs, the Brockton area's workers make up between 5% and 10% of the total; however, for occupations like male skiver, male treer, or male vamper, this region's relative importance may reach 25%. Naturally, such variations have an effect on the correlation of Brockton's rates with those of the United States average, and such effects limit the applicability of statistical correlation techniques to this data.

Table 9 lists in the order of their average hourly (straight time) earnings in the United States eighteen men's shoe jobs, and shows for each of them the earnings found in various shoe producing localities. All figures refer exclusively to "men's shoes" with the exception of the "Southeast", where 6 out of the 14 establishments studied produced other kinds of footwear. Table 10 shows the ranking of jobs according to average hourly earnings, broken down, once again, into figures for the country's principal men's shoe areas. A glance down any one of these columns will indicate that there is a definite, though by no means perfect, conformity to the United States rankings. Further evidence of conformity appears in Table 11, where the average deviation from the country's average is found to vary from only .82 ranks to 1.86. The average deviation for Brockton is 1.53. The scatter of rankings for the Brockton area around those for the United States is shown in Chart 4, which provides a graphic indication of this locality's relationship to average. Here, the so-called "out-of-line" jobs, particularly "Hand Cutter", stand out clearly.

But consideration of rankings by themselves leaves out cents per hour differentials, and the variation in the range of earnings (Table 11) from 50¢ in the Midwest to

TABLE 9

AVERAGE HOURLY EARNINGS FOR SELECTED OCCUPATIONS IN  
THE MEN'S SHOE INDUSTRY, OCTOBER 1945<sup>1</sup>  
THE UNITED STATES AVERAGES COMPARED WITH VARIOUS SECTIONS OF THE COUNTRY

Job	U. S.	New England	Middle Atlantic	Great Lakes	Middle West	Southeast	Brookton	Milwaukee
Edgetrim.	1.32	1.50	1.34	1.22	0.92	0.93	1.58	1.13
Edgeset.	1.29	1.44	1.26	1.18	1.02	0.92	1.54	1.13
Cut, hand	1.29	1.13	1.82	1.27	--	1.28	1.14	1.34
Cut, mach.	1.24	1.34	1.16	1.18	0.89	1.02	1.55	1.28
Pull over	1.21	1.37	1.28	1.07	0.93	0.86	1.47	1.06
Vamp (M)	1.16	1.18	1.09	1.15	--	--	1.27	--
Bed Mach.								
Operator	1.16	1.24	1.26	1.13	0.94	0.86	1.23	1.15
Heeler	1.14	1.35	1.08	1.04	0.85	0.76	1.45	1.02
Gdyr Stit.	1.11	1.25	1.11	1.11	0.84	0.84	1.28	1.11
Treer (M)	1.07	1.13	1.01	1.01	0.82	0.69	1.17	0.99
Cut outsole	1.02	0.94	1.16	1.02	--	0.93	1.00	1.07
Skiver (M)	0.97	0.88	--	--	--	--	0.94	--
Vamp (F)	0.85	0.99	0.79	0.85	0.61	0.67	1.04	1.05
Fancy Stit.	0.85	1.01	0.73	0.77	0.50	0.63	0.94	0.80
Skiver (F)	0.77	0.87	0.84	0.73	0.57	0.62	0.97	0.75
Treer (F)	0.69	0.77	--	0.71	0.69	0.66	--	--
Paster	0.62	0.66	0.63	0.61	0.56	0.56	0.74	0.60
Floor Boy	0.60	0.63	0.63	--	0.52	0.49	0.62	--

1. USBLS, Footwear Wage Structure, 1945, p. 22 and OWR-18's for following areas: Fall River, New Bedford, Milwaukee, and Southeast. (--) signifies insignificant data for this job in the area covered.



TABLE 10

JOB RANKINGS IN THE MEN'S SHOE INDUSTRY  
OCTOBER 1945<sup>1</sup>

THE UNITED STATES AVERAGES COMPARED WITH VARIOUS SECTIONS OF THE COUNTRY

Job	U. S.	New England	Middle Atlantic	Great Lakes	Middle West	Southeast	Brockton	Milwaukee
Edgetrim.	1	1	2	2	5	3	1	4
Edgeset.	2	2	3	3	1	5	3	5
Cut, hand	3	9	1	1	-	1	10	1
Cut, mach.	4	5	6	4	7	2	2	2
Pull over	5	3	4	8	4	6	4	9
Vamp (M)	6	8	9	5	-	-	7	-
Bed Mach.								
Operator	7	7	5	6	2	8	8	3
Heeler	8	4	10	9	8	10	5	10
Gdyr Stit.	9	6	8	7	9	9	6	7
Treer (M)	10	10	11	11	10	11	9	11
Cut outsole	11	13	7	10	-	4	12	8
Skiver (M)	12	14	-	12	-	-	13	-
Vamp (F)	13	12	14	13	14	13	11	13
Fancy Stit.	14	11	15	14	18	15	15	14
Skiver (F)	15	15	13	15	15	16	14	15
Treer (F)	16	16	-	16	13	14	-	-
Paster	17	17	17	17	16	17	17	17
Floor Boy	18	18	18	-	17	18	18	-

1. Compiled from USBLS, Footwear Wage Structure, 1945, p. 22 and OWR-18's for following areas: Fall River-New Bedford, Milwaukee, and Southeast. (-) signifies insignificant data for this job in the area covered.

Chart 4  
Rank of Average Hourly Earnings on  
Particular Jobs: Brockton As Com-  
pared with the United States Average

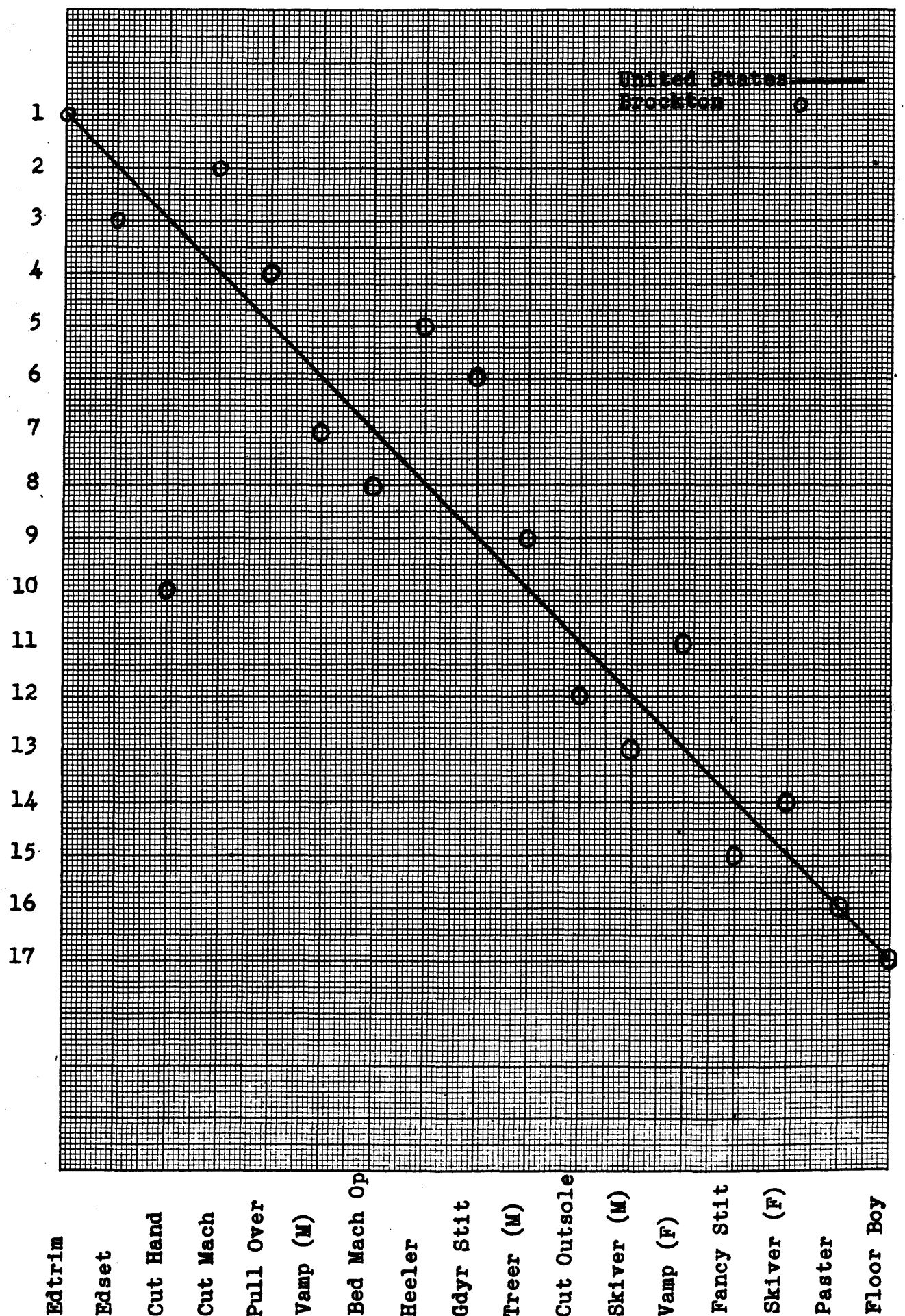


Chart 5  
Average Hourly Earnings on  
Particular Jobs: Brockton  
Compared with the United  
States

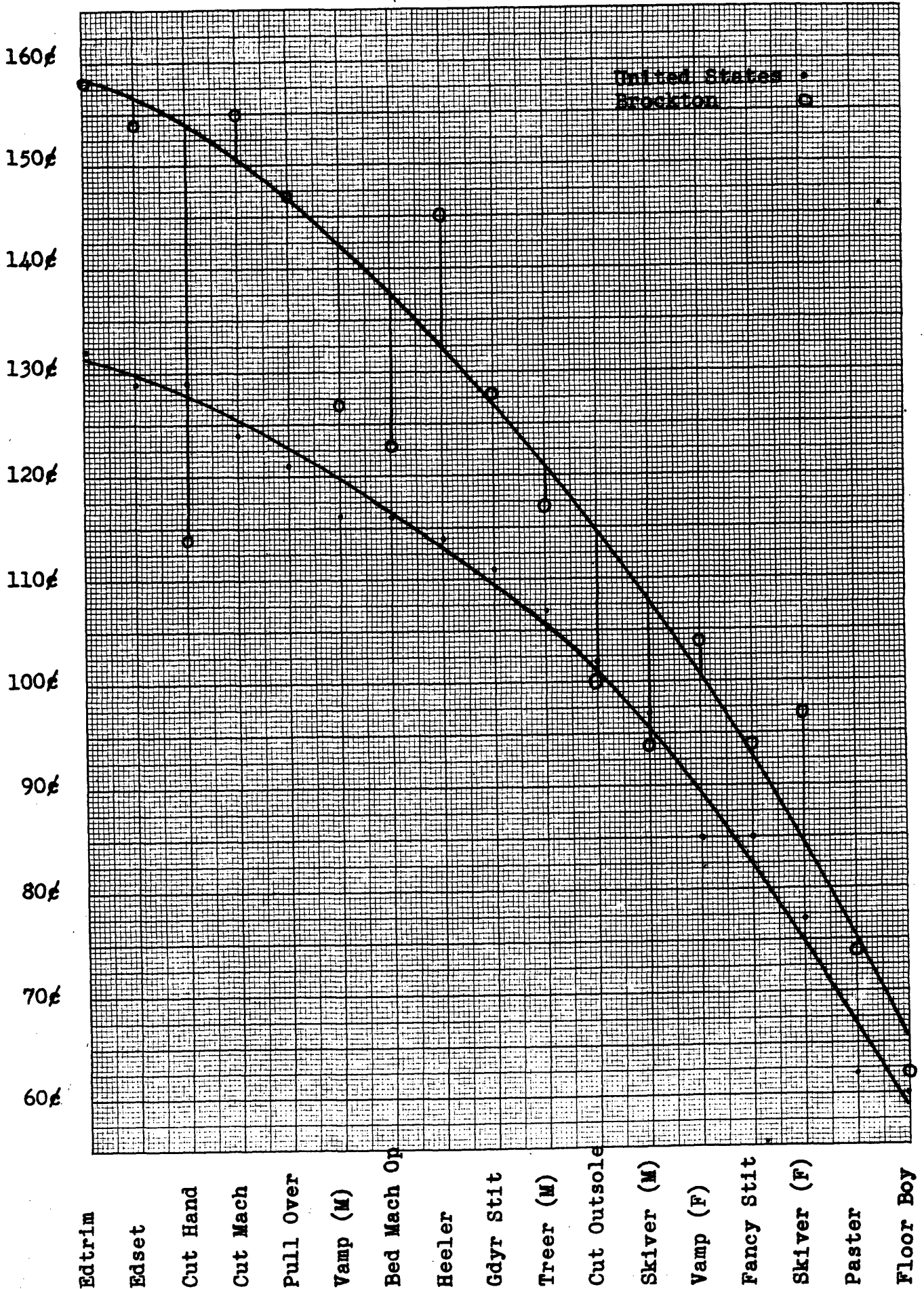


TABLE 11

DEVIATIONS FROM UNITED STATES JOB RANKINGS FOR  
 SELECTED OCCUPATIONS IN THE MEN'S SHOE  
 INDUSTRY, OCTOBER 1945<sup>1</sup>

Area	Number of Jobs in- cluded	Total Deviation	Average Deviation	Low(¢)	High(¢)	Range(¢)
U. S.	18	0	0	.60	1.32	.72
N. E.	18	26	1.44	.63	1.50	.97
Mid. Atl.	16	24	1.50	.63	1.34 <sup>2</sup>	.71
Gr. Lakes	17	14	.82	.60	1.27	.67
MidWest	14	24	1.71	.52	1.02	.50
S. East	16	25	1.56	.49	1.28	.79
Brockton	17	26	1.53	.62	1.58	.96
Milwaukee	14	26	1.86	.60	1.34	.74

1. Compiled from Tables 9 and 10, above.

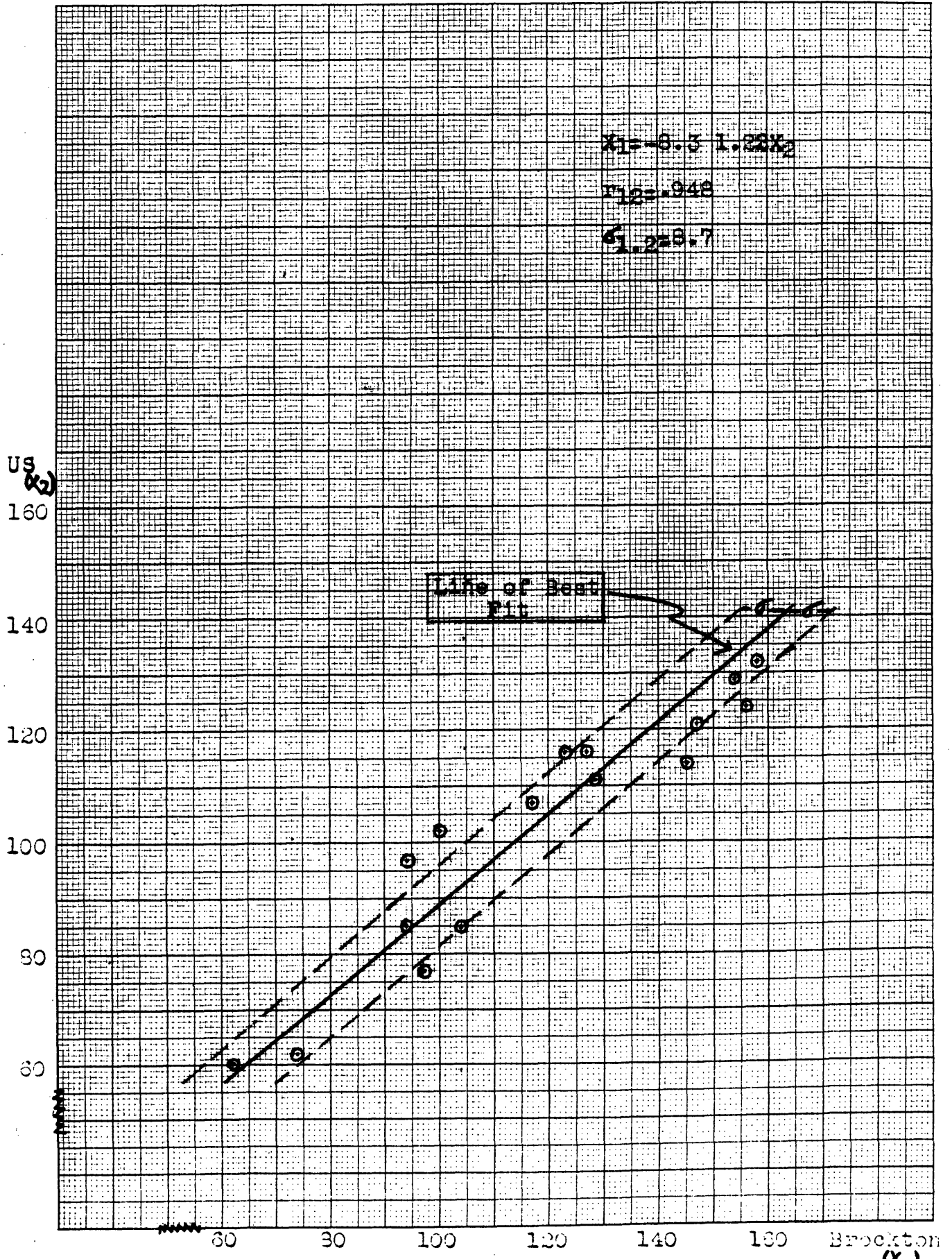
2. The highest paying job in the Middle Atlantic states showed an average hourly earning of \$1.82. Since it was so far above all the rest and since it represented a relatively minor job insofar as numbers of workers were concerned, this rate did not seem appropriate as a determinant of the range in the area.

97¢ in New England indicates that these differentials may be significant. On Chart 5, earnings are plotted against jobs for the United States and for Brockton and lines are drawn (freehand) to fit these points. Although some of the Brockton points vary considerably from the line, it does seem possible to draw a "wage curve" for this area which makes some sense. In order to find out how much sense, statistically, the data are plotted against each other on average hourly earnings scales (Chart 6).<sup>1</sup> Since the relationship between U. S. and Brockton rates appeared to be linear, a least-squares line was computed and is shown on the Chart. The coefficient of correlation is .948 and the standard deviation 8.7. There is no question that from a statistical point of view, then, the Brockton wage structure is closely related to the average for the United States. But, to the practical man, this statistical victory is a little hollow, for one-third of the cases lie outside of even an 18¢ wage band. If, for instance, a wage administrator decided to use the United States averages and their least squares relationship to Brockton rates as a guide to "rationalization" of the

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1. Statistical techniques did not seem applicable to Chart 5, since no valid way could be found of numbering the horizontal (job) axis, i.e., 1, 2, 3, etc. makes no more sense than 1, 4, 11, 12, etc. The job of Hand Cutter seemed so far "out of line" with respect to the other occupations that it was not included in the calculation of the least squares line or the measures of correlation.

Average Hourly Earnings on Particular Jobs; Brockton Averages Plotted Against United States Averages



Brockton wage structure (this is not a suggestion), he would find little comfort in the high coefficient of correlation. Even if he decided on the relatively wide wage band of 10¢ per hour, he would find half his cases calling for adjustment.

What can be concluded from this analysis of wage structure? The following observations seem appropriate: (1) Assumptions implicit in these job rate comparisons limit the conclusiveness of the data; (2) There is a tendency for relative rankings of jobs to be similar in all shoemaking areas; (3) However, the cents per hour range of the wage structure varies considerably from one area to another; (4) Job rankings in Brockton tend to conform with those of the United States; (5) There is a high statistical correlation between the average hourly earnings in Brockton and in the United States; and (6) This statistical excellence represents too wide a wage band to be useful in practical wage administration.

### Summary

First of all, in this chapter, the dominant process in the field of men's shoemaking has been identified. But what can description of the Goodyear-welt process tell us about the problems of wage determination in this industry? Following are the considerations which seem most significant.

1. Shoe factory jobs are predominantly skilled and semi-skilled (are for the most part performed on non-automatic machinery) and are located in natural craft groupings, groupings which may form the basis of union jurisdictions.

2. Historically, improvement of the process has been gradual and has been expressed in changes on already existing jobs rather than more sweeping technological advances. New machines have tended to imitate, to do better and faster, the motions formerly done by hand.

3. Mass production does not change the content or number of operations as far as one shoe is concerned; but, in the course of a day's work, standardization of product means increased productivity to the bench worker, with no extra effort on his part.

4. On some operations, the worker must spend more time on a high grade shoe than on one made in a lower grade; however, this condition is not felt uniformly throughout the factory. In fact, on a few jobs, the lower grade of shoe may require more, not less, of the operator's time.

5. The structure of wages is similar throughout the country, with the Brockton area no exception to this fact. There is a high coefficient of correlation between hourly earnings in United States and those in Brockton, but the



cents per hour deviations from the line which fits these rates best are too large for the demands of practical wage administration.

## CHAPTER IV

### THE BROCKTON AREA'S CHARACTERISTICS AND THEIR DEVELOPMENT

Wage decisions result from the reactions of people to the "total situation" of which they are a part. Any such "situation" includes a "past" as well as a "present"; consequently, for full understanding, exploration of this context is necessary. That kind of exploration, the purpose of this chapter, is particularly important here; for Brockton is a city with a past. Shoeworkers there have been organized in labor unions since 1898 at least,<sup>1</sup> and manufacturers in the district have an Association which dates back to 1903.<sup>2</sup> But even before the turn of the century, the area was famous for its men's shoes.<sup>3</sup> Tucked away in this long history of employer-employee relationships are the sources of many present wage problems and the explanations for wage rates which might otherwise appear inexplicable.

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1. In that year the W.L. Douglas Shoe Company of Brockton and the Boot and Shoe Workers Union, AF of L, signed a closed shop contract.

2. The first Association Constitution located by the author was dated June 18, 1903. According to the Brockton Enterprise, (Feb. 14, 1940, p. 1) the Brockton Shoe Manufacturers Association, Inc. started officially on January 2, 1903. The manufacturers had probably worked together informally for several years before that.

3. For instance, the George E. Keith Company, makers of the "Walk-Over" shoe, have been in business since 1874 and manufacture of the "W.L. Douglas Shoe" started in 1876.

While Brockton's past is expressed in present-day characteristics, description of these characteristics as they stand now, without development of historical material, would leave out part of the "total situation" within which wages are determined. For instance, the strength of the craft autonomy feeling among the shoe workers affects both the individual rate-setting process and bargaining over general wage movements; however, a simple statement of what each craft's prerogatives are would only present part of this feeling's effect. The basis for more complete understanding must include knowledge of the circumstances which shaped the union's structure. Therefore, the significance of the Brockton area's characteristics lies not only in what they are but also in how they got that way.

Such a "what" and "how" approach is used in this chapter to treat material arranged in the following groups: (1) Definition of the geographical area most appropriate as a unit for discussion; (2) Statistical summary of past and present employment conditions in the area; (3) Description of the district's shoe firms, their size, ownership, and age, and the price ranges in which they sell their product; (4) The activities and scope of the Manufacturers' Association; and (5) Activities of the Boot and Shoe Workers Union (AF of L) and the chain of events which led to rebellion against that organization and formation of the Brotherhood of Shoe

and Allied Craftsmen. The structure and operation of the Brotherhood will be discussed in the chapter following this one.

### Definition of the Area

Any investigation of the forces at work in the process of wage determination must start by justifying the unit chosen for study. The range of choice is almost infinite. Starting with an individual worker and his motivation, the possibilities include work groups of various sizes, whole factories, firms, unions, geographical areas, industries, or the economy as a whole. But this does not mean that one designated area (geographic, economic, or social) is as good as another for purposes of wage research. For study of general wage movements, for instance, small groups may not include the forces that are decisive. On the other hand, indiscriminantly chosen geographic areas ("labor markets") or artificially defined industry groups may complicate the problem of identifying wage determining forces without yielding any compensating result. The problem, then, is to find the groups within which identifiable decisions are made. This section will define and attempt to justify the selection of the area under study here.

A circle of ten-mile radius drawn around the city of Brockton, Massachusetts would include some thirty shoe

companies, almost two-thirds of which are located in the city itself.<sup>1</sup> If the area is extended to include Middleboro and New Bedford,<sup>2</sup> another five firms would be added to the total. Of the estimated daily capacity of all these companies, about 75%<sup>3</sup> is apparently devoted to making men's welt shoes; in fact, Brockton has traditionally been identified as a production center for men's high quality footwear. This industry has been developed almost to the exclusion of others, so that, in 1945, 55% of the city's manufacturing payroll was received by employees of factories making "Boots and Shoes". If the percentage made up by the

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1. These figures were compiled from Shoe and Leather Reporter Company, Directory of Shoe Manufacturers, 1946 edition. Firms stating a daily capacity of less than 500 pairs were not included.

2. Such extension would make the area correspond to the Bureau of Labor Statistics' "Fall River-New Bedford" labor market, about which certain wage information relative to the shoe industry is available.

3. This percentage was computed from figures appearing in the Directory of Shoe Manufacturers referred to above. The Directory states for each firm the type of product (men's shoes, women's, children's, boys', and so on) and the estimated daily capacity of the factory. These estimates are only approximate, since they must be based on certain assumptions about the way the factory is being operated. The capacity of given shoemaking resources (space, machines, workmen, and so on) rises as the number of styles declines. Shortly after the War's end many new styles were introduced in men's shoe factories; in addition, post-war uncertainty about orders made block scheduling of production more difficult, especially for companies operating without assured retail outlets. Nevertheless, the author believes that his computations represent a reasonable though rough estimate of the proportion of men's shoes to the total produced in the Brockton district.

closely related "Boot and Shoe Cut Stock and Findings" industry is added, the two together make up 71% of the 1945 manufacturing payroll.<sup>1</sup> Of the 8,711 wage earners employed, 4,678 worked on "Boots and Shoes" and an additional 1,501 on "Cut Stock and Findings".<sup>2</sup> Similar data on towns surrounding Brockton is not available; however, with the exception of the area to the north, shoemaking is apparently the dominant industry.<sup>3</sup>

This shoemaking area is bounded by territory differentiated rather sharply with respect to principal community orientation. Movement clockwise on a circle around Brockton

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1. Commonwealth of Massachusetts, Department of Labor and Industries, Division of Statistics, Census of Manufactures, 1945, City of Brockton, Mass., "Principal Data for All Manufacturing Industries 1945", p. 2., Table 1. Other industries significant enough to be listed include "Bread and other bakery products" (363 employees), "Foundry and machine-shop products, including electrical machinery apparatus and supplies" (375 employees), "Men's and women's clothing" (475 employees), "Printing and publishing" (161 employees), and "Blacking, stains, and dressings" (284 employees). "Knit goods", "Models and patterns", and "Paper boxes" were lumped together to avoid disclosure of the operations of individual establishments. These three industries employed a total of 1,130 wage earners. The "Boot and Shoe" industry's payroll as a percentage of the total for "All Industries" is shown below for the decade preceding 1945.

Year:	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944
% :	63	57	60	55	57	51	52	55	54	53

2. Ibid.

3. This conclusion was formed from listings in the Directory of New England Manufactures, 1947, personal observation, and discussions with local people.

encounters (1) the residential suburbs of metropolitan Boston; (2) shipyards in Quincy and Hingham; (3) seaside resorts along the "South Shore" and on Cape Cod; (4) the textile industry of Fall River and New Bedford; and (5) the metropolitan areas of Providence, Rhode Island, and Worcester, Massachusetts, located from 30 to 40 miles away from Brockton and in which the amount of shoe manufacturing is insignificant. Between Brockton and these metropolitan areas, industry is scattered and diversified. There is no evidence of heavy wage earner commuting traffic into Brockton from these "outside" areas; as a matter of fact, a recent survey showed that the city and surrounding towns were net exporters of labor.<sup>1</sup> Though there are two other shoemaking centers in Massachusetts, Lynn and Haverhill, both of these cities are well to the north of Boston (Brockton is to the south); and, in addition, they are primarily producers of women's novelty shoes.

The Brockton district is, then, dominated by one industry and, from this manufacturing standpoint, is fairly well defined and differentiated geographically. Do these facts make

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1. This question has not been studied intensively. However, the conclusion is indicated by checks of bus and train traffic and by personal observation of principal highways during "rush" hours. In addition, a survey made by Homer Hoyt, Associates for the Brockton Committee for Economic Development shows that the overwhelming majority of people who work in the Brockton area also live there, and that, of those who registered for unemployment compensation in 1946, only 18% of the men and 8.6% of the women had last been employed outside the Brockton area. Brockton Enterprise, May 17, 1948, p. 3.

it an appropriate point of reference for discussion of wage activity? Ross maintains that the concept of geographical labor markets does not lend itself to explanation of present-day wage activity. He prefers to think in terms of "coercive comparisons" between union groups which have no particular mileage dimension.<sup>1</sup> In this case, however, it may be possible to have it both ways: the factors which differentiate the area geographically also tend to create wage comparisons which are "coercive".

That these factors, concentration and specialization of industry, are coercive has been recognized by the growth and supplemented by the existence of employee and employer organizations. On April 1, 1946, an independent union had what amounted to the closed shop in 70% of the district's shoe factories and had 7,318 of the area's shoeworkers as the nucleus of an 8,427-member organization.<sup>2</sup> Of the unionized firms, 80% were members of the Associated Shoe

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1. A.M. Ross, "Wage Determination under Collective Bargaining", American Economic Review, December 1947, pp. 801-812.

2. These records were compiled from the union's records of dues collection and, in the author's opinion, represent a reliable index of membership. The 1,109 members not in the Brockton shoeworker group were recruited from the local Cut Sole industry employees, from the Herman Shoe Company in Millis, Mass. (about 30 miles from Brockton), and from the Gardiner, Maine plant of the Commonwealth Shoe and Leather Company, which has its headquarters in the Brockton district.



Industries of Southeastern Massachusetts, Inc., a manufacturers' group which included, in addition to shoe companies, many unionized employers in the Cut Stock industry. Even in the 1930's, when the Association was apparently not as strong as it now is, the bargain between these two groups was the point of reference for other bargains in the area.

This is no argument, of course, that Brockton area wage activity takes place without reference to outside influences. The highly competitive nature of the shoe industry makes relative labor costs extremely important. Further, while Brockton people must make some adjustment to product-market competition, they undoubtedly react, as well, to the decisions of outside shoe unions and to the general tenor of the country's economic activity. Nevertheless, even in general wage movement decisions (that phase of wage activity most likely to reflect outside influences), they do not follow any particular leader or await establishment of an industry pattern.

About the Brockton district, then, the following observations are warranted: (1) the area is dominated industrially by a concentration of firms producing men's shoes; (2) locally oriented employer and employee decision-making groups exist there; (3) these groups are large enough so that their broad decisions become effective throughout the area; and (4) the decisions are independent, in the

sense that they lack special reference to any particular outside influence. These facts led to selection of the Brockton district as an appropriate unit for study of wage determining forces. The district's past and present characteristics most relevant in the background of wage decisions will be discussed in the remainder of this chapter.

### The Statistics of Employment Conditions

"Brockton people think they are the only ones in the country who know how to make a real men's shoe. This may have been true once; but now, we are selling our shoes to their old customers. If the trend continues much longer, they will be more of a curiosity than a competitor". This statement is a typical first reaction to the subject of "Brockton" by an "outside" manufacturer. Even within the district, people seem to feel that "something is wrong".<sup>1</sup> Are these sentiments borne out by the local statistics of employment, wages, and production? How has Brockton's experience compared with that of the men's shoe industry?

Data on the Brockton shoe industry are available from the Massachusetts Department of Labor and Industries for all the years from 1907 to the present. These figures are summarized in Table 11 and various computations from them

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1. For example, on June 26, 1947, a Chamber of Commerce sponsored committee proposed "an industrial survey to find a cure for Brockton's industrial ills". Brockton Enterprise, June 27, 1947, p. 1.

TABLE 12

PRINCIPAL DATA ON "BOOTS AND SHOES, OTHER THAN RUBBER"  
FOR BROCKTON, MASSACHUSETTS<sup>1</sup>

Year	Number of Establishments	Capital Invested (nearest 000)	Value of Stock and Materials Used (nearest 000)	Amount of Wages Paid in the Year (nearest 000)	Average Number of Wage Earners Employed	Value of Products (nearest 000)
1899 <sup>2</sup>	52	NA <sup>3</sup>	12,500	4,857	8,498	19,844
1904 <sup>2</sup>	44	NA	17,998	7,384	11,188	30,073
1907	33	5,104	28,530	10,364	15,173	44,012
1908	33	5,125	21,675	8,554	13,078	35,277
1909	35	11,864	20,457	6,965	10,942	32,464
1910	32	13,611	22,021	8,409	12,174	34,782
1911	32	13,701	21,446	8,210	12,344	34,975
1912	33	14,712	20,986	7,976	11,931	34,244
1913	33	15,769	23,593	8,596	12,236	37,602
1914	36	18,841	21,566	8,084	12,115	35,033
1915	33	19,574	23,849	7,776	11,602	37,830
1916	33	22,331	29,712	8,895	11,779	45,308
1917	33	28,590	34,286	9,024	11,294	50,562
1918	34	31,089	45,020	10,879	11,849	62,336
1919	39	36,063	52,595	15,558	12,878	81,544
1920	44	34,797	50,831	14,525	10,957	82,538
1921	51	NA	27,267	12,653	10,768	51,195
1922	59	31,820	27,610	14,072	11,410	52,056
1923	58	NA	28,258	13,810	10,704	52,619
1924	55	27,111	22,319	12,044	9,798	44,273
1925	46	NA	21,556	10,825	9,117	41,783
1926	39	24,498	19,839	10,426	8,696	39,196
1927	38	NA	19,666	9,987	8,238	38,027
1928	35	21,001	21,195	9,863	8,184	39,375
1929	35	NA	21,073	10,470	8,612	39,445
1930	36	19,618	17,464	9,181	8,069	35,322
1931	34	NA	12,404	7,044	7,447	24,717
1932	31	10,852	7,317	4,695	5,152	16,370
1933	27	NA	8,437	4,864	5,874	17,370
1934	28	12,034	9,721	5,619	6,531	19,324
1935	26	NA	9,890	5,874	6,304	19,569
1936	26	14,541	8,694	5,344	5,820	18,765
1937	23	NA	9,683	5,205	5,380	18,749
1938	21	11,025	7,193	4,182	4,857	14,340
1939	22	NA	7,957	4,469	4,742	15,366
1940	22	10,703	7,365	3,829	4,245	14,174
1941	22	12,656	13,121	5,590	4,795	22,722
1942	21	12,928	20,793	8,143	5,269	33,269
1943	20	13,833	22,116	8,534	4,929	36,300
1944	20	12,899	21,076	8,486	4,641	34,300
1945	21	13,921	20,858	9,464	4,678	35,487

1. Commonwealth of Massachusetts, Department of Labor and Industries, Division of Statistics, Census of Manufactures, for the years in question.

2. U.S. Bureau of Census as quoted by Thomas L. Norton, Trade-Union Policies in the Massachusetts Shoe Industry, 1919-1929, Columbia, 1932, p. 102. NA signifies that the data is unavailable.

are shown in Table 13. Unfortunately, similar statistics on the surrounding towns are not published, since that might disclose the operations of individual firms. However, unofficial production totals and field study in the district both indicate that conditions in the City of Brockton are generally representative of those in the area as a whole. Table 12 contains these unofficial production totals for the district along with the Department of Commerce figures on different classifications of men's shoes.

Probably the most striking fact revealed by the Brockton statistics is the prolonged and drastic decline in employment, a trend which has continued almost without interruption ever since the 1907 peak of 15,173. By 1945, when anything produced could be sold, average employment stood at 4,678. What statistical "explanations" are there for this decline?

During the decade preceding the first World War, improvements in technology without corresponding increases in production contributed heavily to the trend. Between 1907 and 1916, output per worker increased by 27%<sup>1</sup> and

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1. For the production figures used in this computation see Norton, op. cit., p. 102. He concludes that the figures "give an approximation of production" and are "indicative of broad movements". They were "compiled by the Brockton Enterprise from reports of freight and express offices plus a semi-annual sample of parcel post shipments and reports from manufacturers of shoes shipped by trucks". Norton found that "the shoe editor of the Brockton Enterprise believes that the average number of pairs of shoes per case has remained about the same during the entire period". The figures, then, must be used with some

TABLE 13

## PRODUCTION OF SHOES

Year	City of Brockton <sup>1</sup>	Towns Surround- ing Brockton <sup>2</sup>	Total in Brockton District	All Men's Shoes <sup>3</sup>	Men's Dress Shoes <sup>4</sup>
1920	10,799,250	9,531,897	20,331,147		
1921	9,655,899	9,545,587	19,201,486	69.5	
1922	10,735,285	9,877,721	20,613,006	90.0	
1923	10,993,216	11,087,523	22,080,739	100.3	
1924	8,996,618	8,084,603	17,081,221	84.7	
1925	8,357,638	7,610,184	15,967,822	86.5	
1926	7,921,127	8,089,826	16,010,953	86.6	
1927	8,472,065	7,819,032	16,291,097	95.3	
1928	8,875,583	7,373,725	16,249,308	91.0	
1929	8,992,152	7,799,300	16,791,452	94.8	
1930	8,158,299	6,304,107	14,462,406	77.2	
1931	6,494,614	4,704,476	11,199,090	77.4	
1932	5,618,700	4,094,214	9,712,914	74.5	51.6
1933	6,212,895	5,575,512	11,788,407	88.5	63.8
1934	6,287,601	5,501,896	11,789,497	91.4	63.9
1935	6,335,694	4,768,415	11,104,109	99.5	73.4
1936	5,616,205	5,454,011	11,070,216	103.8	77.7
1937	5,613,238	4,979,900	10,593,138	102.9	77.4
1938	4,670,387	5,413,989	10,084,376	96.7	71.8
1939	4,948,942	5,348,746	10,297,688	103.8	76.4
1940	4,766,623	4,890,000	9,656,623	102.4	72.7
1941	7,249,018	6,452,696	13,701,714	135.8	104.0
1942	9,007,552	7,363,031	16,370,583	143.0	115.2
1943	8,870,096	6,919,217	15,789,313	129.3	107.3
1944	8,065,162	6,190,498	14,255,660	112.4	95.9
1945	8,059,274	6,078,422	14,137,696	107.6	94.0
1946	7,714,147	7,141,163	14,855,310	129.7	77.6
1947				121.0	84.2

1. Unofficial figures released to the author by the Southeastern Massachusetts Shoe Manufacturers' Association, Inc.

2. Ibid. This figure includes the towns of Abington, Braintree, Bridgewater, Middleboro, Rockland, Stoughton, Weymouth, and Whitman.

3. U.S. Dept. of Commerce, Boot and Shoe Industry Statistics, May 1946, p. 19. The figures for 1946 and 1947 were taken from U.S. Dept. of Commerce, Facts for Industry, Shoes and Slippers, June 4, 1948. All figures are rounded to the nearest 100,000.

4. Ibid. This figure includes military shoe production in the years 1941-1945, inclusive. All figures are rounded to the nearest 100,000.

invested capital per worker by 40%. The increase in production was concentrated in the period from 1907 to 1909, by which time employment had dropped to 10,942, a figure which was maintained or bettered throughout the next 13 years. On the other hand, invested capital continued its increase to a 1919 peak of 36 million dollars, possibly reflecting more a rise in prices for leather and shoes, though, than a "substitution" of capital for labor.

The shoe editor of the Brockton Enterprise, summarizing the year 1919, pointed to "the multiplicity of new firms that had entered business", a condition "never been known before", and he commented that "shoe values skyrocketed during the year" and "factories...(were) running to capacity".<sup>1</sup> Production dropped off sharply in 1920 and, after a partial recovery, broke again in 1924. It remained at about the 1924 level for the rest of the 1920's. Employment fell suddenly along with production in 1920, but thereafter adjusted slowly downward to the new lower output level.

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caution. However, the increase in productivity which use of them indicates is also indicated by the movements of invested capital per worker and of value added per worker. In this light, the conclusion seems justified that marked advance in output per worker occurred.

1. Brockton Enterprise, December 27, 1919, p. 1, as quoted by Norton, op. cit., p. 104.

This gradual movement probably reflected more the decline in number of establishments (from 59 in 1922 to 25 in 1929)<sup>1</sup> than reductions in the work force of individual firms.

The Great Depression did not hit Brockton so quickly as the rest of the men's shoe industry, but eventually the impact on Brockton was greater. Furthermore, local production did not recover to the same extent as did that for men's shoes generally. With the exception of 1933-35, Brockton employment during the 1930's continued to decline, reaching a low of 4,245 by the time the decade was over. Once again the apparent elimination of job opportunities was accompanied by a drop in the number of Boot and Shoe establishments in the City.

During World War II employment recovered moderately, while production advanced by about 70%. The 54% increase in output per wage earner probably resulted both from under-employment in the base year (1940) and from the economies almost inevitably generated by a steady stream of standardized production. This period from 1907 to 1945, then, may be characterized as one of dwindling job opportunities: a reflection, at the start, of increased output per worker but, for the most part, of a decline in physical volume.

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1. The number of establishments increased by 25 between 1918 and 1922. Inspection of trade directories indicates that many of these small concerns, which rode in on the war and post-war boom, rode out again during the "competitive" middle twenties.

The drop in production was not gradual, but was concentrated in three relatively short periods: 1919-1920, 1923-1924, and 1929-1932.

But the secular downward movement of job opportunities was not the only employment problem faced by the Brockton shoemaker. Both employment and payrolls exhibited a marked degree of seasonality, as shown on Chart 7.<sup>1</sup> The union policy of "share the work" may partially explain the relative stability of employment, though, even here, the high index number was 140% of the low. The fluctuations in payrolls were twice as great as were those for employment. Further, on the assumption that the fluctuations in money paid to wage earners is a fairly accurate index of output,<sup>2</sup> seasonal variations of production in Brockton were twice as severe as the average in the men's dress shoe industry.<sup>3</sup>

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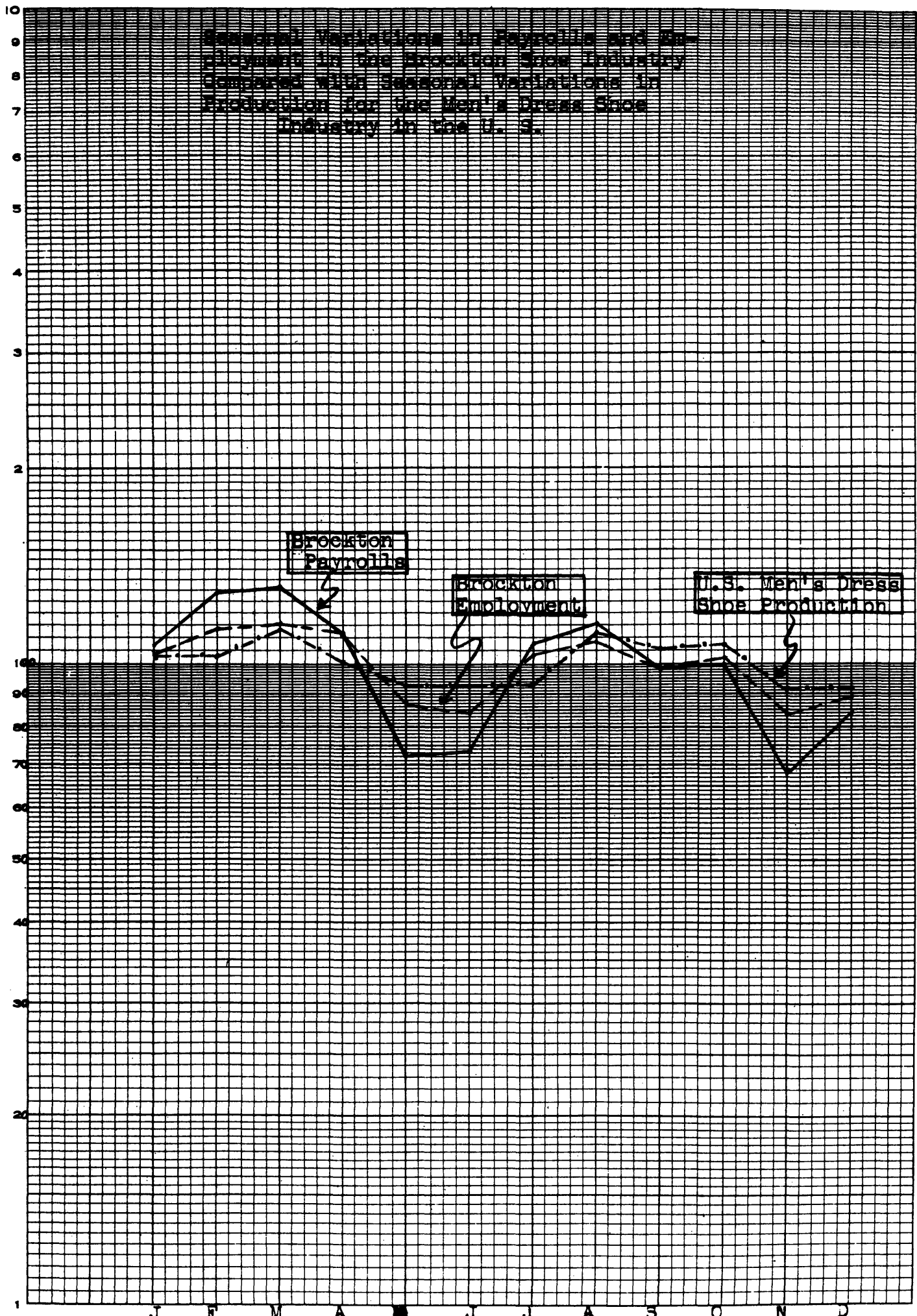
1. The index was constructed by averaging the employment and payroll for each year and then expressing the months as a percentage of the average. Finally, the index numbers for each month were averaged to get a composite index for the period from 1934-1940. 1937 was omitted from the final computation since a wage increase early in the year and a decrease toward the end distorted the seasonal pattern.

2. This index of payroll is slightly more variable than Norton's index of shoes shipped from Brockton from 1923-1929 (Ibid., p. 111).

3. The index for the men's dress shoe industry is taken from NSMA, op. cit., p. 6. The index is based on the period, 1936-1940.



Seasonal Variations in Payrolls and Employment in the Brockton Shoe Industry Compared with Seasonal Variations in Production for the Men's Dress Shoe Industry in the U. S.



It is undoubtedly true that some companies in the district have been able to control the seasonal nature of their production. But Norton states that

"The experience of the Commonwealth Shoe and Leather Company of Boston [main plant in Whitman] and E.T. Wright and Company, Inc., of Rockland, Massachusetts, of 'practically steady operation through the year' by the use of an in-stock department and stock manufacturing programs has certainly not been the experience of shoe manufacturers in Massachusetts in general. The W.L. Douglas Company, for example, states 'that it is a question whether the extra cost of handling, the storage required, interest on money and risk of making styles which may not sell, are compensated for by the extra orders which having an in-stock department makes it possible for them to get'".<sup>1</sup>

Of the companies (all in the district) mentioned above, only Douglas is in the City of Brockton, to which the indices on Chart 7 refer. The men's dress shoe industry may not be strictly comparable with Brockton since some women's and children's shoes are produced there; however, these shoes were of the staple variety, not the type that would aggravate particularly the seasonal pattern of the City's men's shoe factories. The conclusion seems fair, therefore, that the job opportunities and income of Brockton shoeworkers have been relatively unstable during the "typical" year, a problem added to that of the long run decline in employment.

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1. Ibid., p. 85. Norton's quotations are from E.S. Smith, Reducing Seasonal Employment, McGraw-Hill, 1931, pp. 44, 222 and 231-2.

What happened to the incomes of Brockton shoeworkers as their employment opportunities decreased? The computations in Table 13 indicate that the take-home pay of those employed generally increased and that labor's "share" of "Value Added" and "Value of Product" both were maintained throughout the period.<sup>1</sup> Average annual income increased very slowly in the decade preceding World War I and then rose rapidly so that by 1919 it was almost double the average for 1915. Then, despite a decline in employment and a union policy of "share the work", incomes of those employed remained almost at this wartime level throughout the 1920's. There were no general wage increases during the period; rather the manufacturers constantly sought and eventually obtained reductions.<sup>2</sup> The explanation for this

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1. The tables for annual and weekly wages result from division of the Amount of Wages Paid by the Average Number of Wage Earners Employed. Dollars of payroll is a total of what was paid out during the year. Average number employed, is computed as follows; (1) a questionnaire obtains the "number of production and related workers employed during the normal payroll period ended nearest the 15th of each month"; (2) the arithmetic means for these 12 periods is the "Average number employed". Periods when "labor disputes", "shortage of materials", "vacations", or "other causes" have caused "shut-downs" are not included.

2. Ibid., pp. 145-148 and pp. 155-157. Norton summarized "the attempts of the Brockton manufacturers to get lower labor costs" on p. 157 follows: "We find that it was not until early 1925 that any permanent reduction in wage rates on the standard Brockton grade was obtained; and that it was not until 1926 and 1927 that lower grade prices were secured".

TABLE 14

BROCKTON SHOE INDUSTRY WAGE COMPUTATIONS<sup>1</sup>

Year	Average Annual Wage(\$) <sup>2</sup>	Average Weekly Wage(\$) <sup>3</sup>	Wages as a % of Value of Products <sup>4</sup>	Wages as a % of Value Added in Mfg. <sup>5</sup>	Weekly earnings of all shoe workers(\$) <sup>6</sup>
1899	573	11.00	24.5	66.3	
1904	661	13.00	24.0	61.2	
1907	683	13.15	23.5	67.0	
1908	655	12.60	24.2	63.0	
1909	636	12.25	21.4	54.0	
1910	693	13.30	24.2	66.0	
1911	665	12.80	23.5	60.7	
1912	668	12.85	23.2	60.1	
1913	701	13.49	22.8	61.1	
1914	665	12.88	23.0	60.0	
1915	668	12.85	20.5	55.5	
1916	755	14.50	19.6	57.0	
1917	800	15.38	17.8	59.0	
1918	917	17.60	17.4	62.5	
1919	1210	23.15	19.1	53.6	
1920	1329	25.50	17.6	45.9	
1921	1175	22.60	24.7	52.9	
1922	1230	23.65	27.0	57.5	
1923	1290	24.90	26.3	56.9	
1924	1230	23.65	27.2	55.0	
1925	1180	22.75	26.0	53.5	
1926	1201	23.07	26.7	54.0	22.31
1927	1211	23.16	26.2	54.3	22.26
1928	1205	23.20	25.1	54.3	21.78
1929	1215	23.40	26.6	57.0	21.63
1930	1138	21.85	26.0	51.4	18.87
1931	945	18.20	28.5	57.0	17.60
1932	910	17.50	28.6	51.8	14.94
1933	830	15.90	28.1	55.1	15.21
1934	848	16.30	29.0	58.5	17.22
1935	931	17.91	30.0	60.7	17.96
1936	917	17.60	28.4	49.7	17.37
1937	970	18.62	27.8	65.0	18.57
1938	860	16.50	29.2	58.5	16.98
1939	1060	19.20	29.1	59.5	17.83
1940	903	17.37	27.0	57.0	17.85
1941	1166	22.40	29.6	58.0	21.72
1942	1542	29.70	24.4	65.3	25.25
1943	1730	33.25	23.5	60.2	28.18
1944	1828	35.19	24.7	64.0	31.16
1945	2013	38.63	25.9	64.6	33.44

1. The computations were made from the figures presented in Table 11.

2. (Amount of Wages Paid During the Year) / (Average Number of Wage Earners Employed).

3. (Average Annual Wage) / 52.

4. (Amount of Wages Paid During the Year) / (Value of Products).

5. (Amount of Wages Paid During the Year) / (Value of Products - Value of Stock and Materials Used).

6. U.S. Dept. of Commerce, Boot and Shoe Industry Statistics, May 1946,

seemingly contradictory state of affairs must lie in the fact that employment and production declined through the elimination of firms, not general reductions spread through all companies in the district. The Great Depression hit Brockton incomes (along with those of everyone else) by curtailment of production and by wage reductions; but, starting from 1933 and helped along by wage increases, incomes rose almost to the 1920's level by the end of the decade. During World War II, as in World War I, incomes increased by almost 100%, a movement apparently explained primarily by expanded output per worker and by general wage increases.

A number of conclusions, then, are suggested by the statistics of employment conditions. First, Brockton experienced a gradual reduction in job opportunities mostly as an adjustment to three periods of sharp decline in physical volume. Second, employment and, to an even greater extent, payroll exhibited a marked degree of seasonality during the average year. The fluctuations in production were twice as severe as the average for the men's dress shoe industry. Third, annual incomes of those employed rose sharply during both World Wars and were maintained during the 1920's in the face of curtailment in employment and production. Incomes dropped in the early thirties but recovered by the end of the decade almost to their pre-depression level. Within

this statistical frame of reference, now, the kind of firms and the kind of employee groups which developed may be examined.

### The District's Shoe Manufacturers

Brockton's shoe firms cannot be characterized by general statements. In fact, some of the problems which these companies have in common arise out of their dissimilarities. Nevertheless, they are similar in several important respects. In almost every case, the men who run the firms are the men who own them. Typically, controlling interest has remained in the hands of one family, that of the founder; and, in some cases, the business has been passed on through three generations. Further, with no "managerial caste" separating "capital" from "labor" in Brockton, everything that happens is personalized. The company doesn't make money; rather, "That's him, over there. See? The guy getting into the Cadillac". The company doesn't lose money either; instead, "If I stay in this town much longer, they're going to ruin me".

While the older businesses have stayed "in the family", most of them have also stayed small. None of the shoe industry's "big five" is in Brockton, and, out of 35 firms in the district, only five stated their capitalization to be over \$1,000,000.00 in 1946. On the other hand, these

companies are not the "fly by night" type of concern so generally associated with the shoe industry.<sup>1</sup> Quite the contrary; a large proportion of Brockton companies have done business there for a great many years--seventy per cent of the firms listed in the district in 1946 were also listed in 1922.<sup>2</sup> This record of long life compares rather dramatically with the rest of the shoe industry, where the average firm lasts only six years.<sup>3</sup> Of course, the fact that firms now located in Brockton are themselves old does not necessarily mean that stability dominates the background of the district's shoe industry. As was pointed out in the preceding section, the period surrounding World War I encompassed a sharp rise and then decline in the total number of establishments; and, even since 1932, the

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1. The women's cheap novelty shoe industry, where a premium is placed on fast-changing styles, apparently has in it many "fast-changing" companies. For instance, in Lynn, Massachusetts, a center for this type of shoe, only 12 of the 68 companies listed there in 1933 were still there in 1939. (See Shoe and Leather Reporter, Directory of Shoe Manufacturers, 1933 and 1939).

2. These calculations were made from the Shoe and Leather Reporter, Directory of Shoe Manufacturers for the years in question.

3. Horace B. Davis, "Business Mortality: The Shoe Manufacturing Industry", Harvard Business Review, Spring, 1939, p. 332. Mr. Davis states that "The average life of all firms that did business in the period 1905 through 1935 was only about six years. Approximately half of the shoe firms that started business in any year had gone out of business by the end of the third year thereafter."

number of firms operating in Brockton has dwindled slowly downward. In many cases, furthermore, the remaining companies are smaller now than they were a quarter century ago.<sup>1</sup>

While the Brockton firms are all small relative to major concerns in the shoe industry, they do vary considerably in the scale of their operations. Estimated plant capacities range all the way from 7,000 pairs per day for the George E. Keith Company down to a few hundred per day for some of the smaller manufacturers. Along with this variation in size, there are variations in methods of merchandising the product. The largest concerns (Keith, Douglas, Commonwealth, and Regal) operate chains of retail stores through which part of their output is sold; in addition, these companies and others in the district brand their shoes with widely advertised names.<sup>2</sup> Two firms in the area make use of house-to-house mail-

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1. Outstanding examples of such a decline are two of the biggest manufacturers in the district. In 1922 the George E. Keith Company stated a capitalization of \$9,273,000.00 as compared with \$4,299,878.00 in 1946; the figures for the W.L. Douglas Company were 1922, \$10,000,000.00 and 1946, \$2,550,000.00. (Shoe and Leather Reporter, op. cit.)

2. Some of these widely advertised names are "Bostonian", "The Douglas Shoe", "Elevators", "The Etonic Arch", "Walk-Over", and "Wright Arch-Preservers".



order selling;<sup>1</sup> some work directly with independent retail stores, and others market their shoes principally through larger wholesale and chain-store "volume" buyers. Each merchandising method implies some difference in factory operations. For instance, the seasonal problem is apt to be most acute for firms which concentrate on selling unbranded shoes to independent retail stores; and production for "volume" accounts generates economies in the plant, which are lost when a firm schedules small lots for specific orders.

Added to differences between the type of outlet used by Brockton manufacturers are wide variations in the quality of shoe produced. Companies such as Commonwealth, Field and Flint, Stacy-Adams, Stetson, Thompson Brothers, and E.T. Wright all devote a sizable proportion of their output to a "nothing but the best" category, where perfection is the production objective. "There is only one way to make shoes", an executive of one of these concerns told the author, "and that is the right way". His product cost the consumer about twenty dollars in 1947. Manufacturers

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1. This method of selling involves printing a catalogue and providing many part-time salesmen with small display kits. The salesman measures your foot for size and sends your order in to the "factory". He also relieves you of a small downpayment (his commission). You pay the balance after receipt of the shoes. Using this method, the company, to a large degree, puts its selling costs on a per pair basis.

below this top grade all must make some compromise between quality and price, however slight they may claim that quality compromise to be. The innersoles may be a little thinner, leather may not be used for the counters, the edges may not be trimmed in pairs, and so on. The range of this compromise in the Brockton district reaches down all the way to a 1947 \$6.50 retailer (almost the cheapest "footcover" on the market in that year), and some shoes were made in all the intervening price grades.<sup>1</sup>

Along with the variation in quality of product, a method of relating labor cost to wholesale price has grown up in the Brockton district. Conceptually, this method, called the Grade System, is based on establishment of a standard piece rate differential between price brackets amounting to from 10% to 12%. Use of the system involves many administrative problems and compromises, with attendant difficulties almost inevitable; as a result, its operation has become an important phase of the area's wage activity. Description of the way graded labor costs came into being and analysis of the problems consequent to use of this system will form the basis for a later chapter. Here the system is simply noted, as are the previously mentioned characteristics of Brockton district shoe

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1. Approximately twenty percent of Brockton's shoeworkers produce the so-called high-grade shoes, and the remaining eighty percent are divided about equally between the "high-medium" and the "low-medium" priced lines.

companies. Despite their differences, a majority of these concerns have joined together in an Association. The background and activities of this organization are discussed below.

### The Manufacturers' Association

Three fair presumptions about group activity are: (1) people turn toward collective action when they have goals in common but may prefer to act individually if their interests are not the same; (2) groups will function most effectively in those areas where members have similar objectives; and (3) a group will attract and hold members only when the advantages of belonging outweigh the disadvantages. Use of these presumptions as a guide to analysis prompts this sort of question about actual and potential members of the Brockton Shoe Manufacturers' Association. What are the problems and objectives which the district's companies have in common and to what extent are their aims in conflict? How have these motivating forces varied during the life-span of the Association? What are this group's principal activities?

Shoe companies in the Brockton area have formed an Association primarily in response to union organization of district employees. Their common goal is effective dealing with this union, and their Association functions

principally as the focal point of union-management relations. The records of manufacturers' meetings show that, from the very beginning, this group has been concerned primarily with the controversies surrounding wage rate adjustments;<sup>1</sup> and the Constitution adopted as long ago as June 18, 1903 declares that "It shall assume the responsibility in all matters in controversy between any labor union and its (the Association's) members".<sup>2</sup>

Underlying this disposition toward collective action is the fact that operations in a shoe factory are similar enough to make individual piece rates as well as operator earnings subject to comparison. The union has argued that "If Company A can pay this much to get their inner-soles tacked to the last, you should be able to pay the same amount", and manufacturers have asked the union,

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1. For instance, the Association Secretary's Report for the Year 1926 summarized the "Routine Business of Office" as follows:

"There were presented to this office for adjustment 402 cases involving 6,927 items as compared with 548 cases involving 5,571 items last year".

He added that he had "found a large majority of the Business Agents more reasonable in their attitudes, possibly due to the condition of business [bad] in the city". Each of the "cases" referred to was a dispute between one of the craft locals and one or more of the manufacturers and each of the "items" is a piece price on a particular operation.

2. Brockton Shoe Manufacturers' Association, Constitution, adopted June 18, 1903, Article 11.

"Why are you holding me up for a price like this when no one else in the district pays it?" For unassociated concerns, there are obvious dangers implicit in this comparison method of setting piece prices. An executive of one company told this story:

"The union asks us why we joined the Association. We tell them that they drove us into it. Here's what was happening. We or one of the other companies might have several items in dispute, some of them important for us and some relatively insignificant. Often, if we could win our important points by losing the others, we would take that course of action as the most expedient. However, differences in the type of styles being manufactured might make the piece price concession which was insignificant to us very important to the other fellow. Each of us was giving away the other guy's shirt. We had to get together in self defense; what else could we do?"

Further, even though firms might make widely different grades of shoe, the actions of each may ultimately affect all the others since, sooner or later, there would be pressure to "maintain established differentials".

But individual piece price settlement is not the only phase of union-management relations in which Brockton district companies have similar objectives. General wage movements agreed on between the Association and the Union have tended to set a pattern for all companies in the district, whether or not the employees of these companies were union members. Obviously, each firm has a stake in the timing and amount of the settlement; and, therefore,

may join the Association in order to have some influence on these decisions. Possibly the strongest motivation for group action, however, has arisen out of infrequent but important crisis situations, such as the district-wide strikes in 1923 and 1933 and the large and frequent wage demands made in the period immediately following World War II.

In these instances, the outcome of the "crisis" took on such potency for all the members that individual differences were lost in the common goal, making possible a relatively well-coordinated effort on the part of the manufacturers. But when the important common problem was "solved", in the past at least, the high level of group motivation subsided, the differences between members became relatively more potent, and the strength of the Association waned.<sup>1</sup> What are these differences which have led to sporadic membership and interest in the Association?

Before 1933, almost all companies in the district were operated under closed shop contracts with the Boot and Shoe Workers union, AF of L; however, each of the

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1. A manufacturer summed up this tendency for interest in group action to subside after a strong motivating crisis had passed as follows: "Everybody wants an umbrella when its raining, but surprisingly few people will invest in one while the sun is shining."

smaller towns around Brockton had its own local affiliate of the parent organization.<sup>1</sup> The declared policy of the parent union was to give each local control of its own negotiations for wages and working conditions.<sup>2</sup> Under such circumstances of union organization, companies located in towns around Brockton worked out most of their problems with the employee group in their own locality, even though major settlements apparently became district-wide. The net result was that, except for a few crisis situations, Association membership was drawn almost entirely from firms located in the City of Brockton. However, most of the important concerns in the area joined in trying to work out of the 1933 strike; and, when the strike result was formation of the Brotherhood of Shoe and Allied Craftsmen as a district-wide employee organization, the Association membership base was automatically broadened.

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1. A list of local secretaries published by the Boot and Shoe Workers Union in 1930 shows that there was one "Mixed Union" in each of the following Brockton area towns: Bridgewater, Holbrook, Middleboro, Randolph, Rockland, and South Braintree. In Whitman, only five miles from Brockton, there was a local each for Lasters, Treers, Stitchers, Edgemakers, and Cutters, in addition to the Mixed Union; and in Brockton itself there were twelve of these craft groups.

2. Although General Officials of the Boot and Shoe Workers Union said they respected the autonomy of local groups in wage matters, they did interfere on certain occasions. Nevertheless, no particular attempt was made by them to coordinate the activities of locals in the Brockton district. The policies and actions of the Boot and Shoe Workers Union will be discussed in more detail in the section following this one.

But even since 1933, interest in the activities of the Association has been uneven. First of all, not all companies in the district were organized by the new independent union; and, of course, these concerns lacked the primary motive for joining forces with unionized manufacturers. Within the latter group, however, differences in objective have arisen and have tended to weaken the Association's common front. Possibly the most important of these differences originated with conditions existing in the past. Some of the "outside" concerns felt that they had been "able to make a little better bargain on piece prices", through steadier and more standard production and other improvements in conditions of work. Naturally, under the new Association-Brotherhood regime, they wished to maintain these differentials. On the other hand, less fortunate companies apparently felt that "the same labor cost conditions should be available to all": the differential should be removed. The inevitable occurred during 1935 and 1936 when eight companies resigned from the Association. One of the remaining members commented on these withdrawals as follows:<sup>1</sup>

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1. Brockton Shoe Manufacturers' Association, Minutes of a meeting held January 26, 1937. Three of the resignations referred to above resulted from removal of the firm involved to another locality, and so were not associated with the "differential" problem.



"If all manufacturers did this, there would be no Association, and then where would we be? No place for information, no one to sit in with price committees, everybody making his own prices, and the Union representatives using one manufacturer against the other to boost prices. What a situation we would be in. I can imagine it for some of us have lived through periods when there was no Association and no basis upon which to work....However, we have some loyal members left to carry on; the Association is no different than many others: we do the work and others pay no fare whatever, but receive the benefits."

The past is not the only source of individual company goals which conflict with those of the general group. Several times since 1933 one company or another has felt the need for making a "special arrangement" with the Union. In some of these cases, the concern involved apparently believed that success was dependent on differentiating itself from other firms in the district. What the Union could not grant to all, might be granted to one, given a reasonable chance that the "arrangement" would not snowball into a district-wide concession.<sup>1</sup> Still another source of dissimilar company objectives is wide variation in the type of shoe produced. Factories producing a women's novelty line use a set of piece prices almost completely unrelated to those used by makers of men's

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1. The most recent example of a company's withdrawing from the Association in an attempt to work out an individual problem was that of the Regal Shoe Company in late 1947. The company's objective was an "adjustment" in labor costs to bring them in line with comparable price grades in the Brockton district. This interesting case will be discussed in more detail in Chapter VII.

welts. Since the former type of product is in the definite minority, the firms involved would have relatively less to gain from Association membership.

Even within the Association, furthermore, pressures work in more than one direction during debate over issues like a general wage movement. The wide range of shoe price grades produced in the Brockton district means that any given decision will have diverse effects on the "competitive position" of each price group. In addition, financial strength and ability to "take a strike" varies considerably from one company to another, thus creating the real problem of "keeping everyone in line".

All in all, then, Brockton area shoe manufacturers have strong goals in common, but these goals exist side by side with variant, sometimes conflicting objectives. The relative potency for each company of these divergent pressures changes from one situation to the next and depends, to a considerable extent, on the particular function to which the Association group addresses itself. In explaining his own position, one manufacturer summed up the situation this way: "We don't figure that we're well off being in the Association; but we're better off in it than we are out of it".

### The Boot and Shoe Workers Union in Brockton

Today, as union and management representatives work out piece rates and wage changes in Brockton, they do so through the mechanism and within the mores of their respective organizations. For this reason, the form and the characteristics of these organizations are important: the machinery provided may be smooth or cumbersome; those involved may feel themselves part of the decision-making process or they may feel dominated by it; decisions may be acceptable or distasteful to the people affected, depending partly on the process through which the decisions were made. The structure of the Brockton shoeworkers' union, the Brotherhood of Shoe and Allied Craftsmen, was formed during the 1933 rebellion from the Boot and Shoe Workers Union AF of L. Explanation of this structure, then, is to be found in the exposition of the methods and activities against which the rebellion was directed. What were these methods and activities? They are discussed below in terms of their appearance first in the "Boot and Shoe" approach to wage problems and second in that Union's internal government and procedures; then the events leading up to formation of the Brotherhood of Shoe and Allied Craftsmen are described.

"It is impossible to permanently and radically raise wages in one shoe city, regardless of wage conditions in

competing cities", declares an article in a 1910 Shoe Workers' Journal.<sup>1</sup> This rather plausible assumption formed the basis of "Boot and Shoe" wage activity: keep the horse before the cart; organize the industry first and then raise wages. The "organizing instrument" was the Union Stamp Contract "issued in shoe factories under existing wages, especially in the lower wage factories, leaving the higher wage factories to work out their own salvation".<sup>2</sup> The contract, in some cases, apparently, a sort of "sweet-heart agreement", provided for the closed shop, arbitration of all disputes, and no strikes. In addition, the union accepted the wage rates existing in the plant at the time of signing and allowed the employer to mark his product with the Union Stamp.<sup>3</sup> After the contract was signed, necessary wage adjustments

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1. Shoe Workers' Journal, August 1910, p. 18, as quoted by Norton, op. cit., p. 124. For material on the Boot and Shoe Workers Union during the period up to 1929, the author has drawn extensively from Norton's thorough investigation and analysis.

2. Boot and Shoe Workers Union, Proceedings of the 1907 Convention, p. 23, as quoted by Norton, op. cit., p. 123.

3. Copies of the "Union Stamp Contract" were printed in the Shoe Workers' Journal each month up until August 1947, when the Taft-Hartley Act necessitated some changes in it.

were to be handled by local people,<sup>1</sup> acting, of course, within the Union's "no strike" policy. Locals could discuss and arbitrate wage issues; but, unless the employer violated his contract, they could not call a strike. But for locals in the "high-wage" areas of Brockton, these policies were apparently frustrating: all their union's efforts were directed at organizing an elusive, low-wage frontier, which was never brought under control; their own hands were tied by the "arbitration" contract; and even the organizing methods were calculated more for manufacturer appeal than they were for the rank and filer who wanted more pay.<sup>2</sup>

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1. The union's policy of "local autonomy" was stated by the General President in his Report to the 1925 Convention (Proceedings, p. 15):

"Our constitution gives complete control of wage and labor conditions to the Local Unions and Joint Councils....This means the local body is supreme in negotiating for their wages and working conditions. They have the power, and upon them is the responsibility".

As will be brought out subsequently, the General Officers did not always adhere to this principle of autonomy in the case of their Brockton locals.

2. The union was apparently quite frank about the nature of this appeal. Norton, op. cit., p. 121, summarized the Union Stamp policy in this way:

"The Union must first attempt to organize factories and eventually, of course, the whole industry by showing manufacturers that it is to their advantage to have the Union stamp on their products and be free from strikes."

In all fairness to the union, note should be taken that its activities did not have the protection and encouragement of the Wagner Act; they were conducted in an overwhelmingly "open shop" environment.

The conception and method of action on wages outlined above were not part of the Union's constitution; they were developed by the General Officers. For those who wanted to change these methods, the way was clear--elect another set of officials. Apparently, this was attempted in the referendum election of 1907. Considerable evidence existed that the Presidential candidate who favored a change in policies was actually elected; however, the election was contested and he was found guilty of corruption.<sup>1</sup> In 1909 the decision was made that general officers should be elected by convention only, despite the argument that this method was unfair:<sup>2</sup> convention representation was on the basis of "one delegate for each union and one additional delegate for each two hundred members or majority fraction thereof",<sup>3</sup> and a union could be as small as "seven or more bona fide shoeworkers".<sup>4</sup> Obviously, the convention

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1. Ibid., p. 125.

2. Ibid., p. 126, as quoted from Boot and Shoe Workers Union, Proceedings of the 1909 Convention, p. 113. A Brockton delegate stated that his area contained 14,000 of the 27,000 members, but had only 68 of 243 delegates.

3. Boot and Shoe Workers Union, Constitution (as approved by the 1925 Convention) pp. 52-54.

4. Ibid., p. 20.

would not represent the membership's majority opinion; in fact, the general officers were charged with creating small locals specifically in order to control conventions. At any rate, they did not agree with and could not change the parent union's methods: they had only "quarter" representation.

But, for the conduct of their own affairs, how were the Brockton shoeworkers organized? The 1890's and early 1900's were formative years for unionization of the district's shoeworkers; they were also years when the proportion of skilled hand work in a shoe was relatively great. Though current factory organization still divides employees into fairly distinct craft groups, these divisions were even more pronounced in the "old days". The tendency was natural for union jurisdictional lines to fall around work skills rather than factories.<sup>1</sup> Even though the towns surrounding Brockton had only one "Mixed" local apiece, the General Constitution provided that their executive boards should "be so chosen as to represent as nearly as possible all parts of the Craft represented".<sup>2</sup> In

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1. The author is not arguing, of course, that factory organization was the only reason for craft allegiances. No doubt small, highly skilled groups were organized first and found their bargaining power enhanced by being small in numbers but of crucial importance to production.

2. Boot and Shoe Workers Union, Constitution (as approved by the 1925 Convention), p. 34.

Brockton itself, however, the workers belonged to one of twelve craft locals, each presumably autonomous insofar as wage rate setting was concerned,<sup>1</sup> though limited as to action by the contract provisions of "arbitration" and "no strikes". The attention of these local unions was focused, then, not so much on the problems of the factory as a whole as on the problems of a skill-group, with boundaries cutting across factory lines.

Within the factory, workers had no immediate and direct representation. There could be no grievance procedure starting from the shop steward and foreman level because there were no shop stewards. Instead, one of the duties of the local craft union's executive board was to "consider all grievances and endeavor to settle same".<sup>2</sup> The aggrieved worker had to wait for a meeting of this group before he could even present his

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1. There was also in Brockton a Joint Shoe Council to which each local sent three delegates. In case of a strike threat, the Council could make a binding decision, pending appeal to the General Executive Board; however, it had no authority to force locals into coordinated action in such matters as wage requests. The Council was apparently used to some extent, though, in dealing with the Manufacturers' Association over general matters.

2. Ibid., p. 33.



case, a procedure which apparently was not satisfactory.<sup>1</sup> With sources of discontent ranging all the way from organizing methods of the parent union to grievance procedure in the shop, sooner or later conflict was bound to break into the open.

A major outbreak occurred in 1923. The immediate issue was a wage dispute. In March 1922 the Massachusetts State Board of Arbitration had granted the manufacturers a ten per cent reduction in wage rates,<sup>2</sup> over the protests of the Brockton locals. When the efforts of the Dressers and Packers local to "get the ten per cent back" were thwarted by another State Board decision,<sup>3</sup> that group

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1. The Brotherhood of Shoe and Allied Craftsmen, successor organization to the Boot and Shoe Workers' Union, included in their Constitution a section entitled "Birth of the Brotherhood". The old grievance procedure is commented on as follows:

"If a worker complained to the foreman, he was told to take his complaints to the Union. If he did, he was set down as an agitator, and the boss soon knew of any complaints taken to the Union."

Brotherhood of Shoe and Allied Craftsmen, Constitution (original), p. 4.

This comment probably takes as its primary point of reference the "last days" of the "Boot and Shoe", during which the parent union apparently controlled local activities. In any case, it is hard to see how such a grievance procedure could operate effectively.

2. Commonwealth of Massachusetts, Department of Labor and Industries, Report of the Board of Conciliation and Arbitration Year Ending November 30, 1922, pp. 25-30. These decisions were rendered separately for each local and the group of manufacturing firms; however, all the decisions were the same.

3. Ibid., Year Ending November 30, 1923, pp. 40-41. The Board awarded "no change" except for a few minor adjustments.

went on strike. The General Officers of the Boot and Shoe Workers Union immediately declared this action to be an illegal violation of the Union Stamp Contract; they ordered the strikers back to work and revoked the local's charter. A few days later, the Heelers and the Treers also voted to "leave work" and their charters were revoked.<sup>1</sup> But, despite such open opposition from the parent union, the papers reported "manufacturing at a standstill" in Brockton by May 19, four days after the strike's start.<sup>2</sup> By May 22, some shoeworkers in the surrounding towns had "quit in sympathy",<sup>3</sup> and a new Brockton District Shoe Workers' Union had been formed. Norton analyzed the situation in this way:<sup>4</sup>

"From the author's careful day-by-day observation of this strike, it would seem that the essential issue was not over wages....The strike developed into what was essentially a revolt against the Union itself....All of the cumulative grievances against the general officers and their policies emerged into the foreground. The method of electing general officers, the method of representation at the convention, and the wage policy of the general officers in placing a contract in a factory at the existing scale of wages, all played an important part in the strike."

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1. Ibid., p. 2. In their report the Board included a short description of events which took place during the strike.

2. Brockton Enterprise, May 18, 1923.

3. Ibid., May 22, 1923, p. 1.

4. Norton, op. cit., pp. 152-153.

He also reported that the "bitterest denunciations at strike meetings were directed against the general officers of the Union, not against the principle of arbitration nor the manufacturers in general".<sup>1</sup> However, after ten weeks of mass meetings, strikebreakers (but very little violence), and full-page advertisements, the strike was broken. The manufacturers had declared themselves as standing "unalterably" by their contracts with the Boot and Shoe Workers' Union and had stated firmly that they would not deal with Independent Unions.<sup>2</sup> The general officers of the Boot and Shoe Workers' Union had opposed the strike with all their force. Brockton district workers had lost the battle; open conflict subsided.

Trouble broke out again in 1933. Although the parties differed on the "right" and "wrong" of the issues involved, they agreed substantially on the chain of events.<sup>3</sup> Here

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1. Ibid., p. 153 (footnote).

2. "Independent" meant unaffiliated with the Boot and Shoe Workers' Union. The manufacturers were probably influenced by Lynn's experience with "undisciplined" workers and "petty walkouts" which made continuous production impossible. As a matter of fact, in the middle of the Brockton strike, a news story from Lynn reported that the President of the Amalgamated Joint Council there had quit, since he could not bring about "peace and uninterrupted production". (Brockton Enterprise, June 13, 1923, p. 1).

3. The author has had access to the files of the Manufacturers' Association, the Brotherhood of Shoe and Allied Craftsmen, and the local newspapers. The Boot and Shoe Workers' Union set forth their point of view in great detail in the columns of the Brockton Times. No real differences arise as to the chain of events which occurred, though, naturally, emphasis and explanation differ.

is the outline of what happened. Depression conditions weakened the union position; the burden of dues was heavier and the benefits doubtful; production, employment, payrolls, and piece prices all moved down. Biennial Union conventions scheduled for 1930 and 1932 were postponed due to lack of funds.<sup>1</sup> In towns surrounding Brockton, factories apparently operated under what amounted to open shop conditions.<sup>2</sup> To maintain their competitive position, Brockton manufacturers felt the need for reduction of existing piece price scales and for creation of a new lower scale on which they could produce the cheaper shoes demanded by the times.<sup>3</sup> Manufacturers also felt that the multi-craft union organizational structure was too cumbersome and made negotiations too slow. The General Officers of the Boot and Shoe Workers' Union agreed with them on both counts. Some of the locals may have adopted dilatory

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1. Newspaper reports indicate that many Brockton shoe-workers felt these postponements were made to assure the General Officials of staying in office.

2. All indications are that the Mixed Locals in these towns were not operating effectively; business was apparently bad enough so that companies could move ten or twelve miles out from Brockton and secure lower labor costs without effective union opposition.

3. According to the union, both these requests had been made. Boot and Shoe Workers' Union, "Brief Submitted to the NRA Labor Board", The Brockton Times, September 21, 1933, p. 6.

tactics; at any rate, a great many decisions were forced through the slow machinery of arbitration.<sup>1</sup> In January 1932, the Joseph E. Corcoran Shoe Company of Brockton unilaterally instituted a 10% reduction in wages, which the parent and local unions denounced as a violation of the contract.<sup>2</sup> The wage cut was restored and negotiations started on a new lower grade piece price list; however, no agreement was reached. The Company moved six miles to the town of Stoughton, out of the Brockton locals' jurisdiction, and, on November 17, 1932, got an award from the State Board of Arbitration specifying a complete list of rates for the proposed new shoe.<sup>3</sup> In the meantime and despite a general ten percent reduction granted by the State Board on March 9, 1932,<sup>4</sup> the Conrad Shoe Company moved to North Abington and the E.J. Givren Shoe Company to Rockland, both out of Brockton but neither out of the district. General Officers of the parent union

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1. During the year ending November 30, 1932, the State Board of Arbitration handled a total of 234 arbitration cases affecting the Brockton shoe industry. Even such backers of arbitration as the General Officers of the Boot and Shoe Workers' Union called this a "tremendous number". Ibid.

2. Ibid.

3. Commonwealth of Massachusetts, Department of Labor and Industries, Report of the Board of Conciliation and Arbitration, Year Ending November 30, 1932, pp. 44-47.

4. Ibid., pp. 12-17.

were impressed. Apparently they felt that "We must adopt more business-like methods in which dealings shall be more direct and quicker, and resorts to arbitration shall be far less frequent."<sup>1</sup> On December 12, 1932, the parent union's General Executive Board voted,

"to make a change which would permit the placing of the several local unions on a sound financial basis and which would permit manufacturers desiring to secure business on the lower grade shoes to compete with other centers making this grade of shoe."<sup>2</sup>

The charters of Brockton locals were revoked and a "commission" of three was appointed to "take care of all matters dealing with wages and working conditions".<sup>3</sup> The low grade price list which the Brockton locals had refused to grant was "quickly" negotiated. In April, May, June, and July, usually "off-season" months for district shoe production, business appeared to recover from depression lows: payrolls turned up, instead of down.<sup>4</sup> The General Officials felt that they had "saved" the situation; their opposition thought that these orders would have come anyway,

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1. Boot and Shoe Workers' Union, op. cit., p. 6.

2. Ibid., p. 6.

3. Ibid., p. 6.

4. Commonwealth of Massachusetts, Department of Labor and Industries, Division of Statistics, Employment and Payroll Earnings in Manufacturing, January-December, 1933.

and that, if the union had held off a little longer, the "wage cut money" would have been in the workers' pockets instead of the manufacturers'.

But even before the improvement of general business conditions, craft groups had formed "Mutual Benefit Associations". For what reason? Put recent actions of the parent union into the backdrop of previous conflict over its policies and conduct. Brockton locals did not agree with the Boot and Shoe's wage activities and organizing methods; they were thwarted in their attempts to institute changes and felt the Union to be run autocratically. Though they contributed a large share of the general treasury, they could not get effective representation in the Union's ruling councils. Even within the shop, the local organizational structure designated by the parent union was not effective for handling individual grievances.<sup>1</sup> In 1923, open revolt had been checked by united action on the part of the General Officers and the manufacturers. Now, on the pretext that locals were not "self-sustaining" financially, the last area of autonomy was removed:

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I. The locals themselves must have been at least partly to blame for this ineffectiveness, though the structure of grievance procedure specified in the Constitution did make for slow and cumbersome operation. Of course, after the "commission" took over local affairs, employees lost confidence in what grievance procedure they had.

"Somewhere about last December, the locals were not agreeing to pay cuts fast enough to suit the manufacturers, and they called in the President of the union and he revoked the charters of all the locals; established a dictatorship and, in effect, took over all powers to himself. He did this under a provision of the Constitution which allows him to revoke charters where locals are refractory or inactive, and they were only refractory or inactive because of the fact that they did not exercise the right that they had on matters concerning wages and conditions fast enough to suit the employers".<sup>1</sup>

Surprisingly enough, the Mutual Benefit Associations had as their original objective nothing more revolutionary than an "investigation" of the General Office.<sup>2</sup> But, the movement thrived on reaction against and dissatisfaction with the Boot and Shoe Workers' Union; workers were urged to cease paying their dues. On May 15, 1933 the parent union requested wage increases "ranging from five to twenty percent", and on July 1 the new low grade piece prices were raised "selectively" as requested. Nevertheless,

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1. Brotherhood of Shoe and Allied Craftsmen, Brief Submitted to the NRA Labor Board, p. 3. This brief may be found in the present files of the Brotherhood of Shoe and Allied Craftsmen.

2. In a letter dated May 31, 1933 and sent to Mr. Frank A. Goodwin, an attorney, the leader of the Associations set forth their position and stated, "we feel that a general investigation is in order, but it must be an investigation, and not a whitewash." A copy of this letter is in the present files of the Brotherhood of Shoe and Allied Craftsmen.



the "Mutual's" claimed gains in membership, and, on July 26, all the dissident elements joined in formation of a new union, the Brotherhood of Shoe and Allied Craftsmen.<sup>1</sup>

The BSAC pointed to the "representatives of their own choosing" section of the National Industrial Recovery Act and circulated notices to the effect that "when a majority in any factory signs petitions it will be all over". The Boot and Shoe Workers' Union claimed their contracts to be binding and demanded the discharge of those who refused to pay dues. The Manufacturers obtained and published this statement by Donald Rickberg, General Counsel for the NRA: "the signing of the President's reemployment agreement does not abrogate any union contracts or any other bona fide contracts".<sup>2</sup> Finally, on August 28, the Manufacturers fired a group of the workers not in good standing with the Boot and Shoe Workers' Union. According to the BSAC, "These discharges took place in practically every factory in Brockton, and, in every case, the other workers, by common agreement, refused to work unless these men were restored to their

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1. BSAC, Constitution, (original), p. 6.

2. Brockton Enterprise, August 23, p. 1.

positions".<sup>1</sup> The Manufacturers stated that

"they discharged employees who refused to pay their Boot and Shoe Workers' Union dues. Some other employees quit in sympathy. Others quit to avoid trouble. Large groups remained at work. Factories are closing because their operations are successive and the defection of a few paralyzes the plant in a few days".<sup>2</sup>

At any rate, the factories were closed and the strike was on.

Everyone, the National Labor Board, local members of the clergy, and civic leaders, tried to mediate the strike, but with no success. On September 5, the objectionable "Commission" was abolished and the Boot and Shoe Workers' Union granted charters to five jurisdictions carved from the previous twelve locals;<sup>3</sup> however, this token to the principle of self-rule came too late to be effective. By September 25, the Manufacturers could tell the workers and the local merchants that payroll losses already amounted to from \$600,000 to \$750,000; and, in the same statement, that the "caliber of the group which has brought the present situation about" was questionable.<sup>4</sup> The "adviser" to the BSAC, Mr. Frank A. Goodwin, Chief

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1. BSAC, op. cit., p. 4.

2. Brockton Shoe Manufacturers' Association, Brief Submitted to the NRA Labor Board, p. 4.

3. Boot and Shoe Workers' Union, op. cit., p. 6.

4. Brockton Enterprise, September 25, p. 1.

of the Boston Finance Commission, was ousted from his job by Governor Ely, on September 29, after an insistent letter to the Governor sent by the Brockton Shoe Manufacturers' Association.<sup>1</sup> The Association stood four-square for the Boot and Shoe Workers' Union and the Union Stamp Contract. Goodwin countered with the question, "Isn't it a strange spectacle to see manufacturers fighting for a closed shop? I wonder why"?<sup>2</sup>

The National Labor Board had conducted an "investigation" of the dispute early in September and, in the middle of that month, their temporary "peace" proposal almost ended the strike.<sup>3</sup> As the Board procrastinated in making

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1. Boston Traveler, September 29, p. 17. The letter said in part, "It occurs to us as strange that Mr. Goodwin as a prominent state official should be permitted to engage his energies in what is unquestionably at this time an attempt to negate the purpose of the administration at Washington in seeking to bring about national recovery from the depression... ..Should he continue to persist in his efforts, we ask that he be removed from office as chairman of the Boston Finance Commission."

2. Brockton Enterprise, August 10, 1933.

3. The proposal, known locally as "status quo ante and escrow", was that all employees should go back to work and that those who had refused to pay dues to the Boot and Shoe Workers' Union should have 35¢ per week deducted from their pay and held in escrow, pending a decision of the Labor Board. The BSAC agreed to this, thinking that the escrow provision applied only to those who had refused to pay dues on the date the work stoppage began. When the Brotherhood Control Board discovered that the escrow provisions applied to every one, they voted unanimously against accepting the recommendation. BSAC Files, Letter from John Murphy to the National Labor Board, dated September 15, 1933.

any out-and-out decision, however, factories remained closed. Finally, on October 3, the Manufacturers' Association published a notice that their factories would open the following day, with no requirement that workers pay dues to any organization. The Brotherhood advised caution; the factories stayed closed. On the fifth of October, a committee from the Association conferred with representatives of the BSAC, and an agreement was reached: employees went back to work on Monday October ninth. The Manufacturers had recognized the new Union and had given up their old closed shop contracts. The rebellion was a success.

What was the rebellion against? Apparently, the wage reductions were objectionable to Brockton people; but even more offensive were the methods used to bring about those reductions. Attention was focused primarily on four points of disagreement with the parent union:

- (1) autocratic procedures used to control the General Union;
- (2) interference by the General Officers in Brockton wage negotiations, where the locals presumably were autonomous;
- (3) centralized administration of local wage problems by the "commission" form of government; and
- (4) the passive attitude of the parent union toward improving conditions "now" in organized centers.

These four points of disagreement acted as strong conditioning forces while the structure of the new union and the concepts of its operation were formulated. The resulting internal organization of the Brotherhood and the procedures developed for handling wage problems and other grievances are the subject matter of the following chapter. At the end of that chapter, this discussion of the Brockton area will be summarized.

CHAPTER V

THE BROTHERHOOD OF SHOE AND ALLIED CRAFTSMEN

The Brotherhood of Shoe and Allied Craftsmen was started in an environment of rebellion against the autocratic procedures and policies followed by its predecessor, the Boot and Shoe Workers' Union, AF of L. Correction of the objectionable practices was a natural point of orientation around which to build the Brotherhood's organization; but that such correction was really a basic objective is implied by the "builders'" judgment of their work: "The shoe workers are now free not only from the tyranny of the manufacturers but also from the tyranny of labor politicians".<sup>1</sup> As a reaction against what Brockton shoeworkers felt to be a "dictatorship", their leaders naturally tried to make the new organization a "democracy", complete with checks on any authority, and in which each man would have a voice.<sup>2</sup> This chapter's purpose is to describe that "democracy", providing an exposition and analysis of the union's general nature and methods of operation. The relevance of this purpose to wage determination

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1. BSAC, Constitution (original), p. 6. The Constitution goes on to say that "all of the abuses possible under the Boot and Shoe are now not possible".

2. The union's Secretary stated this purpose as follows: "Having experienced for many years the evil of autocratic control of unions, the framers of the Constitution of this union worked with only one thought in mind; that the rank and file of its membership would have the directing force in its policies." Brockton Enterprise, January 27, 1937.

is two-fold: institutional description forms a sort of "program" for the "play" which follows; but, more important in this case, the nature of the union itself affects wage decisions, by affecting the process of making those decisions.

This description of the Brotherhood has for a central objective, then, analysis of the process through which the union reaches its conclusions and of the internal context within which those conclusions are made effective. The first two sections deal with the BSAC organization as an operating unit, discussing specifically, the union's structure, then the individual member's protection from arbitrary action by his officials. The next two sections survey (1) the craft versus industrial union question as it has appeared within the Brotherhood, and (2) the resulting methods of making wage decisions. Following, these considerations of context are raised: the attitude toward use of the strike weapon, and the average age of the union's membership group. A final section summarizes, with an analysis of the Brotherhood as a decision-making agency.

#### The BSAC Organizational Structure

Description of the union's organizational structure may be divided roughly into three parts: one dealing with the locus of control in matters of general interest to the entire membership; another with the scope of local activities; and a third with the Brotherhood's appearance within

the factory. Now, in certain respects, the Union's form of government was modelled after that provided by our Federal Constitution.<sup>1</sup> The General Officials represent an "executive branch", charged with carrying out the will of the Union's policy-making group, the General Board of Directors. At the same time, a Control Board acts as a court of last resort in disputes within the Union and as a "watchdog", especially over financial affairs, where it has the "final say" on "any assessment levied by the General Board".<sup>2</sup> Of the men and women serving in this level of union government, only the General Officials work at their jobs on a full-time basis; the representatives on the governing Boards meet to transact their regular business on one evening each week.<sup>3</sup>

All these representatives are elected to their posts by secret ballot, but the electorate is not the same in all cases. The General Officials are chosen in a referendum vote of the entire membership for a two-year term of office.<sup>4</sup>

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1. This and other information presented here is derived from discussions with people active in the Union and from memoranda located in Union files. Where ever possible, specific sources of information, such as the Constitution, are cited.

2. BSAC, Constitution (original), p. 11.

3. The original Constitution provided that "whenever any member of the Control Board or General Board becomes a paid employee of the Brotherhood, he shall resign at once and his place be filled as provided herein". Ibid., p. 14.

4. Originally the term of office was one year; but this was changed in 1945, primarily to save on the sizable expense of annual elections. BSAC, Memo of Control Board Meeting, March 26, 1945.



In these carefully supervised elections, the incumbent President has been upset once and the Secretary-Treasurer, twice.<sup>1</sup> On the other hand, each local chooses one of its number as member of the General Board and two for the Control Board. Voting strength in these two governing bodies is the same, then, for each local, despite the fact that there are great variations in size. Though a minimum membership of 100 is required for representation on these Boards, additional membership is not rewarded proportionately; thus, 134 Edgesetters and 1,774 Stitchers may offset each other.

As the functions of the governing officials and groups have evolved in actual operation, the General Board has become the center of activity.<sup>2</sup> Contrary to the experience and expectations in other industries and localities,<sup>3</sup> the

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1. There have been three Presidents, one of whom resigned to take a job with the Federal Government. Of Secretary-Treasurers, one resigned in favor of a job with the Government, and one has held the office twice, having been elected, then defeated, and then re-elected.

2. This has not always been the case. In the first year of operation, the Control Board was the center of activity, as might be expected from the initial emphasis on "protection". After the internal workings of the Union had more or less settled into place, though, the Control Board's activity declined in importance.

3. For example, in "surveying trade-union history", Will Herberg, Research and Educational Director of the New York Dressmakers' Union, ILGWU, has noted this "striking shift in the seat of effective power": "The legislative power gradually passed from the membership meeting, first to the executive board, and then by a further remove, to the paid officials ('the office')". Will Herberg, "Bureaucracy and Democracy in Labor Unions", The Antioch Review, Fall, 1943, pp. 407-8.

full-time officers of the Union have not usurped power, nor have they had power thrust upon them. For example, these officials cannot call strikes, formulate wage demands, or sign collective bargaining contracts on their own initiative. Of course, their position as members of the governing Boards and as spokesmen for the Union in the press and in negotiations gives them both influence and the opportunity to lead in the decision-making processes. But they must lead, not dictate. That the General Board is no "rubber stamp" is borne out, for instance, in the wage bargaining which took place in late 1945.

After a negotiating committee had reached agreement on a 12-1/2¢ increase, the General Officials prematurely signed an agreement to that effect with the manufacturers. But the "sense" of the General Board was that this increase should have been stated on a percentage basis. The officials were repudiated and sent back to try again.<sup>1</sup> Further evidence may be drawn from the wording of the original Constitution and the way in which that wording has been changed. An original clause stated that "the General Board of Directors, by a two-thirds vote, may advise or control the course of action of

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1. This was apparently no bargaining trick. A difference of opinion existed within the Union as to whether the increase should be on a cents per hour or percentage basis. After the negotiators were persuaded to accept a cents per hour settlement, they were surprised and chagrined at being reversed by the General Board. This settlement will be discussed in more detail in a later chapter. For a newspaper account of the "reversal", see Brockton Enterprise, November 14, 1945, p. 1.

any or all the General Officers";<sup>1</sup> but this was amended in 1938 to read that by a majority vote, the Board could "advise or dictate" the actions of these men.<sup>2</sup>

Three factors which have at least contributed to retention of control by the General Board are these. First, the membership group had personally felt the abuses of dictatorial power; thus, both their disposition and the mores of the organization they created were attuned to check repetition of those abuses. This disposition remains effective even today, since the core of the present membership was involved in the Brotherhood's formation.<sup>3</sup> Second, the organization began and has remained local in character, making government by men actively working at their trade feasible in a physical sense. They meet, not infrequently and "on call", but regularly, once each week. Further, the prestige and importance of this Board makes interest in its functions and attendance at its meetings far more faithful than is the case at the usual routine union membership meeting.<sup>4</sup> Third, the provisions of the Constitution actually place responsibility

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1. BSAC, Constitution (original), p. 9.

2. BSAC, Constitution (as amended by the Constitutional Convention, May 1938), p. 13.

3. This stability of the membership group is probably more a characteristic of the declining industry than of the Brotherhood itself.

4. As will be noted again below, the Brotherhood has in common with most other unions the problem of poor attendance at local membership meetings.

for the important decisions in the hands of the General Board. Theirs is the power, for example, to "authorize strikes" and "make general price contracts with the manufacturers". Now, of course, at various times in the past, one official or another may have been able to get his way consistently or persuade the Board to grant him a free hand in certain specific circumstances.<sup>1</sup> Nevertheless, after fifteen years of operation, a "majority vote" of the Board is still recognized as the active and unquestioned source of authority over the general affairs of the Union.

But the BSAC does not operate as one unit on all questions. It is really more of a "federation". The Mutual Benefit Associations, which had joined together in formation of the Brotherhood, became the natural units of fourteen local jurisdictions, following well-defined craft lines. The Brotherhood has also organized Brockton's "Cut Sole" workers, whose industry is closely allied to shoe manufacturing, and, for a number of years, had a "Rubber Sole and Heel" Local recruited from a nearby rubber-processing plant. In addition, shoeworkers in the Gardiner, Maine, branch factory of the district's Commonwealth Shoe and Leather Company belong to the BSAC. By secret ballot each of these

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1. The point to be noted here is that the Board did not give away its authority over a general area of activity, while authorizing the President, for instance, to use his own judgment in a specific case.

organizations chooses its own officers and Board of Directors, who are charged with supervision of "the interests of the local unit".<sup>1</sup> Specifically, the crafts control such matters as admission to membership, or working rules, so long as these are not inconsistent with the General Constitution. In addition, delegates to the Control or General Board may be "instructed to vote in a specified manner",<sup>2</sup> thus the local may decide its position relative to issues of a general nature as well as to problems which affect only the particular jurisdiction.

But possibly the most important function of the locals concerns the setting of individual piece prices. The Constitution clearly gives each craft this power:

"If the contract concerns local prices for individual operations..., it need have the approval only of a majority of the local price committee involved present and voting at any meeting called for that purpose."<sup>3</sup>

The committee mentioned above consists of five members of craft, appointed by the local Board of Directors. The committee chairman, called the Price Expert, is a full-time

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1. Seven members of the Board of Directors are elected by the local voting as a group. In addition, the craft stewards elected in each factory automatically become members of this Board.

2. BSAC, *op. cit.*, p. 19. The Constitution further gives the local authority to recall its delegate by a two-thirds vote of a meeting called for that purpose, if he does not vote in the manner specified.

3. *Ibid.*, p. 25.

employee in seven locals, and, in the other seven, he works at the trade, while being available on call in any piece price dispute.

The latitude given this Price Expert varies from one local to the next and from case to case. Though he theoretically acts only "after consultation with his committee",<sup>1</sup> in practice, he handles most routine cases, at least, on his own initiative.<sup>2</sup> At this level in the Union, Mr. Herberg's conclusion most nearly applies:<sup>3</sup> "effective power" tends to "concentrate at the top" and in the hands of the "bureaucracy". After all, the "Expert" knows the piece prices being paid throughout the district, and he has had the most experience in "adjusting" prices found to be "out of line". Since many disputes call for rapid action, with decisions made "on the spot", feasibility, if nothing else, demands that he have authority to act in his local's behalf. Further, routine local meetings are generally not well attended, and so are subject to control. In a General Board meeting on April 2, 1937, for example, the Union's Vice President raised the question of lack of attendance at local meetings and

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1. Ibid., p. 24.

2. The extent to which Price Experts operate on their own initiative varies greatly as between individuals. In one case, the job was taken only after agreement "to do what I say, when I say. They can always get rid of me if they don't like the results". In another case, the Expert is usually "instructed" by his committee as to the position he must take in a given dispute.

stated "that something must be done to arouse the interest of members."<sup>1</sup> Even so, most of the Price Experts seem to prefer to "have some of the boys along" on important cases, probably for moral as well as consultative reasons.<sup>2</sup> In no local, of course, could the Expert dictate continuously unpopular action, since his tenure is not secure against attack from the local's Board of Directors, and since attendance at meetings is generally improved when significant issues are at stake.

In the shoe factory itself, the BSAC plan of organization departed radically from that of the Boot and Shoe Workers' Union: a "steward system" was started, similar to that commonly found today in American industry's unionized plants. Each craft in a given factory elects a representative,<sup>3</sup> who, in turn, helps select a Department and a Chief Steward. Non-wage grievances, then, are treated as "factory", not "craft" problems; and the worker is provided with direct representation in his disputes with management.

Experience with this steward system varies from group to group, even within the same factory: in some cases,

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1. BSAC, Memo of General Board Meetings, April 2, 1937.

2. This practice is sometimes labelled as "passing the buck". Some management representatives claim that the "democratic union angle" is often used as one way of getting out of a tight spot. "You can never tell whether it's the real thing or whether you're just shadow-boxing", one of them complained.

3. BSAC, op. cit., pp.22-23. Any steward, Craft, Department or Chief, "may be recalled at anytime by a two-thirds vote of

according to the management, "they keep the pot boiling all the time", but, in others, "nobody wants the headaches".<sup>1</sup> In general, though, the steward organization has apparently taken effective responsibility for grievances centering around shop problems. But further, though the original intention may not have been for the stewards to "run the room", this is, in effect, what has often happened. For example, craft representatives may supervise or actually assign the work to those on the particular production line<sup>2</sup>; or, in all cases, overtime or Saturday work may not be performed in a factory without specific permission from the Chief Steward.<sup>3</sup> Thus, as a result of the "steward system",

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1. Many of the manufacturers have doubted the value of the steward system from the very beginning. At a conference on April 26, 1940, for example, a Manufacturers' Association committee conferring with the BSAC on ways to improve Brockton's competitive position suggested the "elimination of the steward system". Brockton Enterprise, April 27, 1940, p. 1.

2. The stewards, of course, act in accordance with rules agreed on in the work group. Assignment of work takes on considerable importance in many cases, since each man wants to get his "fair share" of "easy shoes", where the piece rate is relatively loose.

3. In a written contract signed by the Manufacturers' Association and the Union on August 21, 1947, this power of the stewards was hedged to some extent by the manufacturers with a clause stating management's right to "require overtime work (providing permission is granted by the Chief Steward and such permission shall not be unreasonably withheld)". Associated Shoe Industries of Southeastern Massachusetts, Inc. and Brotherhood of Shoe and Allied Craftsmen, Contract, (dated August 21, 1947), p. 14 (as printed for distribution by the BSAC).



Union representatives exercise positive control over several important phases of factory operation.

This, in brief, is the organizational structure of the Brotherhood. Altogether, there are about 300 "offices" at the General and Local levels open to a membership of approximately 7,500 shoeworkers and 850 "Cut Sole" workers; in addition, 14 "jobs" as craft stewards are performed in each unionized shoe factory. Under these circumstances, those who earn their living "at the bench" influence and participate in union affairs, even though routine local membership meetings may be poorly attended. Now, this organization may be analyzed from several specific points of view.

#### Internal Checks on Authority

Any organization which pretends to be "democratic" must provide more than a simple vehicle for expression of the majority will. Those who differ with current majority opinion or with individuals in authority must be given a reasonable opportunity to express their objections and still survive within the institution. The protection accorded an individual BSAC member against the authority of those he helps elect and the extent to which he may go in expressing his difference of opinion will be discussed here.

The BSAC Constitution makes it the duty of members "to obey all officers of the Local Units and the Brotherhood" and "to refrain from unduly criticizing or abusing

them while in the discharge of their official duties".<sup>1</sup> Further, a member may be expelled when "there is a finding that beyond a reasonable doubt he has been guilty of treason to the Brotherhood or to the cause of Labor".<sup>2</sup> These clauses are broad enough to cover almost any offense, so that the significant question becomes one of interpretation and of the right to appeal. At the factory level, the individual is protected from arbitrary action on the part of stewards by provisions which allow him to prefer charges before the Control Board. This body, after a hearing, may remove any steward, if such a course of action is, in its judgment, necessary. Or, if local officials, for example, fine a member, the aggrieved party may appeal to the Control Board for a final judgment on the case.<sup>3</sup>

On the question of expulsion from the union, the Constitution provides that "no member shall be expelled from the Brotherhood except upon written charges made to the Control Board."<sup>4</sup> In the spring of 1947, the General

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1. BSAC, Constitution (as Amended by the Constitutional Convention, May 1938), p. 7.

2. Ibid., p. 33.

3. Ibid., p. 23. For example, on April 2, 1945, the Control Board, after a hearing, upheld fines imposed by the Lasters' Board of Directors and on September 24, 1945 upheld an appeal from a fine levied by the Lasters.

4. Ibid., p. 33.

Secretary-Treasurer, Harold C. Sears, was accused of using "Gestapo" methods and of denying "free speech" within the Union;<sup>1</sup> but the case to which his accusers made most frequent reference illustrates the care with which "expulsion" has been used as a disciplinary measure. For several months, a local weekly newspaper edited by a Union member, John Williams, had carried leading articles needling the Union in general and Sears in particular. For example, the March 7, 1947 issue carries the headline, "B.S.A.C. Financial Report Exposes Crumbling Union Due to Mismanagement", speaks of a "treasury raid", and refers to the "moronic vilification campaign that he (Sears) and his payrollers have undertaken to fight the rank and file BSAC members".<sup>2</sup> The Price Expert of the Mixed Local, who had been personally attacked in one article, charged Williams with "treason" to the Union, and the case was tried before the Control Board.

The accusation was first made at meeting held on March 31 and, on April 7, Williams appeared before the Board. His requests for a stenographer and for the presence of non-members were denied, but he was granted the "advice of an Attorney", the right to summon witnesses,

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1. For example, see Brockton Union, April 25, 1947, p. 1.

2. Ibid., March 7, 1947, p. 1.

and a one-week postponement of the trial.<sup>1</sup> On April 14, "both sides of the case were heard and Board members asked questions". A judgment was then deferred another week, "until we receive information from our lawyer as to who is responsible for what is published in any newspaper".<sup>2</sup> In the April 21 meeting of the Control Board, Williams was expelled from the Union by a vote of 19 to 9.<sup>3</sup> Though his statements about the Union and its officials had been extreme, inaccurate, and misleading, he was given a fair hearing and trial before a group elected by the membership.

Later in the year, the incumbent officials were opposed in an election by candidates who openly favored affiliation with the United Shoe Workers of America (CIO), the cause for which Williams was fighting. These candidates were defeated in an honest election, by a close vote. They were not expelled from the Union, nor were any charges made against them.<sup>4</sup> In the operations of the Brotherhood, then, the personal rule of Union Officials is checked, since individuals have effective means of protection against the

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1. BSAC, Memo of Control Board Meeting, April 7, 1947.

2. Ibid., April 14, 1947.

3. Ibid., April 21, 1947.

4. Opposition leaders might say, of course, that the restraint stemmed from fear of reprisals in the form of exposure to the membership and consequent open rebellion against the BSAC.

arbitrary exercise of authority. From the point of view of "minority rights" as well as from that of "majority rule", the Union must be adjudged "democratic".<sup>1</sup>

### Industrial Versus Craft Unionism in Brockton

Shoeworkers in the Brockton district had belonged to craft unions for at least thirty years previous to the inception of the BSAC. Many skilled groups had, through that period, built up a favored level of financial recompense, working conditions, and, one suspects, social status. In addition, perhaps the most objectionable single act of the Boot and Shoe Workers' Union was the revocation of local charters and subsequent government by a single "commission", a "dictatorship" against which the Mutual Benefit Associations were directed. Custom, experience, and purpose, then, all indicated for the Brotherhood a craft form of basic organization. On the other hand, the strength of the 1933 strike was felt to stem from united action on the part of shoeworkers from all crafts and from all the towns within the Brockton district. While the Boot and Shoe

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1. One survey directed toward this question as related to all American Labor Unions classified the 115 studied into three groups: Unions in which the chief executive possessed (1) routine power, (2) moderate power, and (3) considerable power. Group one included 30 unions; group two, 34; and group three, 51. The BSAC was classified in the first category. Philip Taft, "The Constitutional Power of the Chief Officer in American Labor Unions", The Quarterly Journal of Economics, May 1948, pp. 459-471.

organization had historically been built around skill-groups, localized, town by town, the BSAC leaders could logically feel that real progress lay in a common organization for all shoeworkers throughout the area.

What could be done to recognize the craft background, and, at the same time, provide for united action where that might be necessary? The answer, as conceived by Brotherhood leaders, was specific division of functions. Individual piece price adjustment could best be handled by those most familiar with the particular operation, but general wage problems were to be considered as the concern of the entire membership group. Though the local crafts controlled acceptance or rejection of new members, once in, each individual was accorded protection from various possible abuses of authority. Perhaps the most clear-cut break with tradition was the shop grievance machinery described above, the assumption here being that such problems involved an industrial, not a craft frame of reference.

An italicized section, entitled "Just A Word About Our Constitution", shows that this craft versus industrial dilemma of organization was dealt with at a conscious level:

"While we are organized under the craft system, we call to your attention the limitation of craft authority as contained in Articles 12 and 13, where the shop crew and shop stewards may act without craft action. Individual craft authority is also limited in making prices by virtue of the provisions to be found in Section 8 of Article 5 and Section 2 of Article 10."<sup>1</sup>

Further, some of the members apparently hoped that the Brotherhood would evolve into more and more of an industrial union;<sup>2</sup> but this has not yet occurred. In the Constitutional Convention of May 1938, an amendment was introduced calling for reduction in the number of craft locals in the shoe factories from fourteen to six. The arguments presented disclose the essential potency of craft allegiance in the Brockton district.

The suggestion that "weak" locals should be taken in by "strong", was answered with rejection of help from any "big brother": "We are one of the smallest locals in the Brotherhood", said one spokesman, "but I don't think anybody here will say that we are weak. We have been tried and found not wanting."<sup>3</sup> The practicality of a "Heeler making prices for an Edgetrimmer" was questioned, even assuming these groups to be in the same local: "You

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1. BSAC, Constitution (original), p. 30.

2. This impression stems from discussions with charter members of the union.

3. BSAC, Minutes of the Constitutional Convention of April-May, 1938, p. 16.

can't tell me they can cut it down to seven locals and they will sit back and let one person make their prices; we haven't got that far along into Utopia".<sup>1</sup> Delegate Edmud, after rejecting some of the "time worn" arguments against consolidation, expressed what was, perhaps, the core of the problem, as follows: "The only thing against it, and I voted against it, is because we are not properly educated to the fact that industrial unionism is the only way we can ever become strong."<sup>2</sup>

But what sort of "educational" experiences have Brockton shoeworkers had during the period following the Brotherhood's organization in 1933? Initial activity, of course, centered not only around a general wage increase in the "NRA period", but, as well, on feeling out the Union's strength and control in the factories. After working arrangements within the shops had been more or less established, though, the bulk of activity turned to problems on which the various crafts could work more or less as individual units. On piece price adjustments of one kind or another, for example,<sup>3</sup> the local, not the general

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1. Ibid., p. 15. The reference to "seven" locals rather than six includes the "Rubber Sole and Heel" Local, which has no members in the shoe factories.

2. Ibid., p. 15.

3. The problems involved in this type of adjustment will be discussed more fully in a later chapter; consequently no further comment will be made here.



union, appeared to be the locus of accomplishment. In the meantime, pressure on the general level of wages was primarily for the "status quo" or for reductions. Under these circumstances, operating emphasis fell, not so much on the common goals of all district shoeworkers as on individual craft objectives, an area where some locals, at least, could improve their lot. Educational experience, then, may have tended to strengthen rather than destroy jurisdictional lines.

The dilemma of a craft or industrial union structure has been clouded throughout the Brotherhood's existence by the "one big union" question, first involving proposed amalgamation with the United Shoe and Leather Workers and then with the United Shoe Workers of America (CIO). Although previous experience with a "dictatorship" undoubtedly hurt the cause of amalgamation in Brockton, a substantial group apparently found "nothing wrong with the one-big-union idea, just so long as we don't go back under the Boot and Shoe." Leaders of the Brotherhood held many conferences with outside groups<sup>1</sup> and, on a number of occasions, funds were appropriated, by vote of the General Board, for the support of organizing activities in other

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1. For example, as early as December, 1933, the Control Board voted to send "four observers" to the "amalgamation convention in Boston." BSAC, Memo of Control Board Meeting, December 11, 1933.

localities.<sup>1</sup> On February 1, 1937, the question of joining forces with the "CIO" was placed before a referendum vote of the entire membership. The result: 2,041 for joining and 2,962 against, or about a 60-40 rejection of "amalgamation".<sup>2</sup> Again, in the period following World War II, the "CIO" question has arisen, but this time the fight has been more bitter. Though a specific referendum or an NLRB representation election has not yet been held, the general elections of August, 1947 indicate that the results of a referendum would be close.<sup>3</sup>

Within the Brotherhood, then, the question of organizational structure has been faced consciously, as a problem both of internal operation and of outside affiliation. The answer has been a sort of federation, with functions divided between the general organization and the individual craft

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1. At least \$10,000.00 was contributed to the USWA campaign to organize shoeworkers in the Lewiston-Auburn, Maine area in 1937. This action was later severely criticized, principally by the Brotherhood's former adviser, Frank A. Goodwin, on the grounds that the Maine factories concentrated on women's shoes, while Brockton was primarily concerned with non-union competition in the men's shoe industry. Further, in the spring of 1940, a cooperative organizing drive was conducted by the BSAC and the USWA. Brockton Enterprise, April 27, 1940, p. 1.

2. BSAC, op. cit., February 1, 1937. The amalgamation issue has consistently been clouded by references of the opposition to the influence of those whom they called "North Shore Reds".

3. In the election, the General President won by 2,816 to 2,449; the General Vice-President by 2,808 to 2,407, and the Secretary-Treasurer by 2,645 to 2,606. Brockton Enterprise, August 23, 1947, p. 1.

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units. But, perhaps, at a subconscious level, overtones of the slogan, "local autonomy", have disposed people working in the Union to give craft sovereignty the benefit of the doubt when functional questions arose in an operating context. This disposition, added to the importance of functions specifically delegated to the locals, may have strengthened jurisdictional lines within the Union. Now from this "federal" type of organizational structure might be expected an extremely complex decision-making process. Questions within any one factory, for example, might be decided on a general policy level, by the stewards, or by the individual action of fourteen different crafts, all acting more or less independently of each other. The way this process works in the field of wages may now be examined.

#### Internal Procedure in Making Wage Decisions

The responsibility for decisions in the wage field has been indicated above as divided in this way: individual piece rate adjustments are the concern of local units but over-all wage questions must be decided on a general policy level. Each local, as outlined previously, appoints a Price Expert, whose actions, procedurally, vary from individual to individual; in some cases, he moves largely on his own initiative and, in others, he is in close contact

with or may even be instructed by his local price committee.<sup>1</sup> But, as a general rule, neither the Price Expert nor this committee originate questions of piece rate adjustment; these demands usually come from the factories, after a member or a group of members have decided that a particular rate should be changed.<sup>2</sup> The Expert investigates the grievance and, to the best of his ability, tries to "get something" for the complainants. The piece price system, then, is not really "administered", perhaps because of technical complexity and because of dependence, case by case, on conditions of work peculiar to each factory. Consequently, the initiation of rate changes occurs essentially in response to grievances rather than to a conscious surveillance of the district's rate structure.<sup>3</sup>

Now, if the actions of any single craft had no effect on the position of the others, the only question remaining for discussion here would be that of procedure in general wage movement cases. But the locals are not operating in

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1. Detail and examples of individual piece rate problems will be presented in a subsequent chapter. The question here is simply one of internal procedure.

2. Those aspects of Brockton's piece price structure which tend to create grievances will be discussed in a subsequent chapter. Of course, many of these grievances arise from causes outside the rate structure, and only later become wage questions.

3. This is not always the case, since the Price Experts, at times, may embark on a program of "adjusting" or "equalizing" rates in all factories throughout the district.

isolation; consequently, a second procedural question is raised: "How is the boundary line between general and particular interests defined and administered?" These two questions are discussed below in the order in which they were raised.

During the first few months of the Brotherhood's operation, general wage questions and strategy were considered in the Control Board and instructions to negotiators were issued as result of those deliberations. This was not a preconceived procedure but, apparently, just a recognition of the Control Board's initial position as the "seat" of authority in the union. On December 11, 1933, the Laster's delegates reported that they "were instructed by their Local to get a 25% increase immediately".<sup>1</sup> A motion to that effect was carried, and, shortly thereafter, several conferences were held between a committee from the Manufacturers' Association and the full Control Board. Apparently, the lack of direction and accomplishment in such large meetings demonstrated to the Board the need for a smaller bargaining committee to represent the Union. At any rate, the "delegate to the price committee (local) and the General Officials" were designated as negotiators for the expected increase. As the center of authority passed

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1. BSAC, Memo of Control Board Meeting, December 11, 1933.

gradually over to the General Board, the opinions of the local Price Experts, as a group, came more and more to be valued on all wage matters. On March 7, 1934, the de facto procedure was recognized by formation of a General Price Committee composed of the various Price Experts, to "act on general price lists".

As presently constituted, this General Price Committee is obliged to "vote on all matters concerning general price contracts" and to "appoint sub-committees to negotiate general wage and price questions in the shoe industry".<sup>1</sup> The General Board of Directors retains final authority on such questions, but any wage contract "must be approved by a two-thirds vote of all members of the General Price Committee, whether present at a meeting or not".<sup>2</sup> Procedurally, then, to those outside the union, the Price Committee appears as the point of origin for wage demands. Within the union, demands can be brought before the Committee from any one of a number of sources. A Price Expert may make a proposal on his own initiative, or upon instructions from his local. The question may be raised by one of the General Officials (ex officio members of all committees), by the suggestion of some one from the General Board, or by a specific vote of that body.

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1. BSAC, Constitution (as amended by the Constitutional Convention, May 1938), p. 25.

2. Ibid., p. 25.

In actual negotiations, the advice of the Union's Boston attorney has generally been sought. The Officials have usually been among the principal spokesmen, but most bargaining has been carried out in the presence of Price Experts or of representatives from the General Board. Of course, any settlement which is reached must be approved by a two-thirds vote of the Price Committee and a majority of the General Board as well. While members of both these groups derive their authority from the same sources, the craft locals, the differences in personnel and in the proportions of a decisive vote can and have deadlocked and delayed specific settlements. Altogether, then, the Price Committee is the procedural center of wage activity in the Brotherhood, though proposals may be brought in from a number of sources, and general settlements must also be approved by the Board of Directors.

The question of interpreting the meaning of "local autonomy" in piece price questions has arisen on many occasions, though it has not generally been dealt with explicitly. Possibly the most troublesome manifestation of the problem occurs in those instances where general policy decisions call for adjustments by each craft individually.<sup>1</sup> For example, the Union has several times

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1. A strike or slowdown by one craft group plainly affects all others on the "production line", but discussion of that particular form of the question will be postponed until the following section.



agreed to a "one-price" list to be substituted for, perhaps, three formerly used to apply to the various grades of shoe manufactured in a given factory. Such a "policy" decision can only be implemented by piece-meal negotiations, craft by craft, since a standard "formula" will not apply fairly to all jobs.<sup>1</sup> Now, for one reason or another, some of the Experts may reach an impasse with the manufacturer. Should they be forced to accept what other Experts consider a reasonable proposition? Should they be forced to arbitrate the issue? In the meantime, members of other locals may be losing "shoes", which the new arrangement was calculated to attract.

As cases of this sort have arisen, they have been considered and resolved one by one rather than by a more sweeping revision of operating methods. These individual actions may be drawn out, with the basic interpretation made more or less implicitly, rather than on an explicit and conscious level. The resulting boundary line between "local" and "general" areas of control has, perhaps quite necessarily, become a sort of "no man's land", defined in

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1. Sometimes expediency may dictate application of a formula. For example, frustration with individual dickering led to adoption of this notion in 1935: "That (name of firm) be granted a 51¢ labor cost on the Navy shoes to be made there, and each expert is to accept the same percent reduction." BSAC, Memo of Price Committee Meeting, February 16, 1935.

rather sketchy fashion and often under the dictates of expediency. Placed in the context of a "democratic union", then, operations near this "land" are subject to twists of procedure and possible delays, which may be difficult to predict.

### The Brotherhood's Attitude Toward Strikes

The same question of interpretation arises within the Union's strike policy, though here the Constitution is more explicit. At the inception of the BSAC, specific objection was expressed against the Boot and Shoe's "no strike" contract and against the decisions of the Massachusetts State Board of Arbitration and Conciliation. These objections might conceivably have resulted in a union disposed to strike on the slightest pretext. Nevertheless, following victory in 1933, neither the entire Brotherhood membership nor the group represented in bargaining with the Manufacturers' Association have been called out on strike; and, even in cases of a smaller scale, this weapon has been used with restraint. The Brotherhood's Constitution specifically defines the procedure to be followed before strike action may be taken.

A preliminary statement recognizes "strikes as costly and injurious to all concerned" and opines that they "should

not be resorted to except as a last resort".<sup>1</sup> However, as opposed to the policies of the Boot and Shoe, strike machinery is provided, along "industrial" lines, with authority centered primarily around the factory organization. "The Brotherhood recognizes the Shop Crew in any factory, acting through its stewards, as having the initial authority on all matters concerning lockouts or strikes".<sup>2</sup> Before any action can be taken, though, the question at issue must be referred to the General Board, which may or may not give the crew "moral and financial assistance". Even without such approval and assistance, however, the workers in a given factory may call a strike, "by a two-thirds vote of said crew, as expressed in a meeting called for the purpose".<sup>3</sup>

Earlier analysis showed that problems involving individual piece rates are handled by the various craft locals, but these locals have been given no authority to demonstrate the strength of their feelings on controversial issues. The principal reason for this apparent contradiction, placing responsibility where there is no authority, is fairly clear. The feeling apparently

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1. BSAC, Constitution (original), p. 16.

2. Ibid., p. 16.

3. Ibid., p. 17.

exists that small groups in a factory should not be allowed to take action which would affect all the others, without getting specific approval from that shop crew. But, despite Constitutional provisions, the very nature of the case makes probable the so-called "illegal" strike.

Under these circumstances, the record of the BSAC has been good. Though small groups in various factories have, on a number of occasions, stopped work without getting proper authorization, the General Officials, orders from the General Board, and pressure from non-participating workers have usually brought swift termination of the strike. On the other hand, the Union's ability to control "hotheads" has varied with the level of economic activity and with the determination of particular managements to stand firm in such situations. In the period immediately following World War II, when Brockton factories were operating at full blast, some of the shoeworkers apparently felt that their demands were not given proper and prompt consideration. In addition, "gun at the hip" tactics, as some manufacturers called them, worked in many cases.<sup>1</sup> Nevertheless, most disputes, even

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1. Pressure may also be put on by craft groups without resort to physical movement from the factory. In disputes over the price to be paid on one particular style of shoe, the craftsmen may just leave those shoes "on the floor", in the meantime working on the other styles. Alternately, they may agree to "do" the shoes on the day rate, but work at a reduced pace. These tactics are apparently very difficult for the general union to control.

in this period, were settled through patient negotiations and, sometimes, only after fairly lengthy arbitration proceedings. In two postwar instances, craft groups struck on a district-wide basis; but, both times, the General Board declared the strike to be illegal, though in one case the strikers were brought back to their benches only after partial attainment of their objectives.<sup>1</sup>

Some of Brockton's manufacturers have apparently felt this postwar situation to be serious:

"Do we think the competitive shoe centers of the United States will sit idly by while we indulge in a war of nerves consisting of sanctional strikes, wild cat strikes, slow-downs, sitdowns, threats, refusals to arbitrate, and complete disorganization"?<sup>2</sup>

However, others have stated in conversation that "one thing you must say for this union and its members is, they don't

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1. The Lasters Local struck on October 25, 1947 demanding a general wage increase. They returned to work on October 29, after the Manufacturers' Association had made a "compromise offer". The Union's General Officers and General Board declared the strike to be "unauthorized and unconstitutional." Brockton Enterprise, October 24, 25, 26, 27 and 29, 1947. On February 17, 1947, the Edgesetters Local took a one-week "vacation". Once again, their action was opposed and declared illegal by the General Board. The strikers returned to work on February 25, 1947 without gaining their objectives: the issue involved was submitted to arbitration, which was the manufacturers' original proposal. Brockton Enterprise, February 17 and 25, 1947.

2. The statement was made by B. Harrison Cort, president of the Stacy-Adams Shoe Company of Brockton. Brockton Enterprise, December 6, 1946, p. 6.

like strikes". On balance, the record of the Union as well as the Constitution's provisions indicate that work stoppages have been used with restraint, even though the internal allocation of functions has imposed a disciplinary problem on the governing councils.

### The Age of Brockton's Shoeworkers

The long term decline of employment opportunities in the Brockton shoe industry might be expected to result in a relatively old work force, an important element of context in the decision-making process. Many of the Union's locals, using their prerogative of control over new memberships, have refused to take in new men, with present members unemployed. Such understandable restrictions appear particularly in the skilled trades, where a "green" hand requires relatively more training before attaining acceptable proficiency. For example, the By-Laws of the Cutters' Local state that "No apprentices shall be allowed on shoe or lining cutting wherever there are capable, recognized shoe and lining cutters out of work".<sup>1</sup> Further, manufacturers naturally prefer to hire experienced craftsmen where possible, in order to keep training costs at a minimum.<sup>2</sup>

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1. BSAC, By-Laws of the Cutters' Local (as adopted April 18, 1934), p. 11.

2. Immediately following World War II, when skilled shoeworkers were scarce, the Manufacturers initiated and got the Union to accept a veterans' training program. The plan was rather coolly received by some locals, and now, with plenty of workers available, advertisements for "holes" are once again

Under these circumstances, the high average age of Brockton shoeworkers may be particularly pronounced in the skilled job classifications.

The evidence shows that these presumptions are correct. A 1947 survey of the employees in nine member factories of the Manufacturers' Association showed that the average age was 50.2 years and that the distribution as between locals was as follows:<sup>1</sup>

Cutters' Local	52	years
Skivers' Local	49	"
Stitchers' Local	47	"
Treers' Local	56	"
Edgetrimmers' Local	54	"
Edgesetters' Local	55	"
Vampers' Local	54	"
Heelers' Local	52	"
Goodyear Operators' Local	57	"
Lasters' Local	56	"
Mixed Local	45	"
Dressers' and Packers' Local	40	"
Finishers' Local	46	"

In this distribution, all the crafts consisting solely of skilled workers (Edgetrimmers, Edgesetters, Vampers, Heelers,

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1. Associated Shoe Industries of Southeastern Massachusetts, Inc., Brief in the Matter of Arbitration between Shoe Manufacturer Members of Associated Shoe Industries of Southeastern Massachusetts, Inc. and Lasters' Local, Brotherhood of Shoe and Allied Craftsmen, stipulation dated April 22, 1948, Exhibit H, p. 17. No figures are available for either the Sole Leather Local or the Cut Sole Local. Another observer has summarized his findings as follows: "The age of shoe workers reported by 12 factories answering our questionnaire indicated that two-thirds were over 45 years old, while for the United States in 1940, only one-third of the workers were over 45 years of age." Survey of Homer Hoyt and Associates as quoted in the Brockton Enterprise, May 27, 1948, p. 10.

and Goodyear Operators) are above the average, while those with the least skill (Mixed, and Dressers and Packers) are below.<sup>1</sup> These "high skill", small locals have the same representation on the Union's General and Control Boards as the larger locals; consequently, these decision-making Boards operate even more in the context of an elderly constituency than the high average age might indicate. With this age distribution as background, then, BSAC operations may be summarized by analysis of the Union as a decision-making agency.

#### The Brotherhood As An Organization for Making Decisions

Efficient decision-making is not the only objective of the BSAC organization. The Union was conceived and is operating, for example, within the principles of rule by the majority wish and of protection for the individual from arbitrary action both at his work place and inside his own organization. Consequently, as the Brotherhood has approached its problems, other considerations than that of efficiency in making decisions have been regarded as important. Nevertheless, since that particular phase of the Union's operations, with the attendant compromises,

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1. The conclusion that skilled workers are older than the average is what might naturally be expected. It was further substantiated, though, by a personal survey in one of the district's larger factories. Here the median age was 48, but the median for seven skilled jobs, which together accounted for one-sixth of the work force,



is an essential factor in Brockton wage activity, its analysis is pertinent here.

Four conditions, drawn from the preceding description, seem especially relevant to the process of decision-making within the BSAC. First, the organization encompasses many, more or less independent sources of authority. Although responsibility for performance of the various functions has been divided between the stewards, the craft locals, and the general officials and Boards, these responsibilities overlap in important respects; consequently, there is no immediate and assured locus of authority in many particular cases. Especially if the problem is difficult politically, the "buck" may be passed from one group to another:<sup>1</sup> or, even where the majority of, say, the General Board desire a specific course of action, implementation of their decision

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1. For example, the General Board, through a negotiating committee, spent about two years in working out a written contract with the Manufacturers' Association in the period immediately following World War II. Lacking confidence in the acceptability of this contract, the General Board referred it ("passed the buck") back to the locals. When the resultant vote was indecisive, the Board, under pressure of imminent Taft-Hartley Act restrictions and of a rival Union, finally went on record in favor of the contract.

Again, in 1935, the Secretary-Treasurer of the union appeared before the Price Committee and "commented on what has taken place in the past two weeks". He stated that "those elected to make decisions have so far failed to do so. It is a case of buck passing and from now on they will either make decisions or have no organization left before very long". BSAC, Memo of Price Committee Meeting, February 2, 1935.

may be delayed or, possibly, blocked in the Price Committee<sup>1</sup> or by individual locals.<sup>2</sup>

This situation may be augmented by a second condition: the various sources of authority are groups, not individuals. As a result, the resolution of differences requires group compromise and acceptance, which inevitably introduces additional variables. For example, assuming individuals from differing groups confer and agree on a course of action, they must still persuade their respective colleagues that such action is, indeed, advisable. Further, the mores surrounding Brotherhood operations as well as previously mentioned Constitutional provisions both predispose those in "control" to hesitate in making any decision opposed by significant groups within the Union.

Third, the Union Officials hold what are essentially political jobs; they are dependent for their offices on the

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1. Earlier reference has been made to the possibility of a simple majority vote in the General Board being blocked by lack of a two-thirds vote in the Price Committee.

2. The difficulty of insuring local adherence to general agreements is shown by a report submitted to the Price Committee on March 9, 1936 by the Union's Statistician. The report stated in part as follows: "An analysis of the Labor Cost of each Department shows that despite the vote of this committee on March 6, 1935, some price experts have not followed out the vote and had actually put in much higher prices". Ibid., March 9, 1936.

approval of those "under" them. Consequently, they must consider possible courses of action not only in terms of perceived "rights" and "wrongs", but in terms of salability as well. Some of the Price Experts, for example, have, in conversation, stated their opposition to certain large wage requests which have been made: "Whoever heard of a 30% increase; it's ridiculous. But I voted against one once and all I heard at the next local meeting was, 'Hey, what kind of a guy are you? Don't you want us to get more money?'" On the other hand, along with these impediments placed in the way of the decision-making process, a great many people become actively involved in administration of the Brotherhood's affairs. The fact of such participation may lay the ground work for at least grudging acceptance of a final course of action, once the decision has been made.<sup>1</sup> Thus, the union has made wage concessions and still survived even with rival unions making an active bid for the membership's favor. In contrast, similar concessions, granted through the Boot and Shoe machinery, served as the spark for rebellion within that organization.

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1. Acceptance is probably weakest when procrastination means, in effect, a decision not to decide. In such cases, the principal result would seem to be frustration of interested members with the Union's method of operation.

But a fourth condition, bearing on the decision-making process from the outside, makes this measure of acceptance less sure. Especially in the period following World War II, the rivalry between the United Shoe Workers of America (CIO) and the Brotherhood has become a significant factor inside the BSAC. Thus, in the contract negotiations of 1947, much of the opposition can be attributed to pro-USWA sentiments rather than to objectionable contract clauses. Under these circumstances, elaborate internal machinery may be less a key to membership acceptance, and more a weapon in the hands of a rival group.<sup>1</sup>

Consideration of these four conditions makes quite understandable several summary characteristics of the BSAC decision-making process. The Union, unlike many business enterprises, is not organized to make decisions on short notice. Since so many individuals and groups must consider proposed courses of action, the natural disposition is to require a considerable length of time before such proposals can be made effective. Now the very fact of a lengthy period of consideration, combined with the possibility that a request may even be "tabled" indefinitely, is, in effect, a type of decision, though perhaps not made on a conscious level. Such a disposition to discuss rather than to decide

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1. Incumbent Brotherhood officials have stated in conversation their particular objections to these "rule or ruin" tactics.

actually imparts a sort of negative bias to BSAC operations. To the instances of explicit rejections of particular proposals, then, must be added implicit, but none the less effective decisions against positive action. Finally, the situations in which the Union is most likely to act decisively and explicitly are those involving an immediate crisis. In such cases, the fact that procrastination is really a decision may become so apparent as to force some conscious resolution of the problem involved.<sup>1</sup> Altogether then, the democratic nature and the mixed structure of the Brotherhood result in an extremely complex and often implicit process of making decisions.

### Summary

Forces conditioning particular decisions in the Brockton district shoe industry have, here, been divided into three types. Influences which arise from the industry's economic characteristics and from the process of shoe manufacture have already been described and summarized. Now the historical and institutional factors operating within the Brockton district may be reviewed.

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1. For example, if a manufacturer places before the union officials and his own employees convincing evidence that he must close his factory by such and such a date unless some specific concession is granted, he faces union decision-makers with a crisis, in which they must take some immediate positive action one way or another.

1. Employment opportunities in the area's shoe industry have been steadily declining for the past thirty years. This decline may be attributed to the decreasing number of firms operating in the district, to the smaller number of pairs produced, and to increased output per worker. One result of this decline is a relatively old present work force, with the high-age people particularly concentrated in the skilled trades.

2. Along with a long-term decline in job opportunities, Brockton shoeworkers have been faced with a seasonal pattern of employment and payrolls, which is twice as severe as that for the comparable men's dress shoe industry. However, the average annual income of those employed was maintained near the high World War I level throughout the twenties. After a slump during the depression, incomes regained part of the lost ground by the end of the thirties, then doubled during World War II.

3. Although most firms in the district are owner-operated and manufacture men's shoes, they vary greatly as to size, quality of shoe produced, type of sales outlet, and financial strength.

4. The majority of these firms belong to an Association, where the chief purpose is effective dealing with the district-wide union which represents their employees. Varying objectives as between firms, however, mean that the

importance of Association activities has fluctuated over time, depending on the relative strength of perceived common and conflicting goals.

5. The Union in Brockton is local in nature and was formed in a period of reaction against autocratic action taken by its predecessor, the Boot and Shoe Workers' Union (AF of L). Consequently, this Brotherhood of Shoe and Allied Craftsmen was conceived and is operated as a "democratic" organization.

6. Within the Union, Boards composed of active shoe-workers provide an effective check on the actions of all Union Officials. Structurally, the BSAC is a mixture of craft and industrial unionism, with functions divided between various jurisdictional areas.

7. The nature and structure of the Brotherhood result in an extremely complex, uncertain, and, at times, implicit decision-making process. Though this process undoubtedly helps gain acceptability for particular decisions, in the post World War II period, acceptance has been complicated by the activities of a rival union, the United Shoe Workers of America (CIO).

Manufacturers and groups of employees in the Brockton district, then, make their decisions not only within conditions defined by outside economic and technical developments, but, as well, in a sea of local circumstances. Here,

the many variables may be as uncontrollable, yet just as restrictive as those completely removed in origin from the Brockton scene. Within this context, now, individual decisions may be examined. Attention is turned, first, to general wage movements, then to the Brockton Grade System and to the problems related to administration of piece rates in the district.



## CHAPTER VI

### GENERAL WAGE MOVEMENTS IN THE BROCKTON AREA

The history of general wage movements in the Brockton area since the Brotherhood's appearance there in 1933 may be roughly divided into four periods. The first, in late 1933 and early 1934, centers around increases given at the start of the NRA program, though also coincident with the Brotherhood's initial membership drive. The second period covers the year 1937, in which four general movements took place: two increases in the first half of the year and two reductions in the second half. Wage increases granted during 1941 and 1942 are the focal point of a third period of activity, and increases won after the War's conclusion form a fourth group.<sup>1</sup> All of the movements referred to in these periods were generally applied throughout the Brockton district, and, in each case, the focal point of the decision was the bargain made between the Manufacturers' Association and the Brotherhood. On the other hand, during the years of 1935 and 1936 and of 1938, 1939, and 1940 a great many wage adjustments were apparently made; but these were executed primarily on a company-by-company and, sometimes, a craft-by-craft basis. Consequently, these

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1. For a summary of the dates and amounts of these general wage movements, see Table

TABLE 15

GENERAL WAGE CHANGES IN THE BROCKTON DISTRICT  
SHOE INDUSTRY  
1934-1947

<u>Date of Agreement</u>	<u>Effective Date</u>	<u>Amount of Change</u>
Feb. 19, 1934	Feb. 12, 1934	+10%
Jan. 11, 1937	Feb. 15, 1937	+ 5%
Aug. 9, 1937	Aug. 15, 1937	+ 5%
Oct. 29, 1937	Oct. 29, 1937	- 5%
Nov.-Dec., 1937 <sup>1</sup>	Nov.-Dec., 1937 <sup>1</sup>	- 5%
May 2, 1941	May 5, 1941	+ 5%
	June 30, 1941	+ 5%
Jan. 22, 1942	Jan. 3, 1942	+ 5%
	April 4, 1942	+ 5%
Nov. 24, 1945	October 1, 1945	+15% (low grades) +10% (high grades)
Dec. 18, 1946	September 2, 1946	+10¢ per hour

1. The exact date varied as between companies.

adjustments, though in some ways the equivalent of general wage movements, may be appropriately described as part of the administration of Brockton's grade system.

In this chapter, attention will be devoted to the four periods previously mentioned. The objective here is explanation of how and why these particular general wage movements occurred, and the method employed is, for the most part, three-fold. In each period, significant events relative to specific wage changes are described in more or less chronological order, along with the apparent reasoning and perception of the principals involved. Then, a summary is provided of what seem to be the most significant wage determinants in each case. The information presented is derived principally from three sources. For the periods before the War, chief reliance is placed on the private records and minutes of meetings made available by the Manufacturers' Association and the BSAC and on news items in the Brockton Enterprise. Although participants in wage negotiations have filled in certain background details on these pre-war movements, their help has been especially valuable in assessing post-war events. In many cases, such sources of information must be held in confidence; however, specific reference is made where that is possible.

### General Increases in 1933 and 1934

The first general increase negotiated by the Brotherhood was put into effect on February 12, 1934; but the story of that increase must start some time before that date. A previous chapter has outlined the union organizational struggle which culminated in rebellion against the Boot and Shoe Workers' Union, AF of L and in formation of the BSAC. This struggle has been described primarily as a dispute over internal union government; nevertheless, wage activity was almost inextricably mixed in with political objectives.

Questions arbitrated by the Brockton locals of the Boot and Shoe resulted in adverse decisions by the Massachusetts State Board of Arbitration and Conciliation in both 1931 and 1932. However, these reductions and the time consumed by arbitration machinery did not satisfy the Brockton Manufacturers. Their arguments and the tremendous slump in the Brockton district's production of shoes in 1932 apparently convinced leaders of the Boot and Shoe that drastic action was needed. In December, the parent union revoked the charters of Brockton's locals and appointed a "commission" of three as the governing group. This commission negotiated a new and lower grade set of piece prices with the Manufacturers; but, in the meantime, a rival union was being formed and many workers stopped paying their Boot and Shoe union dues.

However, Brockton's factories were operated under closed shop contracts, so that workers refusing to pay weekly dues ("taxation without representation") were subject to discharge. The Manufacturers hesitated in applying this disciplinary measure. In the meantime, country-wide acceptance was whipped up for the President's NRA codes of fair competition. Brockton Manufacturers were represented in the drafting of the code for the shoe industry, and, on August 14, 1933, Association factories began operation under the Blue Eagle. In accordance with provisions of the Code, factories reduced their schedule of operations from 48 to 40 hours. The weekly pay of day workers was not changed (a 20% increase in the hourly rate) and piece prices were increased by 10%. The Manufacturers also chose this occasion for the announcement that "all employees working in factories operating under contract with the Boot and Shoe Workers' Union must be members in good standing of the Boot and Shoe Workers' Union".<sup>1</sup> Nevertheless, consequent discharges touched off the strike which ended with recognition of the Brotherhood as representative of Brockton district shoeworkers.

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1. Brockton Shoe Manufacturers' Association, Inc.,  
Minutes of a Meeting, August 2, 1933.

Probably the most important factor in the determination of this increase was the NRA pattern. Brockton Manufacturers could be particularly enthusiastic about maintenance of "fair" labor standards, since they felt themselves handicapped by the relatively low wage levels prevailing in other localities. Minutes of Association meetings show them understandably concerned over their relative position in the industry. In a discussion on June 7, 1933, for example, the provisions on the minimum wage were voted on favorably only after one participant argued that "We have been guaranteed that whatever program is adopted, that it is going to apply everywhere. Everybody in the same boat; nobody is hurt".<sup>1</sup> On the other hand, the increase was certainly a convenient, though apparently ineffective weapon in the local labor problem. Though the Manufacturers at first seemed "pleased" with the "much changed method of handling price questions",<sup>2</sup> by the middle of June they discussed "efforts to amalgamate the Unions by certain factions, mainly interests foreign to Brockton".<sup>3</sup> On August 2, in the same meeting which voted the 10% piece price increase, a committee was appointed to

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1. Ibid., June 7, 1933.

2. Ibid., June 1, 1933.

3. Ibid., June 19, 1933.

confer with Boot and Shoe officials in an attempt to "reduce the dues from 35¢ to 25¢ weekly";<sup>1</sup> and later, these officials were urged to "do something about..... representation of the employees, especially in the conduct of Union Affairs".<sup>2</sup>

In any case, the imminence of a drastic change in bargaining institutions might be alarming to manufacturers, especially since contractual relationships with the Boot and Shoe had meant, for the most part, freedom from strikes. In this instance, however, "independent unions" were apparently associated in the minds of Brockton shoe company executives with the chaotic conditions reputedly existing in Lynn shoe factories. Thus, the possibility of amalgamation between the two employee organizations indicated a prospect of strikes by small groups, "irresponsible" action, and general instability of operations.<sup>3</sup> In a lengthy meeting between Brotherhood officials and members of the Manufacturers' Association on October 6, 1933, the conditions prerequisite to ending the strike were fairly well settled; but the nature of the Manufacturers' questions

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1. Ibid., August 2, 1933.

2. Ibid., August 22, 1933.

3. In Chapter IV, this fear of the Manufacturers that "independent unions" meant conditions reputedly existing on the North Shore was shown to have played a part in the 1923 strike in Brockton.

about the new Union showed their concern over this question of amalgamation: "What was there in the statement in the paper that this group here had been in conference with a union from the North Shore?"; "Is the North Shore going to make our prices?"<sup>1</sup> Although Brotherhood officials answered that they "did not think the North Shore methods were adapted to our local needs here", groups in the Union, with vociferous leadership from "radicals" in the Lasters' Local, were continuously "agitating" for amalgamation with other groups of shoeworkers, "outside" the Boot and Shoe.

Most of the Brockton district factories reopened on October ninth, after the Brotherhood had been recognized as a bargaining agent, and with the understanding that "now and forever" no one "would be required to pay dues to the Boot and Shoe Workers' Union".<sup>2</sup> However, the W.L. Douglas Company, one of the district's largest, was unwilling to operate on that basis. On October 14, this concern announced that it would continue to "honor" its contract with the Boot and Shoe. Employees were offered a "cash bonus" in the amount of their dues to

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1. Brockton Shoe Manufacturers' Association, Inc., op. cit., October 6, 1933.

2. Ibid., October 6, 1933.



that organization, plus "an increase of 10% in wages to all piece workers and 5% to all day workers".<sup>1</sup> The strike continued at the Douglas Company, complete with a temporary restraining order limiting the pickets to two at each gate, strike breakers, some violence, and, finally, state troupers.<sup>2</sup> The company stated its intention of moving to Lowell. The Union called that idea "ridiculous" and held a meeting of Douglas employees. According to a memorandum in the Union files, a vote was taken with this result: 858 for the Brotherhood, 3 for an open shop, and 2 for the Boot and Shoe. On November 2, 1933, the National Labor Board, after nearly two months of deliberations, issued its decision on the district-wide dispute: employees were to

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1. W.L. Douglas Company, Statement Issued October 14, 1933, printed and distributed in leaflet form. According to the Company's statement, "honoring" their contract was not the only reason for their position. The Boot and Shoe provided its "contract factories" with a "union stamp" which the company claimed was of great value in selling shoes. Though the solicited "unanimous expressions of alarm" of store managers may be discounted, there was probably some truth to the contention. At any rate, the Brotherhood soon came out with a "stamp" of its own and wrote letters to AF of L officials asking them to stop supporting the Boot and Shoe product.

2. According to a statement in the Union files and presumably made to interested employees, "In the leading car was Johnny Wilson, an ex-prize fighter, who has been held on a number of occasions, both in Boston and New York, on various crimes from murder on down. He is not, and never has been, a shoemaker. Why have the Douglas officials hired him? Is it to make shoes or trouble in this peaceful city?" This strike-breaking episode is still strongly impressed on the minds of many 1947 officials of the BSAC.

return to work with "no conditions upon them as prerequisites to their being re-hired".<sup>1</sup> Since most of the strikers had been at work for almost a month, the decision may have been really directed toward the Douglas controversy. At any rate, the Company finally gave up its battle for the Boot and Shoe contract. The factory reopened; but, for the moment, the Company was stuck with its 10% offer.

In the meantime, the Brotherhood was also occupied with other problems. One of the most pressing, apparently, was the question of spreading the limited work opportunities among all members. A committee from the Union met with the Manufacturers' Association on November 10, 1933:

"This committee requested that an equal division of what work there was be made by the manufacturers in dull periods, stating that they were not interested in building up low earnings to bolster wage increases; and, if the work was distributed, it would not be used as low earning evidence in price negotiations."<sup>2</sup>

The Manufacturers agreed, but with the understanding that a "concerted effort" would be made to acquaint the membership with the conditions of the agreement. Despite the

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1. National Labor Board, Decision In the Matter of Brockton Shoe Manufacturers' Association, Respondent, On the Complaint of the Brotherhood of Shoe and Allied Craftsmen, Complainant, Case #53, November 2, 1933. The decision provided for a subsequent vote "to choose their representatives for the purpose of collective bargaining with their employers".

2. Brockton Shoe Manufacturers' Association, Inc., op. cit., November 10, 1933.

fact that Brockton was currently in a "dull season", however, pressure for a general increase existed within the Union, coming especially from the "amalgamationists". The Douglas Company, meanwhile, requested the same treatment on wages as was accorded to other manufacturers; but Union leaders apparently did not want to let the Company off the hook. Besides, Union members could wonder, "didn't the Douglas offer of 10% show they could afford it--and, if Douglas could pay, why couldn't the others?" On December 11, 1933, the Control Board delegates from the Lasters' Local came to the meeting "instructed" to "get the 25% increase immediately".<sup>1</sup> A conference between a group from the Manufacturers' Association and the full Control Board was held on December 21, but talk was chiefly of the "let's put our cards on the table" and "let's find out where the trouble spots are" variety. Pushed on their attitude toward a general increase, the Association spokesman said he would have to "report back" to a meeting of the Manufacturers.<sup>2</sup> The next day, according to his statements in an Association meeting, several of the Union leaders "came down to see me", and they "wanted to know if a blanket proposition could be made to stop this

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1. BSAC, Memo of Control Board Meeting, December 11, 1933.

2. Ibid., December 21, 1933.

agitation". They want to "get 10% and get it quick".

However, his analysis of the situation was as follows:

"The discontent seems to be largely in two or three factories and to a much less degree in other factories. The problem is pretty well centered in two or three places, largely because of the number of grades, in addition to poor working conditions on the job, so that the earnings are not what they should be; or exacting better quality of workmanship than the price calls for; and in some cases, they think it is a lack of management".

He summarized the Brotherhood's attitude with the statement that "they have got to do something to show results".<sup>1</sup>

In line with this analysis, the Association voted to "turn down absolutely a flat percentage increase". Their program called for "each manufacturer to get an understanding of what is wrong in his factory"; "Let the stewards bring up the grievances and say what is wrong"; "Put responsibility on the stewards and it will sober them off".<sup>2</sup> Union leaders apparently agreed to go ahead with the proposal of improving job conditions in the factories; but not as an alternative to a general wage increase. If they had any doubts as to the sentiments of the rank and file, these doubts were dispelled in Control Board meetings. The usually passive Stitchers went on record in "opposition

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1. Brockton Shoe Manufacturers' Association, Inc., op. cit., December 22, 1933.

2. Ibid., January 2, 1934.

to any wage increase less than 25%",<sup>1</sup> and the Skivers' Local sent in the suggestion that "the Control Board forget about amendments for awhile and get down to matters of more importance to the workers by doing something to increase wages".<sup>2</sup> The Union's Secretary-Treasurer stated his opinion that "the manufacturers are going to kick this thing along" and suggested agreement on a "definite retro-active date".<sup>3</sup> On January 2, 1934, Union officials reported that the Manufacturers "ducked the retroactive agreement", but admitted that the "price of shoes had been increased by them".<sup>4</sup>

On January 8, the Chief Steward at the Douglas factory reported on a five-hour meeting between company officials, the stewards, and "some Boot and Shoe members". According to his report, "During the meeting, (the company spokesman) said the company is being penalized by having to pay 10 percent more than the other factories in this district. He further said that, unless this discrimination is removed, the company will be forced to buy 125 thousand pairs of shoes outside." Following this report, one of the Union officials gave his opinion at length:

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1. BSAC, op. cit., December 28, 1933.

2. Ibid., January 22, 1934.

3. Ibid., December 28, 1934.

4. Ibid., January 2, 1934.

"This is a concerted move by the manufacturers to attempt to stop wage increases now in progress in the factories. I am sure the manufacturers are prepared to increase wages and we should insist on getting increases now, when the cost of living and prices on shoes are going up."

He quoted the statement sent out by the Douglas Company at the time of their "voluntary" 10% increase, noting their "optimistic outlook" and "willingness to admit that the cost of living has warranted an increase in wages".

"This increase was granted last fall as a bait to get their workers to break with the Brotherhood and go back under the Boot and Shoe. Now, a few of the workers feel the Brotherhood should voluntarily give up the increase the Boot and Shoe claims to have gotten for the Douglas workers."<sup>1</sup>

Meanwhile, though the Brotherhood's general officials openly opposed joining with the newly formed United Shoe and Leather Workers' Union, agitation for amalgamation continued, especially within the Lasters' Local.<sup>2</sup> On

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1. Ibid., January 8, 1934.

2. In a Control Board meeting on January 15, the Lasters offered a resolution that "we amalgamate with the United Shoe and Leather Workers' Union". Much of the opposition to this Union arose from the "Communist" issue--for example, see Shoe Workers' Protective Union, Bulletin No. 4. An Appeal For Unity: Evidence, December 8, 1934. This bulletin quotes from a statement made by Brotherhood officials and published in the Haverhill Gazette, February 1, 1934: "the methods of the self-appointed leaders of the Amalgamation are not what we in Brockton care to subscribe to...The North Shore can have their Zimmerman and Zeible and their method". The bulletin sums up the Brotherhood's position this way: "they wanted trade union unity of shoe workers. They did not want to be used by political agitators to support anti-American theories".

January 15, the Manufacturers met to work out their next move in negotiations. The discussion centered chiefly around three points.<sup>1</sup> First was concern over the possibility of amalgamation. Brotherhood leaders had apparently brought this question out in the bargaining: "If the North Shore unions establish themselves here, it will be worse than it is with the Brotherhood". Most of the Manufacturers apparently agreed: "We've got to stop the radicals from getting into Brockton"; "We must make a move in a hurry that would weaken the strength of the radicals here and support the reasonable fellows." Second, the Manufacturers seemed concerned about their competitive position, especially relative to non-Association factories within the Brockton area. "We would all be willing to increase prices, but not during this season. Wait till they organize the entire District." One member named three firms which had been "brought up" to the Brockton rates; but another expressed the opinion that "it is wrong procedure for our Association to be the goat. Will others in the district pay?" Third, the Manufacturers apparently were unwilling to take another strike. For example, to the suggestion that "we put the increases on only where they are needed, since we cannot increase prices and sell our shoes", a member replied:

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1. Brockton Shoe Manufacturers' Association, Inc., op. cit., January 15, 1934.

"I think 10% would iron out the situation. If your idea can be ironed out, all very well, but we cannot afford to go through another strike. We don't want any trouble in our shop. It will cost you more money in the end, unless you do something now and make some satisfactory arrangement."

After some further regrets that the "Douglas Company had put over a 10% increase", the Manufacturers decided to stress the importance of equalizing rates throughout the district and to agree on a retroactive date of February 1, 1934, if the Union could "bring up" the "outside" factories.<sup>1</sup> At a bargaining conference in the evening of January 15, "where we expected to meet 42 but they had a room full of about 300 people", "we started a little backfire. We put up to them that we were meeting a lot of resistance in regard to selling shoes because customers were afraid we might be unable to meet deliveries promptly, that there might be trouble in this district". The Manufacturers felt that their proposal "went over in good shape".<sup>2</sup>

However, at a union meeting after the bargaining conference, the Lasters once again expressed their dissatisfaction and the Goodyear Operators proposed that "all

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1. This was probably the beginning of divisions within the Association, since some of the "Associate Members" would be losers in the equalization process.

2. Brockton Shoe Manufacturers' Association, Inc., op. cit., January 22, 1934.



the competitors of the Douglas Company pay the 10% increase" and that "if the request is not granted, employees of said competitors take necessary steps to enforce the demands".<sup>1</sup> No action was voted that night, but, meanwhile, there was strong pressure from the Douglas crew. The stewards appeared before the Control Board and argued that the company had purchased shoes for its own stores before, and that there was no reason to believe they would not do so again. On January 17, 1934, the Union agreed to discontinuance of the 10% on February 1, on two conditions: (1) Douglas would comply with any changes in rates agreed to by the Association; and (2) Douglas would "keep the business in Brockton of the cheaper grade of shoes for the Douglas stores that they had planned to purchase outside of this city".<sup>2</sup> On January 22, the question of amalgamation was debated again by the Control Board. Frank A. Goodwin, the Brotherhood's "advisor" and a state politician of some prominence, placed himself "above" threats that "If you don't lay off amalgamation, they are going to do a job on you up on the North Shore when you run for Governor". Despite his oratory, however, the Board voted to "invite the coordinating committee to a meeting".<sup>3</sup>

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1. BSAC, op. cit., January 15, 1934.

2. BSAC and W.L. Douglas Company, Contract, January 17, 1934. (A signed copy is in the Union files.)

3. BSAC, op. cit., January 22, 1934.

On January 29, a committee of five from the Brotherhood met with the Manufacturers. Union representatives argued that day workers had received a 20% increase when the NRA code was adopted in the Brockton district. Some of the piece workers, they claimed, could not make the day rate; besides, they were entitled to the "same relative increase": another 10%. Apparently, the makers of high grade shoes were more anxious to settle than those in the low grade field, where price competition was most severe. At any rate, the Manufacturers finally offered 5% on the 4th and 5th grades and 10% on the 1st and 3rd, along with additional comment on the difficulty of selling shoes and a request that the retroactive date be moved to February 12.<sup>1</sup> But, back at a meeting of the Control Board, delegates felt that "we should not take less than the Douglas Company" paid, retroactive to February 1. "If they won't agree we'll arbitrate".<sup>2</sup> A statement to that effect was given to the papers. The Manufacturers talked the situation over in a meeting on February 13, expressing their feeling that "you cannot increase prices and hold the volume". However, the consensus of opinion seemed to be that an immediate and negotiated increase would "settle more unrest than anything else you could do". Their negotiating committee was

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1. Brockton Shoe Manufacturers' Association, Inc., op. cit., February 5, 1934.

2. BSAC, op. cit., February 5, 1934.

instructed to find out what terms were acceptable to the Brotherhood and told that "if we are obliged to go to arbitration", then any change should only take effect as of the date of the decision.<sup>1</sup>

On February 15, the Brotherhood turned the Manufacturers' previous proposal down again, reiterating their demand for the Douglas settlement (10% on piece prices and 5% for day workers) retroactive to February 1. However, in this meeting, the negotiating committees finally started some serious trading. The Union officials indicated they might drop the 5% demand for day workers (about 15% of the membership) and accept a retroactive date of February 12. The Manufacturers seemed amenable to a 10% increase on piece prices to "bring them up to the same 20% that is already in effect with the day rates". The Brotherhood, they were assured, would make other district manufacturers match the Association's offer.<sup>2</sup> Apparently, both parties were ready for a settlement. The Union had gotten the "Douglas 10%"; the Manufacturers wanted to "stabilize

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1. Brockton Shoe Manufacturers' Association, Inc., *op. cit.*, February 13, 1934. This had been the past practice in cases arbitrated before the Massachusetts Board of Conciliation and Arbitration. In this case, of course, "time" was a weapon used by the Manufacturers.

2. *Ibid.*, February 16, 1934. The parties further agreed that one of the low grade Manufacturers, who had been particularly insistent on a 5% increase, should be treated separately, as a special case. This Manufacturer later settled on the same terms as the others, retroactive to the same date.

conditions and avoid a strike". The Control Board and the Association members approved the compromise and the agreement was finally signed on February 19, 1934.

Many questions, of course, remain unanswered. Why was the Douglas Company so determined to continue with the Boot and Shoe Workers' Union? If it had not been so disposed, would there have been any increase? Would the rank and file have been willing to strike if there had been no increase? If the best offer had been 5%? Apparently, 10% was satisfactory. Why not 11%? Why not 9%? Questions like these often refer back to a host of personal motivations forever lost to "retrospective" research and possibly beyond the reach of even a "participant-observer". However, taking as data, for example, the "fact" that Douglas did wish to retain the Boot and Shoe contract, certain important determinants of this increase are apparent.

1. The Manufacturers did not want to give any increase which would affect their costs substantially. They seemed greatly concerned over their competitive position especially relative to other companies in the district.<sup>1</sup> All through negotiations, the Brotherhood was urged to "bring up the outside factories".

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1. Although there is no way to be sure, this concern over the position of other companies in the district may have been motivated by considerations other than cost. Most of these Manufacturers were owner-operators, and there may have been some personal concern lest they appear to be the "goat".

2. This consideration and their initial belief that the Union's demands stemmed primarily from "trouble spots" led to the Manufacturers' first "offer", selective improvement of individual job earnings.

3. Subsequently, they realized the imminent possibility of "amalgamation" between their employees and North Shore groups, which they considered "radical". If possible, they wished to prevent such a movement.

4. As the proceedings dragged on, strike talk developed. The Manufacturers apparently took this talk seriously and did not like it. To many of the members, at least, 10% seemed less costly than a strike.

5. Union leaders felt political pressure from three directions. The rank and file membership apparently expected their new organization to show some immediate results. The Manufacturers' selective proposal might have satisfied this pressure, but a more emphatic demonstration was needed to impress the "rival union" group and to satisfy their demands. In addition, the Douglas increase, "claimed" by the organization which the BSAC overthrew, presented an open challenge to Brotherhood leadership.

6. The Union group had to consider possible "employment effects" from their action. The Manufacturers' ability to pay was tested by the Douglas increase and by the fact that shoe prices had risen. There is no doubt that the

Union took this question seriously; witness the concession (temporary waiver of the 10% increase) to the Douglas Company, where their fight had been most bitter. In this case, the Union, in effect, separated ability to pay, in general, from the specific threat made by the Douglas Company.

7. No direct evidence of the work group's willingness to strike exists; however, certain known factors would seem to bear on that "propensity". Employment and payrolls had been depressed for several years, and a six-week strike had just ended. These were not the days of "18-1/2¢", and, even so, a 10% increase is big enough to be really meaningful. Under these circumstances, assuming that the "amalgamationists" wanted to "kick over the traces", they probably did not have the necessary "cause". In this sense, the settlement met the political requirements for stability.

8. By the middle of February, both sides apparently felt the need for an immediate settlement if possible. Bargaining never reached the stage of a clearly-drawn "fight situation"; consequently, a compromise was feasible.

9. The publicly stated "reason" for the increase, "to bring the piece workers up to the same 20% that is already in effect with the day rates", was more of an "excuse" than a "cause", though this arithmetic and its coincidence with the Douglas increase probably helped

determine the exact terms of the settlement. By that time, however, all the real "shouting" was over.

### Wage Movements in 1937

The wage agreement signed early in 1934 was to "remain in force" until August 1 of that year, with the stipulation that, if either party desired a change, notification should be given by July 1. Although both parties proposed changes not only in August of 1934, but during 1935 and 1936 as well, this general agreement was continued, nominally at least, throughout that period. Many wage "adjustments", mostly down, were made during these years; however, the center of negotiations shifted from the Association level to that of company by company bargaining. Since the principal point of reference for these adjustments was the so-called "Grade System", their discussion will be postponed until the following chapter. In the year of 1937, however, four general wage movements took place, three of them directly through Association-Brotherhood negotiations and another company by company, with almost every concern participating. In this section, these four movements are described.

Throughout the years of the Brotherhood's existence, there has been interest within the organization in the idea of "one big union", but particular aversion to any association

with the Boot and Shoe.<sup>1</sup> The various independent organizations of shoeworkers had never been able to compromise their differences; however, when John L. Lewis announced the formation of his "CIO", enthusiasm for unity of all shoeworkers was renewed. The General Board sent Lewis its "congratulations" and, in the fall of 1936, meetings with other interested groups were held. In October, the Board even hired a band for a CIO "demonstration" in Brockton. Through 1935 and 1936, the Brotherhood had been continuously faced with the necessity of granting reductions in wages, a circumstance generally attributed to the "cut-throat" competition in the industry and to the lack of any generally applied standards for labor, even within Massachusetts. As the pro-CIO "Brotherhood Educational Committee" put it,

"We make our prices. Yes! We have good able experts and an able price committee. During the past three years these men have worked hard to secure better wages for workers. But wage competition in nearby sections makes it impossible, not only to secure increases, but we are forced to accept decreases....Our experts may continue their efforts, but, until the workers unite in one solid Union, covering all the shoe centers, their efforts will have no good results; therefore, we are advocating uniting under the C.I.O."<sup>2</sup>

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1. This did not include aversion to the AF of L; in fact, on January 28, 1935, the General Board authorized the Union's president to discuss "one big union" within the AF of L, "but not under the Boot and Shoe".

2. Brotherhood Educational Committee, Leaflet entitled "Shoe Workers of Brockton, Brotherhood, CIO or Frank Goodwin?", undated.



The incumbent BSAC General Officials apparently agreed with these sentiments, but the recently defeated Union president, self-styled "father" of the Brotherhood, did not. At any rate, a lively debate developed within the Union. When a date was set for a referendum vote of the membership, the original "advisor", Frank A. Goodwin, returned to Brockton and "warned" the workers that they were being "sold out to the Reds". "Vote No" at the referendum if "you do not want the North Shore Reds" to take you over!<sup>1</sup>

Meanwhile, real pressure for an increase in wages emanated from the locals. Despite the fact that several factories had recently moved away from Brockton, the General Price Committee received written "resolves" on November 23, 1936, asking for increases in wages for "all workers in the Old Colony District" as follows: Edgetrimmers, 10% to 15%; Vampers, 15%; Finishers, 20%; Skivers, 20%; Heelers, 20%; Edgesetters, 20%; Dressers and Packers, 25%; and Treers, 25%.<sup>2</sup> Now, members of the Price Committee, in the performance of their duties, had probably become more aware than the average worker of the competitive pressures working on shoe manufacturers and of the limits placed on the total

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1. This advice was printed in leaflet form and signed by "John Murphy, Ex-President".

2. BSAC, Minutes of a General Price Committee Meeting, November 23, 1936.

amount of labor cost. The largest concern in the district, the Diamond Shoe Corporation, had shut its factory down in June, demanding a lower labor cost before it would reopen. An "impartial commission" was investigating the dispute; but, in the meantime, at least one-eighth of the Union's members, Diamond employees, were "on the streets". At any rate, the Price Committee passed a motion agreeing "that an increase in wages is necessary in some cases, but not in general"<sup>1</sup>; they preferred to continue handling matters on a company by company and craft by craft basis.<sup>2</sup> However, the Union's General Board disagreed and sent this resolution to the Price Committee:

"We realize, of course, as you do, that there have been many inequalities existing in our wage scale in the past. However, there is no doubt in the minds of the members of the General Board that, regardless of these inequalities, that all shoeworkers are under-paid, and, at this time, it is the opinion of the Board that all shoeworkers should receive an increase".

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1. Ibid.

2. The Price Committee's resolution continued with the opinion that "skilled" crafts had borne a "disproportionate share" of the decreases. If the Price Experts, most of whom had worked or were working at skilled jobs, felt that the "costs" available to labor were severely limited, then a general increase to all workers simply meant that relatively less was available for particular crafts. They may not have been so much "against" a general increase, therefore, as they were "for" advances on specific jobs.

The Board, the Union's rank and file, policy-making group, then "reiterated" its stand "favoring a general increase in wages".<sup>1</sup>

The Price Committee acquiesced and a meeting with the Manufacturers' Association was requested. The request stated in part:

"This Organization has recognized and consistently followed a program which had as its purpose the maintaining of business in this district and, at the same time, providing more work for our members. During the past few years, this policy has meant, in many instances, a recession in wage rates. As you know, many increases have been granted lately in other industries. Some shoe manufacturers have also voluntarily raised wages".<sup>2</sup>

This mildly worded statement was received by an Association which had been losing membership over the past two years and which was apparently not too well supported by those who nominally remained within the organization. For example, in a report summarizing activities during 1936, this plea was necessary:

"Two hours a month for each member to give to the Association in the best interests of all is not debatable. One should consider it a duty he owes to our Association to be present and show an interest in what is going on. We should be more liberal in our exchange of ideas and helpfulness to each other--for the good of the Association."<sup>3</sup>

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1. BSAC, op. cit., November 30, 1936. The resolution was read to the Price Committee at this meeting.

2. Brockton Shoe Manufacturers Association, Inc., op. cit., December 7, 1936. The letter was dated December 2, and was read at the next meeting of the Manufacturers.

3. Ibid., January 26, 1937.

Nevertheless, the nominal members rallied to the occasion, and, in a well-attended meeting, a committee was appointed to "protest against the advisability of any increase in wages".<sup>1</sup>

This committee and a group from the Brotherhood met on December 9, 1936. The Manufacturers rejected the idea of a general increase, and both parties agreed to "a study in each factory", since "the problems affecting individual manufacturers were different than the problems affecting manufacturers as a whole in the District".<sup>2</sup> In the meantime, from the Boston Shoe Show held during the first week in December, reports indicated heavy selling and higher prices. The Haverhill Evening Gazette, for example, quoted "show managers" as saying that "if the first day's buying is an indication of the 1937 market, all previous sales records will be smashed."<sup>3</sup> On December 7, "even" the Boot and Shoe Workers' Union was reported as seeking higher wage rates.<sup>4</sup>

Although the General Price Committee voted to accept the proposal made in the first bargaining session, they were

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1. Ibid., December 7, 1936.

2. Ibid., December 11, 1936.

3. Haverhill Evening Gazette, December 1, 1936.

4. Ibid., December 7, 1936. The Boot and Shoe Workers' Union had recently organized many of the Haverhill shoe factories.

also insistent on immediate action. At a conference held on December 23, two counter-proposals were made by the Brotherhood negotiators: a 5% increase on piece prices and an effective date of January 1, 1937 for all adjustments made in accordance with the Manufacturers' original "plan".<sup>1</sup> Association members voted to go no further than their original proposal; however, between December 23 and 29, this attitude changed. In a meeting on the latter date, they accepted the idea of a 5% increase and switched their efforts toward securing an effective date of March 1, 1937. Their argument that "it would work an especial hardship on Brockton manufacturers to have an increase become effective at once" apparently made some sense to the General Price Committee: "we recognize that shoes are sold in advance and prices cannot always be increased immediately".<sup>2</sup> After this meeting, the Manufacturers instructed their negotiators to "use every effort" to make March 1 the effective date, but, "if this was impossible, to use their own best judgment".<sup>3</sup> Under these conditions, a compromise was possible, and agreement was reached on an effective date of February 15, 1937. On January 11, 1937, a contract

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1. Brockton Shoe Manufacturers' Association, Inc., op. cit., December 23, 1936.

2. Ibid., December 29, 1936.

3. Ibid.

was signed stating simply that 5% was to be added to existing piece prices, the increase to "remain in force" during the coming season--until August 15, 1937.<sup>1</sup>

There is no detailed record of the arguments within the Union and the Association, from which to deduce the most important forces working on decision-makers during this wage change. However, circumstantial evidence indicates that the movement's inception, undoubtedly the result of pressure from the rank and file, probably stemmed from the enthusiasm and promise whipped up by the CIO organizational drive. Quite clearly, though, the Union "bureaucracy" was not at first disposed to press the issue, nor were the Manufacturers willing to grant any increase. Both these attitudes changed, but only after the Boston shoe show and, especially in the case of the Manufacturers, after receipt of fairly clear evidence that the coming season would be a good one. This the Manufacturers must have had by the end of December, for employment and payrolls in the Brockton shoe industry rose sharply in both January and February of 1937, reflecting a level of activity greater than any previously attained since the Brotherhood's organization.<sup>2</sup>

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1. BSAC and Brockton Shoe Manufacturers' Association, Inc., Agreement, dated January 11, 1937. The contract consisted of 10 lines, stating the amount of the increase, the effective date, and the duration of the contract. Other conditions of employment were worked out company by company and defined, sometimes in writing but more often, simply implied.

2. Massachusetts Department of Labor and Industries, Employment and Payroll Earnings in Manufacturing for the

However, the threat of organization by the CIO may have meant more than just the conception of this increase. Although the Brotherhood's leaders favored "affiliation", the Manufacturers apparently did not. The BSAC's first president, the original "advisor", the "Red" issue, and the Boot and Shoe experience with control by "outsiders" were all major factors in a pre-referendum campaign. Affiliation was defeated in the vote taken on January 28, 1937. The 5% may have helped make workers feel that they did not need the CIO to win increases. One cannot be sure that the Manufacturers had this possible effect in mind; but a year-end report had this to say on the subject:

"During the past year, through efforts of our Association, we were fortunate enough to keep the C.I.O. from organizing our workers; much work was done, and, when a referendum vote was taken, the result was very strong for remaining a B.S.A.C. member; eliminating any connection with the C.I.O."<sup>1</sup>

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1. Brockton Shoe Manufacturers' Association, Inc., op. cit., January 27, 1938. The reasons why the Manufacturers should resist movements toward participation by their employees in the affairs of "one big union" are not at all clear. Presumably, it would be to the advantage of organized centers to have non-union sections of the industry brought under union control. They may have felt a general organizational drive could not succeed; they probably feared the CIO's "strike methods"; or they may have sincerely desired to avoid dealing with men who had the reputation, at least, of being "Reds". On the other hand, though they had to work through the local union, they had had the experience over the past three years of winning most of their battles. The Manufacturers were still "on top", in that sense. Presumably, any personal "needs" they might have for dominance in the local situation would be more difficult to satisfy if they had had to "take orders" from John L. Lewis. Though such introspective reasoning probably was not explicit, there is some evidence that it did exist. Manufacturers comment today on this period as follows: "We had some birds around here then who had to win, no matter how much they lost".

At any rate, the increase was granted and the referendum had been held before negotiations in other nearby shoe centers were completed. The returns came in during February: the Boot and Shoe got 12-1/2% in Haverhill and, in Lynn, a CIO stronghold, a 15% increase was granted. Perhaps, after all, the Brockton Manufacturers had been motivated simply by the desire to keep their increase down as low as possible. Had they seen these larger changes coming and signed up their Union before such conditioning circumstances became a reality? This question could only be answered through participation in their deliberations at the time; however, as early as February 2 (after the signing of the Brockton contract and before the results of North Shore negotiations were generally known)<sup>1</sup>, the Manufacturers discussed "price advances here and in other places." A newspaper statement was read stating that "the North Shore wage decreases since 1931 were approximately 50%," and the comment was made that "ours amounted to only a small portion of this". Nevertheless, the decision was made to

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1. Information on wage changes, even in nearby sections of the shoe industry was apparently both scarce and unreliable. As Brockton Manufacturers knew from their own experience, publicized general wage movements by no means told the whole story; consequently, most reliance was placed on relative wholesale price quotations as an indication of relative labor costs. Of course, North Shore factories produced women's shoes and so were not competitive with Brockton. Nevertheless, wage comparisons via the employee and union route meant that Manufacturers had to consider, at least, North Shore wage activity. However, there was not and is not any evidence of a follower-leader pattern.



"obtain knowledge of the earning power of our prices per hour". This idea was again discussed in March, when the Manufacturers seemed to feel that "we would have to meet a request for a further increase in July".

Within the Brotherhood, as one would expect, there was also talk of more increases. Despite some initial difficulties, the Union made non-Association members pay the 5%, as Association members had been assured they would. Except for the seasonal slump in May, employment and payrolls in Brockton were fairly well maintained. Individual locals requested conferences with the Association, stressing the original plan of selective increases. The General Board voted to eliminate Saturday work, over protests that "Brockton district manufacturers should have an equal chance with manufacturers whose schedule of hours is from 45 to 48, and in some instances 54." However, Association members resisted wage changes, maintaining that their contract guaranteed stable rates until August 15. On June 28, the Brotherhood notified the Association of "our desire to change the present agreement", and, after an exchange of letters, a conference was held on July 13. The meeting, attended by 17 union representatives (before whom union leaders are supposed to talk tough and make exaggerated claims), was marked by a conciliatory tone. The General President stated his "demand" as follows:

"The Unions in their various Locals have expressed a desire for a 15% increase, but they realize that too large an increase might halt or hinder an increase in the flow of shoes to Brockton, and they desire that the manufacturers give all the traffic will stand."<sup>1</sup>

He gave as "reasons" for the request that the cost of living had risen and that other sections had given more than 5%. The Manufacturers stated their "appreciation" of the way the Union had carried out its past contract, but expressed the opinion that an increase would be detrimental to the "final gain of the operatives". They argued that other sections, "in all probability", started from a lower labor cost and were still "below ours". At this point, the suggestion was made that "smaller committees" be appointed to "study the figures which both sides have to present."<sup>2</sup>

Two days later, the Lasters' Local, always a vociferous advocate of large increases, strikes, and amalgamation with North Shore unions, presented to a committee from the Association "certain prices which must be agreed to before the general agreement". Apparently, "strong statements" of possible contingencies were made, and one Union representative "intimated that they would act independently if necessary". Although the Manufacturers stated that "general price

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1. Brockton Shoe Manufacturers' Association, Inc., op. cit., July 13, 1937.

2. Ibid.

arrangements would have to come through the Brotherhood", they may have been somewhat impressed by the threats.<sup>1</sup>

A meeting of the general negotiating committees on July 19 bogged down in argument over specific piece price and earnings comparisons and ended in a stalemate.<sup>2</sup> Meanwhile, the Brotherhood's election campaigns were getting hot. John Murphy, the Brotherhood's first president, defeated for office the previous year, publicly accused incumbent officials of "wasting" \$15,000.00 of the workers' money in trying to organize employees in the Lewiston-Auburn, Maine area, where the principal product was women's, not men's shoes. He pointed out that this campaign was carried on cooperatively with the "CIO", despite the recent referendum vote not to affiliate. Murphy's plea ended with this statement:

"It is time to quit talking about Chinese walls and Maine workers, and to give a little attention to the unemployed in this district, particularly the Apt, Diamond Ladies' and Young Shoe workers, all of whom are out of jobs because workers in territory now or formerly under the jurisdiction of the United are working on their shoes."<sup>3</sup>

These charges were answered with proof that the General Board had sanctioned all expenditures, and Murphy was specifically taken to task by the incumbent president, as follows:

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1. Ibid., July 15, 1937.
  2. Ibid., July 19, 1937.
  3. Brockton Enterprise, July 12, 1937.

"He further states that business must be maintained at any cost. This is where Murphy and I disagree. When he was President of this organization, he continually favored wage cuts and more factories moved out of the district during his administration than have since. I am in favor of preserving industry, but not at any cost."<sup>1</sup>

In addition, however, the Manufacturers entered the public press with a statement that their labor costs were relatively high, and that, therefore, any increase would hurt business in Brockton.<sup>2</sup> The Union answered publicly that "Every time the workers ask for an increase, the same arguments are advanced as were put forth in this statement." The BSAC case was summarized this way:

"The shoe workers in Brockton are not receiving enough money for the work they perform or to support their families in the way that they should be supported. It is unfortunate that we cannot argue for an increase in wages solely from this point of view. Whether we like it or not, we must take into consideration that the workers here and in other districts are competing against one another, and until such time as this unfair competition is eliminated, we will continue to be the victims. We realize that to drive our wage scale above what competition will stand would be disastrous for all concerned. However, we do think that an increase is warranted and justified at this time. We are not asking any more or as much in some cases as the outside districts have already given."<sup>3</sup>

On July 29, the Manufacturers met to consider the situation. After some discussion of their beliefs that no increase should be granted and that prospects for the

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1. Ibid., August 3, 1937.

2. Ibid., July 24, 1937.

3. Ibid., July 26, 1937.

coming season were not good, one participant asked "if any of the members thought that they could get away without any increase". The consensus of opinion on this matter of feasibility was "not at present, as the election of the Brotherhood is to be held very shortly". After strong expressions in favor of a clause stating that "no preferential price list shall be granted to manufacturers not members of our Association, unless our members are granted the same", the negotiating committee was empowered to "make the best terms possible, not over 5%.<sup>1</sup> Brotherhood negotiators got the 5% offer; but, in addition, a special concession was made to the ever-threatening Lasters: Bed Machine Operators, who had one of the most back-breaking jobs in the shoe factory, were to get 10%.<sup>2</sup> This arrangement was accepted by the Union's General Price Committee and the General Board and the contract was signed on August 9, to run until May 14, 1938.<sup>3</sup> Included, was the "most favored nation" clause so important to Association members.

For the rest of August the Union turned its efforts, with some success, to the problem of making the "outside"

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1. Brockton Shoe Manufacturers' Association, Inc., op. cit., July 29, 1937.

2. There had recently been a change in the method of performing this operation, which was resented by the Lasters. However, technicalities of piece price adjustment were probably more the "reason" than the "cause" of this concession.

3. The contract was actually dated "August 16, 1937".

factories meet the increases granted by the Association. However, employment in Brockton's shoe industry declined rather sharply in September and payrolls fell off in both September and October. On September 28, one of the Union's officials argued at a Price Committee Meeting that "the cheap shoe manufacturers go along under the scale they are now paying and not put any further wage increase on them". No decision was made, so that, in effect, the low grade concerns got their "relief". By the end of October, the threat and reality of unemployment was causing great unrest among the membership. On October 25, for example, the Finishers' Local sent the following resolution to the General Board:

"WHEREAS: Approximately 3,500 shoe workers have been thrown out of employment in the Brockton District, and  
 WHEREAS: The shoe industry seems to be in a state of chaos due to the cut-throat competition going on in the industry, and  
 WHEREAS: It is evident to all that we must be in a competitive position if we wish to continue making shoes, now therefore  
 BE IT  
 RESOLVED: That we, the members of the Finishers Local of the Brotherhood of Shoe & Allied Craftsmen in meeting assembled on October 15, 1937, go on record to notify the General Board that we are in favor of offering to any and all manufacturers in the District a price low enough for them to bring back the business that has been lost to this District".<sup>1</sup>

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1. This resolution is in the union files. Two other "resolves" were included: (1) it is "not our intention to induce manufacturers to move from organized union territory by offering them a lower wage scale"; and (2) a vote in favor of a national organization of shoeworkers and, strict economy in the local use of funds, in order to build up an organizing

Earlier, the Association Manufacturers had complained to the Union about non-payment of the August 15 increase by unionized non-Association firms in the district; and, on October 29, in a meeting held at the suggestion of the Association, the Union's General Officers agreed that "it is doubtful if (the last increase) was wise" and they stated that "although the signatures were on the dotted line, they did not intend to hold this District to the fulfillment of same if it is detrimental".<sup>1</sup> Later that same day, the Price Committee voted to "return to the prices in effect previous to August 15".<sup>2</sup>

On November 4, a meeting with the Association was held in which the Union spokesman stated that any manufacturer who could "give average competitive conditions" would be granted "prices that were competitive".<sup>3</sup> Employment and payrolls in Brockton hit a new low during November. Subsequently, though the Union refused to "let go" the "February 5%" in direct negotiations with the Association, this concession was granted on the cheaper grade of shoes. Negotiations shifted once again to a company by company

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1. Brockton Shoe Manufacturers' Association, Inc., op. cit., October 27, 1937.

2. BSAC, Memo of a General Price Committee Meeting, October 29, 1937.

3. Brockton Shoe Manufacturers' Association, Inc., op. cit., November 3, 1937.

basis, and, for concerns both in and out of the Association, the February increase was "waived" on all except the highest price lines.<sup>1</sup>

The year 1937, then, was, in effect, a stand off, insofar as general wage movements were concerned. The Bed Machine Operators retained their 5% advantage, and rates on the highest priced lines of shoes, which, by this time, represented only a small proportion of the total volume in the Brockton district, were 5% higher than at the year's start. However, there were more out and out general wage movements in Brockton during 1937 than in any other year from 1933 through 1947. Some of the more important determinants of these wage changes may now be summarized.

1. In every case, the Manufacturers were out to limit any increase in wages or to secure a reduction. In discussion, even among themselves, the fear of losing orders because of increased costs seemed to be the principal motivating factor.

2. The Manufacturers did not want the CIO to represent their workers. The timing of the initial 5% may have been influenced by this desire. In general, they acted quite consciously on the assumption that a union is a

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1. In December, rates on the North Shore were also reduced to their 1936 level.



political institution, which must be dealt with accordingly. In granting the second 5%, they recognized from the first the imminence of "another increase" as a result of "increases in other sections", and they were resigned to the potentialities of a union election campaign, as they finally decided to "make the best terms possible".

3. In comparing their position with that of competitors, the Manufacturers used as a principal guide their own ability to meet prices in the product market. Their own experience taught them that generally known wage changes as totaled up from 1933 to 1937 presented only a partial account of all wage activity. One principal point of comparison, however, was the treatment accorded by the Brotherhood to non-Association factories in the District, with whom Association companies were often in direct competition.

4. In all the negotiations, the Union was affected by consideration of the "employment effect" of any actions which might be taken. The Price Committee did not press for the first 5% until the prospects of a good season were indicated. In presenting demands for the August increase, the approach was moderate, despite the fact that other nearby shoe unions had recently received a larger increase than they had. The reductions were granted by the Union clearly because of the sudden drop in production, though

an attempt was made to discriminate between the ability of various grades to carry extra increments of labor cost. The Union discarded recently agreed-on contractual obligations, since it was felt that these "might be detrimental".

5. In the union election campaign, the winner had, it is true, favored "preserving industry, but not at any cost"; however, some significance may be attached to the fact that "reasonableness", the inclination to take the "employment effect" into account, was a key political issue in the campaign.

6. The Union as well as the Manufacturers relied primarily on the volume of business and the prices of shoes as a guide to the advisability of pressing a wage demand. Although the Union Officials had seen many cost and profit (or, in most cases, loss) figures as a part of the individual adjustment of grade prices,<sup>1</sup> that information was not publicly or continuously available, as a standard for judgment.<sup>2</sup>

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1. The attempts made by the Union to adjust the labor cost at various factories will be discussed in the following chapter on the Grade System. Here, the fact may be noted that a position of statistician-economist was filled from 1934-1941 by a man who drew a higher salary than the Union's General Officials.

2. These owner-operated concerns are required to file only a brief and uninformative balance sheet with the Massachusetts Commissioner of Corporations. Since the war, profit and loss statements have been available for a few of the larger companies.

### Pre-War General Wage Movements

General wage changes in the immediate pre-war period were of two principal types: (1) increases on the so-called "civilian" wage rates, and (2) negotiation of specific piece price lists to be used by manufacturers in bidding on particular government orders. With the enactment of draft legislation and the expansion of the armed services, Army and Navy contracts became increasingly available; consequently, there was a great amount of that second type of wage change. Here two examples of these changes are used to illustrate, on the one hand, the possible effects on Union decisions of a perceived opportunity to increase employment, and, on the other, the way in which minimum wage provisions can become the vehicle for an increase in all piece rates. In addition, one of the general increases on "civilian" piece prices is discussed, along with some of the significant aspects of other general wage activity during the 1940-1942 period.

Before turning to specific wage negotiations, the initial method of Army and Navy procurement may be outlined. This procedure consisted, from the Brockton point of view, of three parts: (1) announcement by one of the Services that bids on a specified quantity of shoes, to be constructed according to designated standards, were wanted; (2) negotiation between interested manufacturers and the

Union on the price list appropriate for that order; and (3) public opening of the bids, so that all knew which firms tried to get the contract and what price each one quoted. Under these circumstances, some opportunity was afforded for direct comparison of Brockton's competitive position in relation to other firms in the industry.

Brockton's first important government contract was won in the fall of 1940, generally a bad year for the district. Total production had dropped below ten million pairs for the first time since 1932; and, though one new men's shoe manufacturer moved into the area, the only remaining factory of the Diamond Shoe Corporation, formerly the largest employer in the district, was closed indefinitely. During the first six months of the year, the government purchased about 800,000 pairs of shoes; however, over half of these were won by the International Shoe Company. None of this business came to Brockton; in fact, manufacturers there did not even bother to bid, in most instances.

Early in the year, with considerable fanfare, the Manufacturers' Association was "reorganized", complete with a new President, a new name, and some additional

members.<sup>1</sup> In may, "cooperation" meetings were held with the Brotherhood. Though the Union would not agree to specific suggestions made by the Manufacturers,<sup>2</sup> both parties publicly and privately expressed their interest in "volume production and higher payrolls" for Brockton. Attention was focused on the government orders. When bids for 277,000 pairs of Navy shoes were opened on August 13, 1940, all of Brockton's participating firms were found to have bid too high to get a share of the contract. One of the manufacturers felt compelled to make a statement to the press explaining his position. He claimed to have "secured the price lists" used by firms already making service shoes and to have "submitted these lists to BSAC officials". The Brotherhood, he said, gave him a "labor cost five cents higher per pair than that being paid in

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1. The Association was still predominantly composed of concerns making relatively high grade shoes and located in the City of Brockton. Several important, unionized companies in the district stayed out. The organization was presumably strengthened by provisions in the Constitution stating that all piece price changes should be cleared through the Association. The full-time executive was given the title of "President", instead of "Secretary", and the position was filled with a man who had some independent prestige, a "former Mayor, former shoemaker, and former manufacturer".

2. Manufacturers suggested the elimination of "stints", of the steward system, and of extra personnel in the factories. Brockton Enterprise, April 27, 1940. The Union claimed there were no stints, that the steward system protected the worker, and that the manufacturers, in hitting at the "stagger system", were trying to "get rid of the old-timers". Brockton Enterprise, May 2, 1940.

other shoe centers making navy shoes". This extra labor cost and "overcaution" in his "figures" were the reasons given for failure to get part of the contract.<sup>1</sup>

The Brotherhood, in an answer to these statements, reviewed its position on this and other government contracts in the local newspaper. Earlier expression of a willingness to meet "competitive conditions" with "competitive prices" were recalled; and, on the matter of army contracts, the Union stated that the low bidder in Brockton was 35¢ too high on the "first" order and 12¢ too high on the next one.

"When the third order was going to be given out, Mr.(name) informed us that he was going to bid on this order sure, but he did not have much hope as the labor cost was three or four cents too high. Whereupon, we told him to figure the shoes, and, if he found that the three or four cents difference on the labor cost was the only thing which prevented him from figuring low enough to get the contract, we would not be found wanting, but would concede the three or four cents as our part in the cooperative effort to bring these shoes here. Mr.(name) never informed us what his figure was on this order, but he did not offer any bid."<sup>2</sup>

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1. Brockton Enterprise, August 15, 1940.

2. Brockton Enterprise, August 20, 1940, p. 14. Manufacturers could justifiably feel uncertain of the Union spokesman's ability to deliver on this promise. Decisive action could be blocked by five negative votes in the Price Committee, for example; or a lengthy period of "consideration and debate" could cost the manufacturer money. In this case, the "gain" may not have been considered worth the "gamble".

Several weeks earlier one of the manufacturers had stated that Brockton firms were suffering from the "creeping paralysis of overhead costs". The Union seized on this phrase and the admission of "overcaution", then pointed out the fact that the principal complainant in the Navy-order dispute had bid 24¢ per pair too high to get this contract. Since this manufacturer's estimate of his labor cost disadvantage was only 5¢ per pair, the Brotherhood concluded:

"We believe the duty of the manufacturers of this district is to put their own houses in order instead of blaming the Brotherhood for their inability to get more shoe business."<sup>1</sup>

Previously, the City's Mayor had held conferences with the parties, trying to bring about low bids for government contracts; and he had been on well-publicized trips to Washington, attempting to get "equal distribution of the orders" and protesting against the possibility of prison-made shoes. Against this backdrop, the Brotherhood prepared a price list for a prospective one-million pair Army order. On August 20, the date on which their "answer" in the navy-shoe dispute appeared in the press, Union Officials announced that they had "available a price list which is comparable item for item with prices now being paid by the largest manufacturer of service shoes in the

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1. Ibid.

country".<sup>1</sup> The complete story of this price list cannot be discerned from the Union's records; however, these facts, along with the conditions described above, do appear to reflect the pressure under which Union Officers were working: (1) a price list had been obtained by the Union from a large manufacturer of government shoes; (2) on February 26, 1940, the Price Committee had appointed "a committee of 3, with the General Officers and Statistician" to "meet for the good and welfare of the B.S.A.C.",<sup>2</sup> and (3) after long deliberations, this committee's suggestions, which tended to centralize responsibility on price questions in the hands of the Statistician, were adopted by the Price Committee.<sup>3</sup>

These facts indicate that Union Officials, though they "blamed" the Manufacturers for Brockton's inability to get contracts, were anxious to clear themselves from the charge of keeping business out of the district. An

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1. Brockton Enterprise, August 20, 1940.

2. BSAC, Memo of a Price Committee Meeting, February 26, 1940.

3. Ibid., August 19, 1940. Five rules were adopted. These rules created a department within the Union, with the Price Statistician as its head, which was to collect all piece prices and piece price changes, as agreed to by the various locals. In addition, the motion was carried that "all price experts be made responsible to the Price Statistician for the carrying out of the agreements voted by the General Price Committee." Members of the General Board raised some valid "Constitutional" questions about this arrangement. Since "amendments" were offered to the locals, the "rules" probably represented a sort of moral law to members of the Price Committee, rather than absolutely binding restrictions on individual freedom of action.



effort was made to prepare "competitive" prices, and, within the Union, to put the function of price-making on a more orderly basis. Just how low was the price list submitted to those Brockton Manufacturers interested in this large Army order? The bids were opened on August 27. One district firm quoted a price of \$2.41 per pair, another \$2.45, and a third, \$2.48; all these bids were lower than any other submitted, including those of the International Shoe Company, Brown Shoe Company, and General Shoe Corporation, three of the largest concerns in the industry.<sup>1</sup> Apparently, the Union's price list was low enough to be "competitive", with a few cents to spare. The total labor cost involved was only 37.3¢, about 4¢ under the lowest "civilian" price list for a similar type of shoe. If the results of the secret-ballot election held a few days after these bids were opened is any indication of the feelings of the rank and file, this action must be judged a "political" success. On August 30, all the Union's incumbent General Officials were re-elected by "landslide" margins.<sup>2</sup>

In these last negotiations, the objective of Union Officials was clearly to "bring" these shoes to Brockton,

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1. Brockton Enterprise, August 27, 1940, p. 1. International bid \$2.51, Brown, \$2.515, and General, \$2.54.

2. Ibid., August 31, 1940, p. 1.

or, at least, to escape any blame for failure in that cause. They had felt pressure both from the "public" and from the Manufacturers; in addition, their action was apparently politically acceptable to the rank and file. This case, then, illustrates the potency of a shortrun "employment effect" in a situation where unemployment exists and where such an "effect" can be generally perceived.

Immediately following the successful bids on this contract, however, Union thinking turned to a larger labor cost for subsequent orders. One aspect of the ensuing negotiations, which may be indicated briefly, was the way in which Federal minimum wage legislation became a vehicle for a general increase in wages. In March of 1940, the minimum for the shoe industry had been raised to 35¢ per hour. A significant number of the piece rates included in the 37.3¢ labor cost failed to yield this minimum, thus, in effect, increasing the actual labor cost to the Manufacturers, who had to pay "make up". When the Union asked for a raise on the next Army order in a conference held on October 11, 1940, the Manufacturers suggested that "we take 2¢ and distribute it to the weak spots". The Union spokesman stated that the 2¢ was "theirs" and that they preferred to distribute it "equally" to all the workers; furthermore, they argued, the Manufacturers could

give 4¢ and still "get the shoes". Both sides then agreed on an offer by the Manufacturers of 4¢, 2¢ distributed to the "weak spots" and 2¢ "equally".<sup>1</sup> In what one Union Official later described in conversation as the "battle of the century", the various craft groups fought over "where" the 2¢ should be applied, a dispute which, one suspects, caused many borderline operators to fall below the minimum. Meanwhile, the Manufacturers had gone ahead in bidding for service contracts. On November 1, a meeting was called by the Manufacturers to discuss the "distribution of the additional 4¢". They argued that this matter should get "immediate attention" "to eliminate the ruinous making up of minimums and to get the shoes moving so that penalties for not getting contracts finished on time could be avoided." The Union, on the other hand, simply tacked another 2¢ on the proposed increase and stated that they felt the 4¢ should be distributed "equally". The meeting ended with no agreement, after Union Officials had been accused of "ignoring the low spots when considering the distribution of the increase on the basis that the manufacturers would have to make up the minimums anyway."<sup>2</sup>

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1. Southeastern Massachusetts Shoe Manufacturers' Association, Minutes of a Meeting, October 11, 1940.

2. Ibid., November 1, 1940.

After several other fruitless meetings during November, the Manufacturers, talking the matter over by themselves, seemed to feel that a 6¢ increase would "create a favorable reaction to the manufacturers and unfavorable to the Union were it refused".<sup>1</sup> In a conference on December 6, they proposed a 6¢ increase, with 4¢ to be used to "even up the price lists". The Union agreed to a maximum increase of 6¢, but wanted 4¢ distributed equally to "all crafts", the other 2¢ to be "used by the manufacturers to even up". This was where the matter stood at the meeting's conclusion.<sup>2</sup> Letters were exchanged between the parties during the next two weeks, but the time element was working against the Manufacturers. They were apparently paying a tremendous amount of minimum make-up, and the shoes were moving slowly through the factories. On December 19, the Manufacturers met and discussed the "obvious danger of delaying a decision" (the Union had threatened to put all workers on "day rates"<sup>3</sup>) and decided to "agree to the

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1. Ibid., November 29, 1940.

2. Ibid., December 6, 1940.

3. These day rates were not minimum guarantees, but just points of reference sometimes referred to in settling individual piece rate questions. The Union's threat was to "refuse to work on the Army shoes except on the day rate". Since these shoes were already contracted for, the Manufacturers would almost have had to accept that proposition, even though slow work would run up their costs.

proposal of the Union, even though there might be another penny needed to fix up some low spots." This same day, however, the Herman Shoe Company, a non-union competitor located in a small town about 30 miles from Brockton, announced a 20% increase on Army shoes.<sup>1</sup> The Union claimed that the increase was based on the same labor cost as that used in Brockton, and asked the Manufacturers "how the officials could go before their Committee and justify acceptance of any less". Finally, agreement was reached on a 20% increase (slightly over 7¢ per pair), but with 3¢ of the total to be "distributed by the Manufacturers."

Although other factors<sup>2</sup> undoubtedly help explain the Union's more aggressive attitude in these negotiations and the Manufacturers' willingness to grant an increase, the role played by minimum wage provisions seems particularly significant. The Manufacturers offered an increase to bolster "weak spots", knowing that they were paying this money in the form of minimum make-ups anyway. The Union, on the other hand, argued that the increase be distributed "equally", which meant that the payment of make-up would

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1. This company was organized by the Brotherhood early in 1942.

2. For example, the Army was offering contracts for more and more shoes. In addition, of course, the pressure created by the Herman Company increase previously mentioned probably influenced the speed and terms of the final agreement.

continue. Thus, the minimum wage, through pressure on manufacturing costs, provided a vehicle for negotiation of a general increase on this "Army" piece price list.

The Army orders, which increased employment and payrolls in Brockton's lower grade factories during the latter part of 1940, did not affect the business of companies which continued to make the higher grade civilian shoes. For these concerns, depressed conditions prevailed throughout the year 1940. By the beginning of 1941, however, most signs pointed to an improved season ahead. In a meeting held on February 25, 1941, the Manufacturers took cognizance of possible developments in the labor relations and wage fields. Specific note was taken of the changing attitude of the rank and file shoemaker, attributed jointly to the "long and discouraging period of short time work and small earnings" and to the complaint that "every other craft was receiving benefits of high wages from Government contracts except the shoeworkers". After comment on the "unduly officious and arbitrary stewards", the suggestion was made that grievances be "immediately adjusted when it is agreed that the complaint is justified". One participant summed up the situation as follows:

"There can be no doubt left in anyone's mind that the Unions are strong and that the members are demanding that their leaders take active steps to adjust their complaints".<sup>1</sup>

Additional concern was expressed over the attitude of "do this or else" and the Manufacturers decided to work for a contract "including arbitration of differences with the State Board of Conciliation and Arbitration."<sup>2</sup>

On March 25, more or less as expected, the Brotherhood asked for a 10% increase on all civilian price lists. Quite probably, this request resulted from conferences with other shoe unions, as well as from better business prospects and the example of raises in other industries. At least, the Brotherhood had been conferring with the United Shoe Workers of America (CIO) on the conditions of affiliation, and could announce, on April 18, that "If the manufacturers believe that we are instigating any increases ahead of other unions they are mistaken, because we have been in conference with independent unions in Marlboro, Milford, Webster, Hudson and Lewiston, which are taking similar action in requesting a 10% increase".<sup>3</sup>

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1. Southeastern Massachusetts Shoe Manufacturers' Association, op. cit., February 25, 1941.

2. Ibid.

3. Brockton Enterprise, April 18, 1941, p. 11.

At any rate, a bargaining conference was held on March 27, in which the Union argued that "the shoeworkers were insisting on increases according to the trend in other industries". The Manufacturers agreed that the "trend was toward an increase", but questioned "the present as the proper time". Two members went further and threatened to close up their factories if an increase were granted immediately.<sup>1</sup> Several conferences were held early in April, but no real progress toward a settlement was made. However, in a private meeting of Association members on April 15, members reported that they had "heard from the middle west that some of the factories in that section had granted a 5% increase". The previous day, the Endicott-Johnson Corporation had announced a 5% increase and the J. F. McElwain Company had granted a similar adjustment late in 1940. After some discussion of the "trend", the Manufacturers decided to offer a 5% increase, effective July 1.<sup>2</sup> This offer the General Board and General Price Committee "unanimously" rejected in a joint meeting on April 17, reiterating their demand for 10%. Union Officials were reported as saying that the "time has come for action rather than quibbling".<sup>3</sup>

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1. Southeastern Massachusetts Shoe Manufacturers' Association, op. cit., March 27, 1941.

2. Ibid., April 15, 1941.

3. Brockton Enterprise, April 18, 1941.



The Manufacturers discussed the situation on April 22. Most members "conceded that increases were to be expected but that the time element was a very important factor". One of the leading company spokesmen argued that "if it was generally believed that the 10% was to come eventually, it would be wiser to offer it, if coupled with a reasonable time to start." Thereupon the Manufacturers voted to grant 10%, effective July 1. As an alternative, they proposed arbitration of the effective date by the State Board.<sup>1</sup> In a bargaining conference held the next day, Brotherhood officials would settle for nothing less than an "immediate 10%". The Manufacturers argued that they could not make immediate adjustments with their customers, "because of commitments made to deliver shoes at the prices for which the orders were taken, which is a contractual obligation".<sup>2</sup> In a meeting on April 28, the Union's General Board voted to "accept the 10%," but to grant the Manufacturers an effective date of May 5.<sup>3</sup> By this time, however, members of the General Board were apparently getting impatient. When a letter from the Association received on May 1 suggested an

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1. Southeastern Massachusetts Shoe Manufacturers' Association, op. cit., April 22, 1941.

2. Ibid., April 23, 1941.

3. BSAC, Memo of a General Board Meeting, April 28, 1941.

effective date of June 30, the Board "instructed" the General Officials to "tell them that the Union wants 5% starting Monday, May 5, 1941, and 5% June 30, 1941, or there will be no work on Monday, May 5, 1941".<sup>1</sup> The next day the Manufacturers "acceded to this proposition on the basis of their desire to continue industrial peace in the District".<sup>2</sup>

In the course of these negotiations, improved business prospects and the "trend" of increases in the shoe industry and elsewhere were important considerations influencing both the Union's demands and the acceptability of these demands to the Manufacturers. During the remainder of 1941 and early 1942 these considerations remained effective. The Brotherhood requested further increases on both military and civilian price lists; but, in the two most important cases, the Manufacturers refused to make "voluntary" adjustments. They emphasized, in private and public, the necessity for maintaining Brockton's competitive position;<sup>3</sup> however, they did agree to arbitrate the issues.

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1. Ibid., May 1, 1941.

2. Southeastern Massachusetts Shoe Manufacturers' Association, Letter to the BSAC, dated May 2, 1941.

3. For example, in a letter to the Brotherhood which was printed in the Brockton Enterprise, one shoe manufacturer stated that "It is generally recognized that we here in this district are now paying the highest labor cost on army shoes in the whole country". Brockton Enterprise, October 20, 1941, p. 8.

On January 22, 1942, the State Board granted a 10% increase on civilian shoes;<sup>1</sup> and, effective March 16, a 10% increase on Army shoes was granted by a Federal arbitrator.<sup>2</sup> Very little information is available as to the ultimate determinants of these two wage adjustments,<sup>3</sup> or on the reasons why the parties were willing to arbitrate these issues. Quite possibly, however, the "national emergency" was the controlling factor in this disposition to settle differences by arbitration rather than strikes. At least, in retrospect, this is the "reason" stated most often by both Manufacturers and Union Officials.

About the pre-war wage changes which have been described here, though, some summary statements may be made.

1. At the start of the period, wage activity took place in the context of unemployment and a short work week for those who did have jobs. This context, along with some public pressure, seems to have been a particularly important determinant of the Union's original, low price list for Army shoes.

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1. Brockton Enterprise, January 22, 1942, p. 1. This increase was divided, with 5% effective on January 3 and the other 5% on April 4.

2. Brockton Union, March 6, 1942, p. 1.

3. This is especially true on cases decided by the State Board, since that body simply hands down a ruling, with no supporting reasoning or discussion.

2. Some of the piece rates included in this list proved too low to yield the minimum wage. The Manufacturers, who had to pay "make-up", were willing to make selective increases in these rates. However, once a commitment to a specified number of cents had been made, the Union would agree only to an "equal" distribution of the raise. In this way, the minimum wage provided the mechanism, at least, for a general increase in all piece prices on the original Army list, though other factors, notably the action of a nearby non-union firm, were probably equally important.

3. Not until the prospects for civilian shoe business improved did the Union request an increase in these prices. However, by the time negotiations had reached a critical stage, employment and payrolls had recovered spectacularly, and the Union had become much more insistent.

4. The request for a 10% increase on civilian shoes was part of a more or less coordinated attempt on the part of many shoe unions to raise the wages of their membership. In this connection, the Union "politicians" preferred to justify their actions by pointing to what had been done in other localities, rather than build themselves up as "wage leaders".

5. The Manufacturers, as always, resisted attempts, to increase wages, but finally gave in before what they

interpreted as an almost irresistible "trend". Even so, the more decisive local consideration may have been the improved business conditions, which put "blood" in the "turnip".

6. After the Manufacturers had conceded the amount of the increase, they worked to postpone the effective date as much as possible. The exact terms of the agreement, 5% on May 5 and 5% on June 30, represented a compromise on this question of timing. Apparently, the argument of "advanced commitments" carried some weight with Union decision-makers.

7. Throughout all these negotiations, both parties resorted to public statement of their views frequently. These may have been appeals for the loyalty of rank and file shoeworkers; however, especially in cases involving government contracts, the parties may have felt an increasing need for public approval of their actions.

#### Post-War Wage Movements

During the period between 1942 and 1945, general wage activity in the Brockton district, as elsewhere, was centered around the various "fringe" benefits available from War Labor Board arbitrators. The Brotherhood gained the customary provisions for vacations with pay, though this adjustment was strongly resisted by the Manufacturers

on the grounds that their post-war competitive position would be jeopardized. Some workers benefited from revisions of individual piece rates; but the 33% increase in weekly wages between 1942 and 1945<sup>1</sup> is attributable principally to the great increase in the volume of production. Throughout this period, however, the Lasters especially had proposed general increases, and the General Board had at least made the gesture of formally protesting the "15% standard as set by the Little Steel Formula".<sup>2</sup> When the War finally did end in the late summer of 1945, price controls and a semblance of wage controls remained in effect. Nevertheless, on August 29, 1945, the Price Expert from the Lasters' Local came to the Price Committee meeting instructed to request a 30% wage increase<sup>3</sup> and abolition of the lowest grade price lists for the manufacture of civilian shoes. On grounds that "controls

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1. See Chapter IV, Footnote 1.

2. BSAC, Memo of a General Board Meeting, March 22, 1943.

3. Although the problem of reconversion-unemployment and the threat of declining purchasing power were widely discussed in the press, the CIO's 30% demand did not come until the middle of September, when the UAW served that notice on the automobile industry.

are still on", this proposition was rejected by an 11 to 3 vote;<sup>1</sup> however, action was started on revision of wage rates in the lowest grade factories, where special downward revisions made in 1939, 1940, and early 1941 had never been fully recovered. No direct action on general wage demands was taken immediately; rather the Brotherhood's attorney was asked to "find out ways and means of ascertaining the proper method to adjust the prices in all of the factories in the district".<sup>2</sup> During the remainder of September, negotiations were held with the three principal low-grade manufacturers, and, under the threat that "workers would be put on by the day if no agreement was reached", an offer of a 10% increase and "adjustment of low spots" was made.<sup>3</sup>

Meanwhile, the Lasters were complaining about "lack of leadership" and threatening to break off from the other crafts to join the CIO. On September 29, a non-union company in Middleboro (about 20 miles from Brockton) granted a "voluntary" 10% increase.<sup>4</sup> Finally, on October 1, in a

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1. BSAC, Memo of a General Price Committee Meeting, August 29, 1945. Additional personal motivations may have influenced this vote. Several Price Experts actively resented what they termed as attempts by the Lasters "to run the union". Further, the Lasters were once again starting the campaign for affiliation with the CIO, and pro-BSAC officials may have hoped to prevent the Lasters from getting the credit for a prospective wage increase.

2. BSAC, op. cit., September 12, 1945.

3. Ibid., September 27, 1945.

country-wide atmosphere of large demands and strike threats, the General Price Committee voted to "notify the Manufacturers' Association and independent manufacturers that we wish a 25% increase for all piece and day workers and that all manufacturers be put in the correct grades".<sup>1</sup> By this time, however, the Lasters' Price Expert had been instructed "not to attend any more General Price Committee meetings",<sup>2</sup> though delegates from that Local did appear before the General Board to explain that they "did not like the attitude of Price Committee toward their Price Expert whenever he presented a proposition".<sup>3</sup> No further action was taken by the Board or the General Officials, however, and the Lasters proceeded to act as though they were an independent group. On October 19, they met with representatives of the Manufacturers' Association, where they were told that requests for general increases would be negotiated only through representatives of all the crafts in the Brotherhood. After the "bargaining session" was over, one of the Manufacturers proposed a "general increase to all crafts so as to take the wind out of the Lasters." Members representing high grade factories argued that a "flat percentage

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1. BSAC, op. cit., October 1, 1945.

2. BSAC, Memo of a General Board Meeting, October 1, 1945. This fact was reported to the Board by the Union's President.

3. Ibid., October 8, 1945.



increase" would mean a greater number of cents on their labor cost, putting them in a precarious position relative to product-price ceilings. Finally, a graduated proposal was agreed on, with 15% offered on the 5th grade and below, 7% on the 4th grade, and nothing on the 1st grade.<sup>1</sup> This proposal was forwarded to the Brotherhood.

That evening, however, the Lasters held a well-attended mass meeting and, after a "hot" argument, voted an "ultimatum": the Manufacturers would meet their demand for a 25% increase by Sunday night (October 21) or there would be no Lasters at work on Monday morning.<sup>2</sup> The Brotherhood's Secretary-Treasurer stated publicly on Saturday that an offer had been made by the Manufacturers and that any strike action by the Lasters would be "unauthorized and unconstitutional". He declared that "Up to this moment the leaders of the Lasters' Local have persistently refused to recognize the Constitution and have ignored the Price Committee and the General Board and seem bent on running the organization to suit themselves at the expense of every other union member"; and he appealed to "every laster" to "return to work on Monday morning".<sup>3</sup> On Sunday night, the Lasters

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1. Southeastern Massachusetts Shoe Manufacturers' Association, op. cit., October 19, 1945.

2. Brockton Enterprise, October 20, 1945, p. 1.

3. Ibid.

held another mass meeting, at which the Local's officials requested and obtained a postponement of the strike until Wednesday. As the Price Expert explained, "What we have done may be illegal, nevertheless, it has been done. The picture looks very bright...and I do not believe that we will have to resort to a strike". He reported that some of the companies had already agreed to the Lasters' terms and concluded with this statement, which "brought cheers from the assemblage": "If some manufacturers don't come across, we will crack them anyhow".<sup>1</sup>

By the time Wednesday evening had rolled around, the Brotherhood's General Board had turned down the Manufacturer's proposal, but further negotiations had produced no agreeable alternative. At a mass meeting of the Lasters, the Local's President reported that the General Board was "leaving the pay increase issue drag along and that in three or four months the manufacturers would have enough shoes so that they would only offer a 7% increase".<sup>2</sup> After a considerable discussion during which one member who argued for moderation was "driven from the hall by

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1. Brockton Enterprise, October 22, 1945, p. 7.

2. Ibid., October 25, 1945, p. 8.

catcalls"<sup>1</sup>, the Local voted to strike the next day. Although "resounding cheers" greeted the suggestion that "we break away from the Brotherhood and get other backing", the strike chairman, the next day, stated that "we have no intention of breaking with the Brotherhood in favor of the CIO" and he asked the "BSAC to back us now".<sup>2</sup>

The strike was "100% effective" in the Lasting Rooms of Brockton's shoe plants. Although most of the other crafts continued to work, the factories could run only a few days without the help of any single major group of operators. By this time, however, the wage demand had settled down to a "flat 15%", which the lower-grade Manufacturers had already agreed to pay. Within the Association group, which had been joined in this crisis by most of the other unionized Manufacturers, the question, then, was one of committing one group to a course of action previously adopted by another. Out of this conflict of

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1. Ibid., p. 12. This member pleaded that the Lasters not vote to strike in "this hall, because the papers will say to-morrow that the Lithuanians caused the trouble again. During 1918, the shoeworkers voted in this hall to strike, again in 1923 they voted while in this hall to strike, a third time in 1933 they voted in this same place to strike, and now in 1945, they vote to strike again. Because of this the Lithuanians will get the blame. We of the North End have invested our money to bring shoe concerns to Brockton and the people of the entire city have benefited, so we do not want any trouble".

2. Ibid., p. 8.

interests, the "offer" was raised. In addition to a 15% increase on the fifth grade, the lowest grade, the sixth, was to be abolished, the day hands were to get 10%, and the minimum wage established at 60¢ per hour. Further, this was to be only a "temporary settlement, pending a definite wage policy of the federal government".<sup>1</sup> In a bargaining conference on October 25, Brotherhood negotiators and the Lasters' representatives both accepted these terms tentatively, and, the following day, the Lasters agreed to return to work.<sup>2</sup> However, the General Board voted to stick by the Union negotiator's proposal: a 15% increase for all shoeworkers.

During the following week, several large bargaining conferences were held, although, according to reports, the "two lawyers did all the talking".<sup>3</sup> The "key" compromise was apparently suggested by the Union's attorney: a 12-1/2¢ hourly increase. This proposal seemed shrewdly designed to

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1. Brockton Enterprise, October 26, 1945, p. 10.

2. Ibid., p. 1.

3. Ibid., November 15, 1945, p. 8. On November 5, 1945, after the General Board had voted to stick with their 15% demand but before the 12-1/2¢ compromise offer was made, the State Board of Arbitration granted Boot and Shoe Workers' Union members at Knipe Bros., Inc. in Haverhill (North Shore) a 15% increase. There is no direct evidence that this award became a point of reference in Brockton negotiations. Nevertheless, as an indication of what the USWA would get from North Shore shoe companies and of what might well result from arbitration, the award probably did reenforce the BSAC demand for a 15% increase.

satisfy both the Union's desire that everyone should get the same treatment and the high-grade Manufacturers' claim of a discriminatory burden on their labor cost. At last, at about 1 o'clock in the morning of November 10 and after ten hours of negotiation the previous afternoon and evening, agreement seemed near. When one of the Union representatives brought out an original demand which had almost been lost in the shuffle, provision for the adjustment of "low spots",<sup>1</sup> everyone was too tired to argue. The Manufacturers agreed and the Union's Price Committee voted 10-4 to accept the 12-1/2¢ terms. The General Officials signed the "contract".<sup>2</sup> Negotiations were over.

However, groups within the Union, led by the Lasters, felt that "12-1/2¢ was less than what the 5th grade manufacturers had already offered". The highly paid Edgesetters and Edgetrimmers, who usually finished their day's work before the nominal quitting time, had voted against the settlement. Then, suddenly, a new complication arose: only the General Board was empowered to authorize general price agreements; the action of the Officials in signing the contract was unconstitutional! Equipped with appeals to the skilled workers and to those employed in low-grade factories

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1. The clause finally included in the agreement stated that "low spots are to be adjusted on the basis of earnings". The clause will be referred to further in the Chapter covering individual piece price adjustment.

2. Brockton Enterprise, November 10, 1945, p. 1.

and with the issue of "Constitutionality", dissident groups swept the General Board with them, and the "agreement" was repudiated.<sup>1</sup> The General Officials were instructed to re-open negotiations.<sup>2</sup> Though the Attorney for the Manufacturers declared the "agreement" to be a "legal document",<sup>3</sup> new conferences were held in an atmosphere enlivened by "hints" from the Lasters that they "might take a vacation".<sup>4</sup> During the ensuing negotiations, Union representatives accepted the idea which had already been recognized by the cents per hour proposal: a 15% wage increase would, in view of the price ceilings, impose too great a labor cost change on the high-grade factories. Finally, through the efforts of lower-grade Manufacturers as well as Union representatives, 10% was offered on the 1st and 3rd grades and 15% on the 4th and 5th. This time, after acceptance by the General Price Committee and the General Board, the signatures of the Union Officers made the agreement official.<sup>5</sup>

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1. Ibid., November 14, 1945, p. 1.

2. Ibid., p. 6.

3. Ibid.

4. Ibid., November 15, 1945, p. 8.

5. Ibid., November 24, 1945, p. 1. The delegates from the Lasters' Local voted in favor of the agreement only after approval had been obtained in a mass meeting of the Lasters.

Throughout this period of negotiation, the current and prospective sales of Brockton shoe companies were limited only by their ability to produce. Although ceiling prices (instead of price competition) meant that increased costs could not readily be passed on to the consumer, such flexibilities as the grade of shoe produced and the quality of materials used provided indirect means of maintaining margins.<sup>1</sup> There is no escaping the fact, of course, that Brockton Manufacturers did feel the wage-price "squeeze" of which they complained during negotiations. Analysis of individual company costs shows that, in most cases, "labor as a percent of sales" rose sharply during the first half of 1946; however, the volume of sales was extremely high. Under these circumstances, narrow margins were certainly preferable to a protracted strike, during which competitors cleaned up the "gravy". In addition, Brockton Manufacturers were not the only ones facing wage demands during this period; even in the shoe industry, national and independent unions were demanding higher pay. Though the Brockton settlement preceded most other adjustments made by shoe concerns, Manufacturers there

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1. This could easily be explained to retailers, who were in no position to be "fussy" anyway, by reference to the extreme difficulties experienced by manufacturers in obtaining adequate supplies of leather. Of course, high grade manufacturers, especially, had to be careful that their reputation for "quality" was not impaired unduly.

knew that most men's shoe companies in Massachusetts had agreed to follow the Brockton pattern.<sup>1</sup>

At any rate, negotiations were concluded without any general stoppage of work; further, provision was made in the agreement for the arbitration of wage disputes which might arise within the contract period of one year. The issue of a general increase in wages could be reopened, under the terms of the contract, upon either of two pretexts: (1) the removal of price controls, and (2) an increase in the cost of living, as measured by the Bureau of Labor Statistics. In the latter case, the issue could not be raised until six months after the contract date of December 3, 1945.

The Association, meanwhile, was again reorganized into a unit joined by most of the district's unionized Manufacturers. With the new members taking the active lead, a professional labor relations man was hired from the Federal Conciliation Service. Under his guidance, Association committees started negotiations with the

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1. Most contracts now in effect between independent unions in Massachusetts and men's shoe manufacturers outside the Brockton district explicitly make any general wage movement contingent on Brockton area bargains. Outside Massachusetts, the McElwain Company granted 15% on November 26, 1945; the General Shoe Corporation, 7-1/2¢ on December 1, 1945; the Endicott-Johnson Corporation, 15¢ in May 1946; the International Shoe Company, 8¢ in December 1945; and the Brown Shoe Company, 10% in December 1945. The USWA, in negotiations on the North Shore of Massachusetts, won a 15% increase in January 1946.



various Union Price Experts, who were trying to "straighten out" individual piece prices in accordance with the "low spot" clause in the wage agreement. At the end of the six month period, however, attention within the Union started to shift toward the question of a general increase in wages. On June 18, the General Board suggested that the Price Committee take steps in this direction, but the latter group declined on the grounds that the cost of living had not increased appreciably.<sup>1</sup>

However, when Congress allowed price controls to lapse, demands were immediately made for a "revision in wages".<sup>2</sup> Several conferences were held; but, when controls were re-instituted, the parties agreed to postpone further action. In a joint statement issued on August 7, 1946, it was recognized that "with re-enactment of OPA, the selling price of shoes has been established at those levels prevailing on June 30, 1946; and, therefore, with no general increase allowed in the price of shoes manufactured by the Association members, there can be no corresponding increase in wages".<sup>3</sup> The new price control legislation did provide

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1. BSAC, Memo of General Price Committee Meetings, June 24, 1945.

2. The request was made in a letter dated July 15, 1946. The Lasters, as usual, made a demand themselves, but agreement was later reached that their action was "out of order".

3. Brockton Enterprise, August 7, 1946, p. 9.

for selective decontrol of individual commodities; however, even before leather and shoe prices were released, wage demands were made on the grounds that the "cost of living" was rising.<sup>1</sup>

After a month of sporadic conferences, the parties were nowhere near agreement. The Union negotiator had stated that the "30% demand was not serious" and that 15% would probably settle the matter. The Manufacturers, painfully aware of the potentialities connected with "low spot" adjustments, argued for a "nominal" percentage increase and another "figure" to be placed at an arbitrator's disposal for allocation to low spots. The contract specified arbitration of such differences, and the Association suggested taking the matter to a Federal Board.<sup>2</sup> To this proposal, the Price Committee would not agree, contending that these men were "Spicer's old buddies".<sup>3</sup> He would "know all the ropes", they argued, and, consequently, the Union would never have a chance. As a counter proposal,

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1. BSAC, Memo of a General Price Committee Meeting, September 5, 1946.

2. Possibly motivating this suggestion was the knowledge that the federal Conciliation Service used the "job evaluation" and "time study" techniques which the Manufacturers were anxious to introduce in Brockton. Whether they could have tied the question of "general increase" to the adjustment of individual piece rates is debatable.

3. The Association's new "Executive-Secretary" was Mr. Walter Spicer.

they "demanded" that the question be taken to the State Board of Arbitration.

Meanwhile, the USWA had reached an impasse in negotiations with North Shore shoe concerns and the dispute had been taken to the State Board. This issue was similar, in that the USWA wage clause stated that their contract could be opened if the cost of living increased by five percent. On November 6, the Board awarded a 10¢ per hour increase to North Shore shoeworkers, and, two days later, the Brockton Manufacturers offered the same increase to the Brotherhood, with additional provision for 3¢ adjustments for each five point change (whatever the direction) in the BLS cost of living index.<sup>1</sup> The Manufacturers "agreed", as an alternative, to accept the Union's proposal of arbitration by the State Board. The Union rejected the Association's wage offer; however, previous contentions made it difficult to refuse the arbitration alternative.

The Union based rejection of the wage offer on the grounds that "it has always been the custom" to place increases on a percentage basis. Two factors seem particularly pertinent to this disposition against cents per hour settlements: (1) since the skilled crafts had the greatest representation on the General Board in proportion to their numbers,

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1. Brockton Enterprise, November 8, 1946, pp. 1 and 6.

the majority of BSAC locals favored percentage increases, even though more individual members would benefit from a cents per hour settlement; and (2) many of the skilled workers finished their "day's work" in six to seven hours and so would have to "wait around in the factory" to get the full amount of "their" increase. The Manufacturers, on the other hand, were looking for possible ways to hit back at the so-called "stint"; and, in addition, Association members specializing in high-grade shoe production could protect their labor cost with a cents per hour settlement.

Other factors which influenced the Brotherhood's rejection of the Manufacturers' offer were: (1) the fear that the cost of living would go down, instead of up, in which case they would be forced to accept reductions; (2) the desire to "hold off for more in order to kill off the CIO in Brockton"; and (3) the desire not to accept a role as a passive follower of the CIO pattern. However, the Brotherhood, because of its previous "demands", was more or less forced to go to the State Board of Arbitration. There, despite the fact that the cost of living index had increased by 14% (or about 15¢) during the period in question, the inevitable 10¢ award was made.<sup>1</sup>

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1. The contract specified that the wage question could be reopened if the cost of living increased. During the period from December 15, 1945 to September 15, 1946, the BLS index rose from 129.9 to 146.0, and, by October 15, 1946 to 148.6 points. The Union, of course, argued for the latter date, while the CIO decision was made when figures were available

The Brotherhood's leaders were dissatisfied with this settlement, not simply because of the rival union situation, but more because of the greater increase in the cost of living and the cents per hour form of the award. Their feeling first took shape in the form of new requests for adjustments of individual piece prices; however, the question of a general increase in wages soon came up for consideration. In February 1947, the CIO negotiated another 2.5¢ for shoeworkers in the North Shore factories, and the Lasters immediately requested the General Price Committee to "get the same increase" in Brockton.<sup>1</sup> In the meantime, the cost of living had continued up, with the movement of food prices, immediately apparent at the "housewife level", a leading factor in the advance. During the spring and early summer of 1947, the CIO campaign to "take over" the Brotherhood was intensified, reaching a climax in the BSAC elections held late in August. The Brotherhood, unencumbered by a definite contract termination date, made demands on the Manufacturers several times; (one just before the elections) but, despite all these "compelling" circumstances, no general wage changes occurred.

The explanation seems to lie in two factors: (1) Brotherhood leaders were forced to undermine their bargaining position

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1. BSAC, Memo of a General Price Committee Meeting, February 24, 1947.

with "boasts" made in the rival union controversy, and (2) the level of employment and payrolls in the Brockton district started to decline and the general "atmosphere" became depressive. Figures released periodically by the BLS showed that the hourly earnings of Brockton shoeworkers were among the highest in the industry; and a widely circulated tabulation of general increases since January 1941 showed that the Brockton total exceeded that of any other shoemaking locality.<sup>1</sup> These "facts", stressed by the Association in any bargaining conferences, were otherwise welcomed by Brotherhood leaders. Standing alone, these "boasts" might not have affected negotiations; but, combined with falling payrolls and a depressive atmosphere, they put the Union's leaders in a difficult bargaining position. After the first quarter of 1947, Brockton payrolls and employment were well below the comparable periods in 1946, despite the 10¢ per

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1. For instance, see U.S.B.L.S., Average Weekly Hours and Average Hourly Earnings in the Boot and Shoe Industry for Selected States and Metropolitan Areas, May 1947. This report does not treat the Brockton area separately, but compilations made by the Division of Statistics, Massachusetts Department of Labor and Industries shows that average hourly earnings in May were \$1.16 in the Brockton district. This rate was exceeded only by that found by the BLS in California and in the Chicago metropolitan area. The compilation of relative wage changes was accepted and referred to by both management and Union officials; however, it contained a mathematical error which was never corrected. This error made a difference of three percentage points, and, while this would still have left Brockton among the leaders, the total there would not have been the highest in the country. I have not been able to discover who originally compiled these figures.

hour increase. The Association had been running a series of advertisements in the local newspaper stressing the serious implications of Brockton's "competitive position": "High Wages Buy No Bread If the Job Itself Folds Up";<sup>1</sup> "New England Down--St. Louis Up".<sup>2</sup> When buying was light at the spring "shoe fair" in New York City, the Association advertisement pointed to "Handwriting on the Wall",<sup>3</sup> a statement re-enforced two days later by the report that unemployment in Brockton had reached a "peak since depression days".<sup>4</sup>

Meanwhile, negotiations were in progress between the Association and the Brotherhood on a formal written contract to replace the simple wage agreement and the unwritten understanding on other conditions of employment.<sup>5</sup> The Manufacturers were particularly anxious to get such a contract, mainly because of the consequent provisions for arbitration

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1. Brockton Enterprise, May 14, 1947, p. 2.

2. Ibid., July 9, 1947, p. 2.

3. Ibid., June 6, 1947, p. 2.

4. Ibid., June 11, 1947, p. 1. This statement was made by the director of the Massachusetts Division of Employment Security in Brockton.

5. Full written contracts defining seniority rights, union security and so on had been signed in the past with a few individual manufacturers, but, with most companies and with the Association, agreements contained no more than a wage change stipulation, with other conditions of employment only roughly defined and understood.

over "rights"; however, the Union's General Board, still conscious of their experience with the Boot and Shoe contract, approached the question warily. Their disposition to hesitate was changed, though, by two considerations. First, passage of the "Taft-Hartley" Act placed a deadline on contracts providing for the "closed shop"; and second, a contract would postpone an NLRB representation election between the Brotherhood and the USWA for at least a year. These two considerations brought the issue to a head, and, the day before the "Taft-Hartley" deadline, August 23, 1947, the General Board decided in favor of the contract by an 8 to 7 vote.<sup>1</sup> Despite the fact that the Union had recently requested a wage increase "to compensate for the rise in the cost of living", and despite the widely publicized (though not so widely followed) national patterns of 18-1/2¢ and 15¢ per hour, no increase accompanied the new contract.<sup>2</sup>

Though the contract provided for no change in wage rates<sup>3</sup> during the year following its adoption, the Union's

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1. The fourteen "shoe factory" locals split 7 to 7 on this issue, thus the vote of the Cut Sole Local was decisive. The question of legality was raised, most strongly by the pro-CIO Lasters, but the contract became operationally effective anyway.

2. The charge has been made that the signing of this contract was motivated more by concern for "survival" of the Union and of jobs for BSAC Officials than by concern for the Brockton Shoeworkers. There is no question but that the hope of shutting out the USWA (CIO) strongly motivated the contract's most active supporters. However, the contract, by itself, would not have precluded a wage increase, if the local economic environment had been more favorable.

3. BSAC, Memo of a General Price Committee Meeting, October 27. 1947.



Officials felt that they could somehow get around this provision. However, a subsequent request was turned down by the Association, though it was agreed that the question could be opened if "a general increase is given throughout the shoe industry".<sup>1</sup> No such "pattern" has developed, however, and, with the Union's attention devoted to a long and unsuccessful strike to prevent a "reduction" at one of the district's leading companies, the question of a general wage change during the contract's one-year duration seems a dead issue.

Throughout these three periods of negotiation, the first leading up to a 15% increase, the second to the 10¢ per hour increase, and the third resulting in no change, the general level of economic activity was extremely high, with prices, physical production, and national income advancing from high to record levels. In Brockton, however, boom conditions prevailed only until early 1947. For the rest of that year, and for the first half of 1948, the area's shoe industry experienced a sharp slump in production and payrolls and a depressive atmosphere prevailed. The important determinants of the general wage changes occurring within this economic environment are summarized below.

1. In the negotiations immediately following termination of the War, the amount which the Manufacturers could grant was

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1. Adjustments could, of course, be made in the case of "new or changed operations".

limited by the existence of price controls. Further, a flat percentage increase was strongly resisted by the higher-grade companies, who felt that the result, in cents per pair, would be ruinous for them.

2. When the negotiations started, however, they were conducted between the Union and lower-grade Manufacturers, so that a 10% offer had been made before demands were even served on other unionized firms in the Brockton area. This offer was subsequently raised to 15%.

3. The Union was in a strong strike position, since payrolls had been high, business prospects were good, and the factories were "full of shoes". However, the actions and threats of the "unreasonable" Lasters, possibly motivated by their CIO leanings, were the immediate force propelling offers by the Manufacturers.

4. The Union's determination to get the same increase in all factories was thwarted by the strong objections of high-grade Manufacturers, a situation which led to a "cents-per-hour" compromise proposal. This offer by the Union was, in effect, a recognition of merit in the contentions of high-grade Manufacturers, and subsequently led to the split settlement of 15% for the 4th and 5th grades and 10% for the 1st and 3rd.

5. In making this agreement, the Manufacturers could feel confident that their competitors were facing similar

demands and would probably be forced to grant a similar increase.

6. The terms of this settlement conditioned the next one in that they provided for (1) the conditions on which the wage question could be reopened, and (2) arbitration in the case of inability to agree.

7. Through chance, the Union maneuvered itself into a position where it had to accept arbitration by a board whose decision was a foregone and unsatisfactory conclusion.

8. The possibility of a further increase was obviated by a drop in local business activity. Under these circumstances, though the Union continually made "demands", the Manufacturers could turn them down without incurring much risk of strike action.

9. The Brotherhood's position was further weakened by a "rival union" problem which led initially to "boasts" about BSAC attainments, thus undermining the Union's bargaining position. Subsequently, this "rival union" threat plus pressure from the "Taft-Hartley" Act led to the signing of a contract which became the vehicle for postponement of a general wage change for one year.

### Summary

Although conclusions on wage determinants are more appropriate after exposition of all phases of wage activity, a few preliminary observations may serve as a summary here. Further, those observations may, perhaps, be most useful if they are compared with conclusions reached in a recent study of Trade Union Wage Policy by Arthur M. Ross. In this study, as stated by the author, "the central proposition, then, is that a trade union is a political agency operating in an economic environment".<sup>1</sup> From this proposition flow others: (1) wage bargaining is essentially a "pressure game",<sup>2</sup> with economic considerations relevant only insofar as they affect the relative strength of negotiators, that is, at the "second remove";<sup>3</sup> (2) union decisions are made with the "paramount objective of 'building the union'";<sup>4</sup> and (3) the quantity axis of the wage bargain, generally disregarded by union negotiators, is an unsatisfactory criterion of union "responsibility" because it is "unpredictable before the fact and undecipherable after the fact".<sup>5</sup> Ross feels that

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1. Arthur M. Ross, Trade Union Wage Policy, University of California Press, 1948, p. 12.

2. Ibid., p. 11.

3. Ibid., p. 15.

4. Ibid., p. 12.

5. Ibid., p. 19.

unemployment may affect wage bargains, but only as a tool in the hands of the employer, not as a pressure acting on union leaders.

The evidence presented in this chapter and in Chapter five tends to confirm the conclusion that the actions of union officials are taken in a political environment, and that, consequently, the principal point of orientation is satisfying the membership rather than, for example, maximizing the employer's total wage bill. In this context, collective bargaining is primarily a "pressure game", not an analytical exercise. The focal points of pressure in Brockton wage negotiations have often been the actions and threats of a dissident and "unreasonable" group within the union on the one hand, and, on the other, the actuality or prospect of settlements by a "rival union". Both Brotherhood Officials and the employers have reacted to this pressure with wage demands and concessions, respectively; and, in one instance at least, the Union may have agreed to a "no wage change" contract partially as insurance of institutional survival. However, outside patterns have not been blindly followed. The employers have been the principal guardians of Brockton's "competitive position" in that they have consistently applied the brakes to general wage movements; consequently, their position has been wholly negative

from the Union point of view. No proposed increase has ever been readily accepted by Association members.

In contrast to Ross' conclusions, however, the evidence here indicates that unemployment, the quantity axis of wage decisions, has been an effective pressure within the Union. Of course, the threat or actuality of unemployment has been a bargaining tool in the hands of employers; however, it has also been a political force acting on Union leaders. As several of them have explained in conversation, "half a loaf is better than no loaf at all". Perhaps this observation applies peculiarly to the shoe industry, where firms may shut down temporarily or move permanently without the difficulties encountered with other types of equipment and structures of cost; nevertheless, in this case at least, Union negotiators have been forced to take the "employment effect" of their decisions into account. Particularly in preparation for bidding on Army orders in 1940, the Union adjusted wage rates in an effort to increase the volume of employment in Brockton.

From the employer point of view, the principal motivating force seems to have been economic: the greater any increase in wages, the smaller the margins of profit.<sup>1</sup>

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1. The assumption involved in such a proposition is, of course, that they have no way of reducing labor costs other than a general reduction in piece rates. Production systems and other conditions within the factory have generally been regarded as "fixed". This assumption will be discussed

However, Brockton shoe manufacturers have not been operating in a high profit business, not in circumstances where they could control product prices. Ability (or inability) to sell their goods in the product market has been the chief criterion of "competitive position", although, in wage negotiations, increases granted in other shoe centers have been regarded as partial evidence that they could move with some safety. Their own experience with unpublicized adjustments, which will be described in the next chapter, taught them, though, not to rely on known general wage movements as a sufficient test of a competitor's position.

CHAPTER VIITHE BROCKTON "GRADE SYSTEM"

"Piece prices in the Brockton district don't bear a relationship to anything--except the historical maze through which they came." This statement, expressing the exasperation of one prominent manufacturer in the area, is directed especially toward the lack of any "objective" job ratings and work standards as criteria for establishing and administering piece prices. Indicated, is a rather chaotic scene, in which each "price" is telling a totally different story and from which no explanatory generalizations can be drawn. In some respects this may be a faithful representation: price A is low because Joe, a member of a relatively weak craft local, had a fight over a girl with John, the foreman; and price B is high because both the superintendent and the union agent each happened to be passing around their first box of cigars on the day the rate was "determined".<sup>1</sup> However capricious may have been the determinants in the initial

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1. During a single noon-hour, members of one factory organization described five such "explanations" which had recently turned up in their respective departments, and they indicated that many similar cases could be related for the asking. The problems and "methods" of individual piece rate setting in the Brockton district will be discussed in the following chapter. Here those rates will be approached from the point of view of their relationship to the total labor cost on individual shoes and in individual companies.



establishment of some individual "prices", though, the "historical maze" included, as well, at least one effective "determinant" of the intra-district rate structure.

This general point of reference for Brockton's piece prices is most dramatically illustrated by observation of a single worker within one factory. He performs an identical operation on three successive "racks" of shoes; however, each "rack" is marked with a different, colored tag, and the coupons which he clips from those tags carry different piece prices. Why should the same worker in the same factory be paid one rate for work done on the green tag shoes and another for the same job on the "rack" carrying pink identification? The answer to this question, acknowledged as correct by manufacturers, union officials, and workers, is that the market price of these shoes is different. As the Shoe Workers' Journal stated with resignation in 1928, "As long as shoes are sold at different price levels, they will be made at varying [labor] costs".<sup>1</sup> Brockton's way of providing that variation has, historically, been through flat percentage differentials between piece prices paid for similar operations on shoes selling in the various "brackets". In this way, by what is known as the

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1. Norton, op. cit., p. 150, quoting from the Boot and Shoe Worker's Union, Shoe Workers' Journal, July 28, 1928, p. 17.

"Grade System", a company's labor cost is linked to the product-price, which, then, becomes a central point of reference in the determination of piece rates.

The idea of progressively lower piece rates with lower grades of shoe is perfectly compatible, in a general way, with constant hourly earnings. The study of labor productivity conducted by the BLS in 1945 shows clearly that man-hour requirements vary directly with the grade of shoe produced;<sup>1</sup> however, the variation may be attributed to a combination of three factors: (1) differences in the number of operations performed; (2) more lenient work standards on lower grade shoes; and (3) more efficient production scheduling on the lower grade shoes. In most of Brockton's "grade factories",<sup>2</sup> these sources of man-hour savings have not been fully utilized. The number of operations may not vary significantly between grades, and, especially within one factory, work standards tend to become the same on all the shoes produced. Further, the fact that Brockton Manufacturers have often been forced to accept small orders in a variety of grades had meant "job lot"

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1. BLS, Trends in Man-Hours Expended Per Unit, Selected Footwear 1939-1945, March 1948, p. 42. See also the discussion in Chapter II of this thesis.

2. The term "grade factory" has been used locally to refer to factories where more than one grade of shoe is produced.

production scheduling, rather than the "mass production" conditions which spell efficient utilization of the labor force. Consequently, while the Grade System can be justified in part by reference to job requirements, the primary orientation of the system in Brockton has been toward the variations in product prices.<sup>1</sup>

This chapter, which will deal with relationships between the Brotherhood and individual companies,<sup>2</sup> revolves around that "Grade System"; and the discussion which follows will fall into these topical classifications: (1) the "system", as established when the BSAC supplanted the Boot and Shoe Workers' Union in Brockton; (2) the attitude of the Brotherhood toward the "system" and the consequent action which has been taken; (3) the attitude of the Manufacturers toward the "system"; (4) the function which the "grades" have performed as a medium for dealings between the Brotherhood and the Manufacturers; and (5) the administrative problems which are almost automatically

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1. The fact that the pressure behind the Grade System has come from product prices may be one reason why the labor force is not utilized more efficiently. Thus, if a lower labor cost is obtained as a necessary adjustment to lower product prices, much of the incentive for improved working conditions is lost: the piece rates are fixed by shoe prices rather than factory operations.

2. This relationship is here distinguished from that of Association (or district-wide)-Brotherhood dealings, on the one hand, and from the relationships between individual crafts and the manufacturers, on the other.

created by the "system" itself, and by the "administrative" methods which have been adopted.

### The "System" As Established Before 1933

The most important influence leading to the establishment of grades in the Brockton district has been the great shift down in the price preferences of footwear consumers. This tendency was almost steadily in progress during the two decades between World Wars; and, though temporarily halted during World War II and the subsequent two years of high shoe demand, it has once again been in evidence during 1945.<sup>1</sup> Resulting in a smaller and smaller potential market for higher-priced lines, the tendency has shown up in Brockton in terms of a constantly dwindling volume of business. In turn, lack of production has placed great pressure on the established level of piece prices, with the Grade System representing an adaptation to that pressure. As such, the very existence of the grades at the heart of Brockton's piece price structure illustrates the fact that the volume of production and wage rates have been forcibly connected with each other during the district's shoemaking history.

Within the district, the idea of graded piece price lists is at least as old as the records of the Brockton Shoe Manufacturers' Association. As early as 1904, in a letter

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1. See Charts 1 and 2, Chapter II.

to the president of the Boot and Shoe Workers' Union, four grades of shoes were suggested, with lines of demarcation drawn according to the retail price. The suggestion was made as a remedy to the "problem of firms leaving the city" and coupled with cautions on the "freedom of our non-union competitors".<sup>1</sup> Although the district did have experience with "grade prices" before World War I, only two "lists" were in effect at the conclusion of those hostilities; and the great percentage of production was apparently on the higher, "Brockton grade".<sup>2</sup> During the twenties, the Brockton locals of the Boot and Shoe Workers' Union as well as the parent organization steadfastly opposed "wage reductions"; but, as Norton has found, the General Officials "eventually maintained that the establishment of lower wage rates with lower quality of workmanship for lower grades was not a reduction in wages".<sup>3</sup>

Despite declining employment and pressure from both the parent Union and the Manufacturers, however, it was not until 1926 that the Brockton locals negotiated prices for a

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1. Brockton Shoe Manufacturers' Association, Minutes of a Meeting, January 21, 1904. The letter, a result of this meeting, was dated January 22.

2. The "2nd grade" was apparently never very widely used and has since been discarded altogether. Although there is no direct evidence relative to the disappearance of this grade, the probability is that it was replaced by the 3rd grade, which carried a lower labor cost and, gradually, the same specifications as to selling price.

3. Norton, op. cit., pp. 149-150.

"3rd grade"; and the 4th grade "list", which became effective in 1927, was obtained by interested Association members only through a decision of the State Board of Arbitration.<sup>1</sup> In late 1930, the Manufacturers again approached Brockton locals with a "grade" proposition. Certain aspects of the discussions which ensued reveal the nature of these grades as they were originally established.<sup>2</sup> First, the immediate problem to which the proposition was addressed was a decline in production on established lines of shoes, a condition facing Brockton in the fall of 1930. Second, the proposal was directly linked with a specific retail price.

"Last year we tried to sell all the shoes that we could, but it is getting more and more of the \$5.00 shoes and less and less of the \$7.00 and \$6.00. Now our salesmen tell us that we have got to have some \$4.00 shoes if we are to keep this factory going. We have got to have a [labor] price where we can make \$4.00 shoes in volume".<sup>3</sup>

Finally, along with the reduced piece prices, the Union representatives had been led to expect better conditions of work, a higher volume of production, and lower standards of quality, so that earnings would not necessarily be reduced.

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1. Ibid., p. 156.

2. The minutes of conferences with union officials appear in the records of the Association. Although statements made during negotiations often cannot be taken at their face value, the discussion in this case at least discloses the sort of conditions which surrounded the establishment of Brockton's "grades".

3. Brockton Shoe Manufacturers' Association, op. cit., November 17, 1930.

Apparently, these conditions did not materialize to the same extent in all factories, thus this "selling point" became the basis for objections from the Brockton locals' membership and officials:

"To you gentlemen who are going to ask us to give you something so that you can compete with the factories that you are now trying to compete with, I want to ask you gentlemen if this proposition goes through by the Cutters, are you going to give us something so that we can compete with our competitors? Mr. (name) of the (Company A) gives their Cutters that chance to compete with Cutters in outside towns. At the (Companies B, C, and D) have we got to cut a shoe that is going to retail for \$4.00 the same as we have got to cut a shoe that is to retail at \$5.00?"<sup>1</sup>

And, referring to the "\$5.00 list", a Union representative argued:

"It was said conditions differed on that particular shoe at that particular time. We are going to separate factories, etc., and do more of them. That has all gone by the wayside; they are getting the top grade workmanship".<sup>2</sup>

At any rate, with these and other objections stated as reasons, the Brockton locals refused to grant Association members a "\$4.00 list". This decision, which was not made explicitly but, rather, through delaying tactics, was one of the major arguments used by the Manufacturers to persuade the Boot and Shoe Workers' Union Officials that "drastic action" was needed. After the charters of Brockton locals were

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1. Ibid.

2. Ibid.

revoked and the "commission" form of government had been adopted, it will be recalled, the lower grade price list was quickly "negotiated" and put into effect. When the Brotherhood came into existence, then, the grade system and operation by Association factories on 1st, 3rd, 4th, and 5th grade piece prices were accomplished facts. Most factories used one or two "lists", while a few made shoes in as many as three grades. In addition, though, the Brotherhood organized firms in the area, which had been outside the jurisdiction of the old Brockton locals, and which operated on piece prices even lower than the "established" fifth grade.

Altogether, then, the Brotherhood was faced initially with four "established" lists of piece prices and, below those, with prices set more or less unilaterally by "cheap-shoe" manufacturers. These differences, which resulted in varying labor costs, were based on the "ability to pay" of a specified retail selling price and were negotiated as an adaptation to the dwindling production of shoes in the Brockton district. The "grades" were seen by Boot and Shoe Officials as a palatable alternative to the unacceptable "wage reduction" and were "sold" with promises of increased volume, improved working conditions, and lower quality standards. Despite this "sugar-coating", the establishment of new grades was resisted by Brockton Locals, so that the 4th



grade was obtained only after arbitration and the 5th forced through by a dictatorial parent union.

#### The Brotherhood's Attitude Toward "Grades"

The Brotherhood's Officials have never looked with favor on the Grade System. As a hangover from the regime of the Boot and Shoe Workers' Union, this method of determining piece prices would have been almost automatically stigmatized; however, in this case, that natural tendency was buttressed by considerations which made the system objectionable for its own sake. First of all, to workers who perform the same task but receive various piece prices, depending on the color of the tag accompanying the shoes, the system seems inherently wrong, and causes, according to the Price Experts, endless grievances and continuous dissatisfaction. In some cases, furthermore, basic discontent is aggravated by the fact that the "same" task may actually be more difficult when performed on poorer quality materials than on the higher grades.<sup>1</sup> These objections are, of course, most apparent where more than one set of piece prices is used in a single factory; but, even in factories operating on one "list" only, these lower piece prices may not be accompanied by more lenient standards of workmanship. If, at first, you are allowed to "scoot"

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1. For examples, see Chapter III.

the shoes, Union Officials claim, it is not long before the boss is around saying that continued sales depend on "maintaining" the workmanship for which Brockton is famous. For these reasons, then, Brockton shoeworkers and Union Officials may refer to grades as "nothing but a wage reduction, called by another name."

In addition, use of several sets of piece prices in the same factory provides the basis for suspicion that the company is "cheating on grades". The situation may certainly appear tempting to a manufacturer who is hard pressed to "figure" his shoes at a profit: the worker and the union stewards have no sure way of knowing the selling prices of the shoes they "make", and the manufacturer can obtain a lower labor cost by marking the rack with "pink" rather than "green" identification. This practice, referred to as "switching tags", may not be common in the district, but there seems to be no question that the workers and the Union have been "cheated" on more than one occasion.<sup>1</sup> This actuality and the undoubted temptations which the Grade System presents create suspicion even where there is no fraud and help make the system a "sore spot" with the Brotherhood.

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1. The Union's Price Committee has been almost continuously faced with problems connected with policing the Grade System. Union Officials cite cases where they "know" that tags were switched, and most of the Manufacturers in the district are equally sure that the subterfuge was used, but "not in my factory".

Suspicion has as a corollary the fact that production within the district has tended to shift to the lower grades. External conditions as well as the circumstances under which the various price lists were established make that eventually quite understandable; however, one of the appeals used in "selling" new grades has been the prospect of "holding what you have". The volume derived from the "\$4.00 list", then, was to be added to that which could still be obtained at higher prices. With the passage of time, though, individual companies tended to drop grades from the "top" as they were added to the "bottom". Although the fact that the various shoe price grooves do not represent separate competitive compartments means that the lower grades do provide effective competition for the higher, Union Officials still resent the disappearance of opportunities for work on the top piece prices.

With all these objections (just as prevalent in 1934 as in 1947) added to the natural resentment against any system associated with the Boot and Shoe Workers' Union, the Brotherhood could be expected to advocate a change in the system. This was indeed the Union's initial reaction; however, BSAC activities have subsequently gone through two other stages: (1) an attempt to make the best of a distasteful situation by administering piece prices according to selling prices; and (2) opportunistic action, in

which the Grade System was not strictly adhered to as a criterion of piece prices.

The Union's initial desire was to "use an hourly or weekly rate as a basis to establish a piece price".<sup>1</sup> The proposed procedure consisted of four steps: (1) the stewards were to "bring in" the average hourly and weekly wage over a four week period on each job under their jurisdiction, and (2) descriptions of the "conditions" surrounding those jobs; (3) the Price Experts were then to establish one set of day rates; and (4) piece rates were to be set so that the average operator could earn 15% above the day rate.<sup>2</sup> Union Officials expected that variations in the conditions of work would mean that they would come out with three levels of labor cost, though they felt that there should be only one set of piece prices in any single factory. When this proposal was taken up with the Association in the spring of 1934, those Manufacturers agreed to "study"

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1. BSAC, Memo of a General Price Committee Meeting, April 28, 1934. A motion to this effect was carried by a vote of the committee.

2. Ibid. The proposal was not refined in an operational sense. There was no discussion, for example, of how to determine the day rates other than the statement that "those that are now too low should be raised", and the only reference to "method" in establishing work standards was that "there are some hogs who will have to be taken care of". There is no reason to believe, however, that Union Officials were not perfectly sincere in their desire to base piece prices on job content.

it; but, in a private discussion of the matter, their attitudes seemed hesitant to unfavorable. Most concern was expressed for the protection of their labor costs, which, they feared, might be raised by adoption of the Union's proposal. As evidence of the ultimate unworkability of changing the system, they recalled previous efforts in conjunction with Boot and Shoe officials. The conclusion then seemed equally applicable in 1934: "your prices should be made according to grades in order to sell your shoes".<sup>1</sup>

Association members were not blind, of course, to the elements of injustice inherent in the Grade System. As one manufacturer stated: "You should pay for the work the way it is done. If I am fussy, I should pay for it."<sup>2</sup> However, if total labor costs were to remain generally unchanged, additions to some prices would necessitate reductions in others. One member reported that he had asked Union Officials "if it means taking off in one place and putting it on in another, is the strength of your organization such that it could be handled?"<sup>3</sup> Though he got an affirmative answer, realistic doubt was expressed as to the political

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1. Brockton Shoe Manufacturers' Association, Inc., op. cit., May 1, 1934.

2. Ibid.

3. Ibid.

feasibility of such a move. Nevertheless, the Union's plan apparently did put pressure on Association factories, even though it was not in effect there: "the Brotherhood obtained a high price by their method in an outside factory and immediately quoted that price for Brockton manufacturers, stating that, if outside factories could pay it, there was no reason why Brockton manufacturers should not". The Association's response to this pressure, however, was not in terms of controlling the "plan" through its adoption; rather, "it was brought forth that the advantage of an outside location had changed measurably, and outside manufacturers needed the Association as well as we needed them".<sup>1</sup>

As the spring of 1934 became the summer, the issue of revising rate-setting criteria became merged and subordinated to that of a possible general increase in wages. When the Association refused to consider such a request and when the General Officials reported that they could do no better than an extension of present price lists, the General Price Committee voted to let "each local price committee meet with the manufacturers and settle their own prices".<sup>2</sup> This was done, and, in a series of lengthy meetings the various locals used every conceivable argument in an attempt

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1. Ibid.

2. BSAC, op. cit., July 5, 1934.

to win some concession. The only "inch" which the Association negotiators gave was the promise to improve "conditions" where that was possible, but they refused to change their piece prices in any respect. The reasons for this attitude and the pressure behind it were expressed again and again in this way:

"In Brockton, we had to get into grades to compete with the outside districts that are making a shoe at a cost away below ours..... In order to sell the shoes we have got to keep the prices we have".<sup>1</sup>

"We cannot raise prices. We are not going to do it. If it is forced upon us, some will go outside of this town."<sup>2</sup>

"We are as helpless as you are. Our labor today is the highest in the country. If we try to sell shoes based on this high cost, they laugh at us. If we have to go elsewhere, we can't help it. I don't like to say it, but it is so; things are very serious."<sup>3</sup>

Union representatives had reason to believe that these were not empty statements. Two firms had moved from the district recently and others outside the Association threatened to follow if their costs were increased. The Union's own Statistician advised that "if the Brockton district is to get volume orders on cheap shoes, a way must be found to compete with outside firms".<sup>4</sup> To this 1934 demonstration

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1. Brockton Shoe Manufacturers' Association, Inc., op. cit., June 19, 1934.

2. Ibid., June 21, 1934.

3. Ibid., June 22, 1934.

4. BSAC, op. cit., June 13, 1934.

that their piece rates were tied to the selling price of the product, a similar experience early in 1935 was added. During this latter period, however, the Union was forced to establish even lower piece rates in an attempt to attract "cheap" shoes to Brockton. As a result, instead of trying to revise the Grade System, the Union's Officials turned their attention to administering this apparently necessary, though unsatisfactory basis for determining piece rates. They set up what were referred to as "Bracket Limits"; thus, under this plan, one price list was to apply to shoes wholesaling at \$1.70 to \$2.05 and retailing at \$3.00 to \$3.49, another list to shoes wholesaling at \$2.06 to \$2.69 and retailing at \$3.50 to \$4.49, and so on. Although the Association as a group never agreed to retail price as a criterion of labor cost, arguing that they did not control the shoes beyond the factory door, the wholesale brackets were accepted.

These brackets were no sooner established, however, when various Manufacturers requested the Union to "allow higher cost of materials to carry the price of shoes over the grade limits without increasing payment of labor in accordance with the Bracket System". The request was denied in this instance, on the advice of the Union's Statistician. He argued that such a proposal made a joke of the Grade System. After lower labor costs had been



granted in order to permit lower selling prices, then the Manufacturers wished to raise their prices back up again with no readjustment in labor cost. "If there is to be a Grade System, there must be fixed bracket limits to determine when each grade of piece prices shall apply".<sup>1</sup>

In addition to any feelings that they were being "chiselled", though, Union Officials were concerned with keeping the selling prices charged by Brockton Manufacturers as low as possible. Earlier a Union representative had objected to an Association proposal on the grounds that "the manufacturers could not operate and make a real \$3.00 seller on the list as proposed by the manufacturers";<sup>2</sup> and, of course, once a set of piece rates was established, the Union's interest in the volume of production created, at the same time, an interest in low product prices.<sup>3</sup>

Despite the best of intentions, however, the Union was never able to administer the Grade System in a rigid form. Especially during the periods of 1935-1936 and

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1. BSAC, op. cit., September 18, 1935.

2. Brockton Shoe Manufacturers' Association, Inc., op. cit., December 14, 1934.

3. This interest was clearly demonstrated during the 1940 and 1941 bidding for Army shoe contracts when the Union, on two occasions of definite record and probably others which are not recorded, stipulated that a certain labor cost could be used by the Manufacturers only if their bid was below a specified figure.

1938-1940, one company after another forced concessions of some sort through the Union.<sup>1</sup> As the Grade System became more and more a vehicle for company by company bargaining and less and less of a strictly administered method of setting piece rates, two specific types of compromise with the "system" developed. The first of these was the so-called "one price list" to cover all grades made in a single factory. Such a list was negotiated with three companies, the typical case running in about this way:<sup>2</sup>

1. The Company had three different price lists to cover the various grades of shoes manufactured; however, the total volume of production was only sufficient to keep the factory running at half-time.
2. The Company had an opportunity to get a large order from a "volume buyer", such as Sears Roebuck or Montgomery Ward, but the price tag on that order was very low. Consequently, to get the order, the Company needed a lower labor cost than that represented by the lowest grade then being manufactured at the factory.
3. The idea of a fourth price list in a single factory was considered by Union Officials as too hard to police, and further, they felt that the rank and file would oppose an additional complication in the piece price structure. The

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1. These concessions were usually in the form of bargains exchanging lower piece prices for greater volume. They will be discussed in more detail in a subsequent section of this chapter.

2. The cases were not exactly parallel but did follow a similar pattern, with the essential element being the prospect of additional business during very dull times in the Brockton district. The facts of these cases were gathered from Union records and discussions with Union and company representatives active in the negotiations.

Manufacturer, if he could protect his labor cost, was anxious to get away from the paper work and price restrictions entailed by a multiplicity of grades.

4. From these motivations, the parties worked out a single set of piece prices, based on an average of the four grades, with each grade weighted according to its relative volume importance in the factory.

Although the resultant contract contained restrictions governing the proportion of total volume in various retail price ranges, these restrictions were not and, perhaps, could not be effectively enforced. When, in one company, the "volume" orders were lost, the former "lines" of shoes were produced, but on the new set of lower piece prices. Asked why the Union did not force the company to return to the former price lists, a Union Official answered that "we knew the company would go out of business if we did, and business was scarce around here in 1940".

This "one-price" compromise with the Grade System, though it cannot be called a success from the Union point of view, at least represented a "break" with the idea of separate piece rates for various selling-price brackets. This "break", added to the Union's original preference for piece rates set with reference to job conditions and a pre-determined earnings expectancy, provided the background for

a further departure from the Grade System.<sup>1</sup> In 1939, an experienced shoe merchandising concern became interested in operation of its own factory. When Union Officials found out about this, they approached the firm in an effort to "bring that business to Brockton". This concern had purchased a large percentage of their shoes from Brockton district manufacturers and were "sold" on the shoemaking ability of the district's workers; but the Company placed two important restrictions on its entry into Brockton: (1) a specific labor cost which was down close to that obtainable from the Union's lowest grade price list; and (2) no stipulations as to the selling price of the shoes manufactured. In return, the Company's representative promised that all operators in his factory would be given the opportunity to earn an hourly wage in excess of the Union's established day rates, and that these operators would be provided with steady work, week after week, the year round. This he proposed to accomplish by equipping, planning, and managing his factory in the most efficient way possible.

Over a period of several months, a price list was negotiated, with the Company representative laying emphasis on two points: he personally promised satisfactory earnings,

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1. The information presented here is based on discussions with a prominent company official and with sixteen Union officers who have dealt with the Company at one time or another during the past eight years.

and he stressed the importance of determining prices with reference to conditions in his factory, rather than by comparison with those already established in the district. Since the factory was not yet in operation, Union Officials, faced with "Hobson's choice", could only take him at his word in preference to loss of his business. However, after eight years of experience, the Union's representatives are unanimous in saying that all the promises have been kept: "I'll take his word to anyone else's bond, and win every time".<sup>1</sup> The Price Experts report that the earnings are good, the people are satisfied, and the factory runs "full" all year long. "What more could you ask?" The Company's owners have evidenced their satisfaction with the arrangement by opening another factory in the district. From many points of view, then, this departure from the Grade System has been a success.

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1. The success of this "wage" arrangement can be attributed to several factors: (1) the ability of the firm to sell its merchandise; (2) the selling policy of the firm, which places emphasis on the simplest styles, thus creating "mass production" conditions in the factory; (3) the fact that the expected volume of production has been exceeded, thus providing an ample supply of "shoes" for each operator; and (4) the fact that external conditions prevailing since establishment of the factory have placed operations in the context of "increases" rather than "reductions". However important all these "physical" facts may be, though, the arrangement could not have been successful without the positive concern evidenced by the Company in the problems and welfare of both the Union and the employees. As one Price Expert has commented, "If something is wrong in his factory, a price, a condition, or anything else, he wants to make it right. You don't have to threaten him or strike him, or listen to a sob story about his competitors. When you're dealing with a guy like that, you're going to try to be fair

The Union continued with its "opportunistic" administration of the Grade System in the period following World War II, except that, during 1945 and 1946 at least, the direction of pressure has been reversed. Although the Union's efforts to abolish the low 6th grade were partially frustrated by negotiation of a "Special 5th", several individual crafts have been able to eliminate lower grade prices. In this period, subject to all kinds of pressure on individual piece prices, the Association manufacturers have become advocates of "job evaluation and time study", and the Union has stressed the rising prices for shoes in generally unsuccessful requests for "regrading".

However, by the beginning of 1948, employment and payrolls in the Brockton shoe industry had slumped badly. One company announced its intention of bringing out a new line of shoes; a consulting firm hired to find out "what's wrong with Brockton" announced that the district had to get into "cheap" shoe production; and the Brotherhood stated its willingness to negotiate a special price list for manufacturers who could provide the proper "conditions". Although a strong rival union promptly screamed, "Shoe Workers Beware; BSAC officials are cooking up a scheme to reduce your wages",<sup>1</sup> there was no denying the truth of the Association advertisement stating that the "Handwriting is on the Wall".

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1. Brockton Enterprise, June 22, 1948. The statement was contained in a paid advertisement signed by the Area Director for the United Shoe Workers of America (CIO).

Through these periods of frustration with attempts to change the Grade System and then to adhere strictly to specified bracket limits, the Brotherhood Officials have always felt the system to be inherently wrong, since it is often so strikingly inconsistent with job requirements. The pressures of lower shoe prices and of a reduced volume of production in the Brockton district, however, have forced the Union to accept grades as "a necessary evil" and even to pursue an "opportunistic" course of action, in which the system has been a point of reference for dealings on a company-by-company basis. Though, at the end of War, the grades provided a vehicle for piece price increases in some cases, the indications in 1948 are that the "pre-war" pressure of low volume on established lines is once again forcing the Brotherhood's course of action.

#### The Manufacturers' Attitude Toward Grades

The attitudes and actions taken by Manufacturers toward the Grade System have been indicated in the preceding section, and, here, those indications will be supplemented and summarized. First of all, the Manufacturers are well aware of the objectionable aspects of the Grade System and are generally sympathetic with the Union contention that piece rates "should" be more closely related to job requirements. The grievances and the distrust which the

system generates are problems for the Manufacturers as well as for the workers and the Brotherhood. Further, the fact that work does not vary as between grades creates a special difficulty for successful factory operation. As one Manufacturer expressed it, "A worker cannot be expected to use one pace on the first rack of shoes and another on the next; he is the same worker all day long. The result is that your workmanship is either too good for the cheap line or too poor for the expensive shoes--or both".<sup>1</sup>

Their activity in support of this general attitude has taken several forms. The "one-price" lists which have been negotiated in a few cases, of course, do simplify the piece price structure and remove from it the most striking inconsistency with job requirements, payment of different rates for the same work within the same factory. Such an arrangement, though, does not solve the problem of getting differentiated workmanship on the various grades of shoe produced. This could be accomplished only by the establishment of separate factories for each grade, a solution which most Brockton manufacturers are too small to adopt. They have, however, made proposals for the correction of those piece prices which have proved too low to yield a

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1. In the "cut-throat" shoe industry, rival salesmen may use as an argument the contention that a competitor has "cheapened" his high-grade shoes by introducing a lower-priced line.



satisfactory level of earnings. Probably motivated in part by the minimum make-up pay which these rates have entailed and by the drag which low rates place on man-hour output,<sup>1</sup> these proposals have been made as alternatives to general wage increases. The Union, in those situations, has pressed for the largest possible general increase and argued that the "low spots" should be taken care of as a separate issue;<sup>2</sup> consequently, specific provision for individual adjustments has typically been blocked.<sup>3</sup>

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1. Piece rates low enough to necessitate payment of minimum make-up, of course, have the added disadvantage of removing any incentive which the piece rate system may provide. Further, if the production of individual operators falls, additional workers must be hired to keep production flowing; and, if these workers are considered permanent employees, they constitute a block to future increases in output per man-hour.

2. As noted previously, the Price Experts have sometimes preferred individual adjustments to a general increase in wages. While those adjustments would probably have resulted in a more satisfactory piece rate structure (and would have made the job of Price Expert more meaningful), they have been opposed in the General Board by the more appealing argument that "all shoeworkers are underpaid". In addition, a general increase would "net" the union membership more money than equivalent individual rate adjustments, since minimum make-up was being paid anyway, and would continue where rates were not raised sufficiently.

3. One exception to this general statement was provided by the wage agreement dated December 3, 1945, which stated that "low spots" were to be "adjusted on the basis of earnings". The "free for all" which followed with application of this loose statement has been one important pressure behind the Association's later stand, favoring job evaluation and time study as methods for determining "proper" wage relationships.

Despite their reservations, though, the Grade System has offered the Manufacturers a means of obtaining what has seemed eminently necessary, a lower labor cost. As Norton has pointed out, "Since the Brockton manufacturers could not obtain any permanent reductions in wage rates on the so-called Brockton grade, they attempted to obtain a lower wage scale for a lower grade of shoe".<sup>1</sup> Adopted as more acceptable than a wage reduction, the grades (like a union make-work rule) have now become entrenched as a necessary part of Brockton's piece rate and labor cost structure. Many manufacturers have come to depend on the "system" and have, in fact, built their business on the prospect of the differentiated labor cost which it has made available. As a result, most of them have favored the "system", feeling that, right or wrong, it provides a way to sell their shoes. However well the Manufacturers may have liked the differentiated labor cost, though, they have done their best to dissociate the grades from restrictions on product-price.

Although retail price has clearly been the principal point of reference in establishment of lower and lower grades (what is needed is a labor cost that will let "us" make a "\$5.00 seller", a "\$4.00 seller", or a "\$3.00 seller"), the retail price has never been accepted as the determinant of

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1. Norton, op. cit., p. 156.

the appropriate piece rate list. Arguing that they have no control over their wholesale outlets, the Manufacturers have gone no further than "price at the factory". Even this criterion of piece rates has been subject to upward pressure from the Manufacturers, especially in periods of rising leather costs. Although the Union has resisted this pressure with the argument that "if there is to be a Grade System, there must be fixed bracket limits", that resistance has inevitably been ineffective in the face of the spectacular post-war advance in the cost of leather.<sup>1</sup> As a result, the situation, as it stands in 1948, is chaotic: wholesale shoe prices are generally double their pre-war level, no specific "brackets" define the grades for purposes of determining labor costs, and the Manufacturers have successfully thwarted Union attempts to reintroduce any new "labor cost"-product price relationships.

Altogether, then, the Manufacturers' approach to the Grade System may be summarized in the following way. First, they recognize that the system's striking inconsistencies with job requirements create dissatisfaction, and they bear

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1. Another pressure which has pushed at established wholesale price limits has been the production of fancy shoes. Under some circumstances, these shoes sold to the customer at prices reflecting the additional labor and material which the complicated patterns entailed. In these cases, the Union has generally agreed to a piece rate list in line with the price of the base (simple) shoe and has allowed "extras" to carry the price of fancy shoes over the bracket limits.

the brunt of some "low spots" through the medium of minimum make-up payments. Second, they have several times proposed individual rate adjustments, but the proposals have generally been made as alternatives to a general wage increase. In this form, action has been blocked by the Union's more pressing need to serve the interests of all members, in preference to the objective of a "better" piece rate structure. Third, despite their reservations about the Grade System, most manufacturers have favored continuance of differentiated labor costs as the only expedient by which they could meet price competition in the product market. Fourth, they have, however, attempted to dissociate the system from rigid product price "brackets". In this endeavor, they were not generally successful during the thirties, when shoe price fluctuations were relatively mild. However, skyrocketing leather costs in the post-war period have made the old "brackets" inapplicable and the Union has not been able to establish new price restrictions. Under these circumstances, there really is no "system" at all, just a variety of piece price lists more or less attached to individual companies in the Brockton district.

#### The Function of the Grade System

The Grade System was started and has continued to exist as an adaptation to the declining volume of business available on established lines of shoes. Thus, the very existence of

the differentiated labor costs which the "system" implies provides a striking example of the importance of the "quantity axis" in Brockton wage bargains. Furthermore, the grades have functioned as the mechanism through which the Brotherhood and individual manufacturers have worked out their season-to-season and year-to-year problems--as a sort of modus vivendi for the Brockton district. The sorts of adjustment for which the Grade System has proved an appropriate mechanism may be classified into three general types: (1) a means for making general wage reductions without giving the appearance of having done so; (2) a means for discriminating between the "ability to pay" of the various price-grades of shoes; and (3) a means for discriminating between the "ability (or willingness) to pay" of various companies. In each of these types of adjustment, the primary orientation has been towards increasing the volume of production by changing piece rates (labor costs) in particular factories.

By the end of 1934 and the beginning of 1935, the NRA code for the shoe industry had proved ineffective as a means of stopping price and wage reductions. Brockton Manufacturers, who had granted wage increases in February 1934 and had resisted requests for further increases in August of that year, found that the "tables" had been pretty well turned. Late in September 1934, Union

representatives had been forced to argue for "no wage cuts" in these terms:

"They [the manufacturers] are using the old threadbare threats that, if you do not take cuts, they will lose business and you will have no work. There may be some truth in their contention, but, if you do take a cut in your already starvation wage, then competing manufacturers in other parts of the country will cut their employees, and then you will be forced to take another cut, and there will be no end to this chiselling procedure...We may as well hold what we have, because things will get worse if we take a cut, and something favorable may break if we present a united front".<sup>1</sup>

By January 1935, however, nothing favorable had broken. Haverhill and Salem shoeworkers had granted reductions of 12-1/2¢, and, though the Brockton Association had made no specific request for a wage decrease, this statement, proposed by the Union's "adviser", was "discussed and approved" in a meeting of the General Price Committee:

"Up to now, we have been able to hold your wage scales higher than anywhere in the country, but now, owing to the failure of the Code and the ruthless competition among shoeworkers throughout the country, you are called on to make a decision at once. In self preservation you must meet the competition of other workers in the making of shoes selling for \$5.55 or less at retail or drive business out of this district. At least 3,000 of your members are now loafing, and that army is rapidly increasing. You can stop the loss of business and get new business if you do the only sensible thing that should be done. The increase we forced from the manufacturers

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1. BSAC, Statement by Frank A. Goodwin, September 28, 1934. A copy of this statement is in the Union files.

a year ago was granted on the expectation that the retail price of shoes would increase and that the NRA would restore prosperity. This expectation has failed to materialize, because the retail price of shoes went down and the NRA has not brought prosperity in the shoe business. Whether or not you shall make some equitable adjustment among piece workers, depends on you. This is a vital question pressing for immediate settlement, and I advise you to act at once."<sup>1</sup>

Three days later the Price Committee held a meeting to which the Manufacturers of the lowest grade of shoes were invited. One of these men reported that evening at an Association meeting as follows:

"The general feeling was quite a surprise to me. I had asked for no conference and had made no request to them.....After several recesses, their committee of Stewards and Price Experts proposed to recommend a 10% cut on all piece hands to become effective a week from today....They are sold on the idea that an emergency exists and that they have got to meet it."<sup>2</sup>

Discussing the possibilities which this situation presented, the Manufacturers expressed doubt as to whether a general reduction in wages would be of much help to them:

"10% won't help long. It will affect other Districts; they will try to get 10% off..... I can't see it, when you talk of percentages; I think it is very dangerous."<sup>3</sup>

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1. BSAC, Memo of a General Price Committee Meeting, January 18, 1935.

2. Brockton Shoe Manufacturers' Association, Inc., op. cit., January 21, 1935.

3. Ibid.

Although the Association did decide to request a 10% reduction in wages, this request was not pressed.

Meanwhile, the Union voted to "rearrange the Price Lists on the various grades in the best interests of all the workers,...that no reduction or readjustment be made on the 1st and 3rd grades,....and that all adjustments be made with each manufacturer separately and be contingent on his signing a closed shop agreement".<sup>1</sup> As a result, between the first of February and the last of March, all the price lists except those applying to the highest grades of shoes were readjusted in one way or another: \$3.00 manufacturers (6th grade) were given a 10% reduction, factories making "\$5.00 shoes" were allowed to use the "\$4.00 list", Company A negotiated a "Special List" for a new line, and so on. In this way, through the mechanism of the Grade System, the Brockton district adjusted piece prices to meet the problem of declining volume of production, without granting a general "wage cut". Further, the Union was able to treat each price classification of shoes separately, discriminating between the high grades, which, they thought, did not "need" a decrease, and the lower grades, which did.

In similar fashion, more or less selective reductions were granted by the Brotherhood during late 1937 and early

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1. BSAC, op. cit., January 21, 1935. The General Price Committee voted to recommend that action to the General Board.



1938. While denying "relief" to the Manufacturers' Association as a group, the Union did make concessions to individual companies, including those in the Association. These concessions first took the form of piece rate "adjustments" (a flat percentage reduction on the lowest grades and "regrading" on the others) in return for a specific production guarantee. For example, a motion carried in the General Price Committee on December 17, 1937 provided that:

"we grant the (Company A) 10% off the present piece prices with the exception of Bed Machine Operators, and, if the production does not reach 140,000 pairs in the next six months, one half of the reduction that was granted shall be paid back to the workers. 95% of this volume shall be for shoes leaving the factory no higher than \$2.10".<sup>1</sup>

Although the Brotherhood denied more requests for "adjustments" than were granted, similar wage-employment bargains were made with at least five companies during December 1937, and, by the spring of 1938, almost every concern in the district had received labor cost relief of some kind.<sup>2</sup> At

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1. BSAC, Memo of a General Price Committee Meeting, December 17, 1937.

2. No specific volume guarantee is recorded for these 1938 adjustments in the memos of Union committee meetings. Chances are, however, that oral assurances of maintained volume played a part in the "regrading" process. As one company after another presented its "proposition" to the Union, the typical pattern was initial refusal, and then acceptance of the proposition a few weeks later. Though this may have been nothing more than a bargaining tactic designed, at the same time, for maintenance of a "fighting pose" by the Union, the limited evidence on this point suggests that the shop crews, expressing themselves through the stewards, may have applied considerable pressure in favor of the readjustments.

the same time, no publicized general wage movement occurred; in fact, the Union specifically denied the Association's request for a decrease in piece rates.

During both the 1935 and the 1937-1938 periods of de facto general wage reductions accomplished through the medium of the Grade System, the Brotherhood was able to make the adjustments which seemed most appropriate to the "ability to pay" of each grade classification. During the years following these two periods of de facto reductions, further company by company arrangements were made through the Grade System's mechanism. In these cases, the central point of reference was inevitably either the ability or willingness of a particular concern to pay agreed-upon piece prices for a part or all of its present or prospective volume. Several instances are on record in which the Union agreed to "submit a (stated) labor cost" in return for a specific guarantee of daily production. For example, on September 26, 1938 Union Officials signed a preliminary agreement providing, in part, as follows:

- "1. The Company agrees that from the period of November 15th, 1938 until April 30, 1939, they shall produce 140 dozen pairs of shoes daily for a period of five days each week. It is understood that the production of \$5.00 shoes shall not exceed 40 dozen pairs daily during this period.

- "2. In consideration of the above commitments on the part of the Company, it is agreed by the Union that they shall furnish the Company with a new price list to apply to \$5.00 shoes, this price list not to exceed 60¢ per pair on a plain black oxford, commonly referred to as a base shoe."<sup>1</sup>

In other cases, larger concerns have simply stated to the Union, in effect, "We are selling X number of shoes at Y price and buying these shoes from another manufacturer for Z. We would be willing and able to make them in Brockton if you grant a 'competitive' labor cost." Twice, the Union made extensive and independent investigations as to the level of labor costs which could properly be considered "competitive" and found, in each case, that Brockton rates were higher than most others.<sup>2</sup> Generally, though, there was little doubt that the Company meant what was said and that the only way to

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1. BSAC, op. cit., September 29, 1938. The Company agreed to accept the stated terms and the Union Officials agreed to recommend them to the Price Committee. Although the proposition was voted on favorably by the Committee on September 29, it was not until November 29 that the Price Experts all came into "line" on individual piece prices. In the meantime, of course, two weeks of guaranteed production had been lost. In the period between July 1 and December 31, 1938, at least three companies made similar wage-employment bargains.

2. Since employers were the only source of really accurate cost information during this period, Union investigators were forced to rely on their cooperation. Such cooperation was not always forthcoming, and, further, whatever information was obtained could easily have been inaccurate. Possibly the most significant point here is just the fact that the Union tried to get labor cost data with which to compare Brockton rates.

"bring those shoes to Brockton" was to agree on a labor cost for the particular "line" in question.<sup>1</sup>

While, with some concerns, the Union adjusted to "willingness" to pay, with others, a similar adjustment was necessary in the light of "ability" to pay. Particularly, Brotherhood Officials have been anxious to avoid taking positive action which would appear as the "reason" for closed factory doors. Thus, even in relatively prosperous July 1941, the Price Committee accepted a situation described to them as follows:

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1. Another version of this procedure has occurred when a Manufacturer has needed help in obtaining or retaining a particular retail account. Union Officials have shied away from concessions of this nature wherever possible, but have sometimes been forced to make the requisite "special" price lists. Their feeling on the matter is expressed in their proposals for "reconstruction" of the NRA shoe code, particularly in "Case 5":

"John Ward Shoe, merchandised by the Melville Corp., has always been classed and advertised as a \$6, \$7, and \$8, shoe, but recently the price was dropped to \$5.50. The company advertises these as the same shoe as formerly sold for the higher prices, with the same stock and workmanship.

"Immediately this price program was put into effect, the manufacturer came to the Union for a cut in wages. The Union refused to cut wages. In arguing for a wage cut, the manufacturer stated that, if the costs were not lowered, another manufacturer in the middle west would get the business. This is a common practice in the industry to threaten loss of orders to force a wage cut."

BSAC, Brief in Support of Labor's Proposals That the Shoe Code Should Be Reconstructed. Submitted October 22, 1934 (copy in Union files).

"Having in mind their labor cost of \$1.35 a pair and to which has been added 10% June 30th to make it \$1.485, your committee feels that, until such time as the [Company] sees fit to put their own house in order, it would be too bad to put any further obstacles in the way of their staying in business. If the 5th grade tag is withdrawn at this time, it is just possible it would mean the closing up of this plant, and after all, if the help are making reasonable earnings, that is our main concern."<sup>1</sup>

In this case, as in several others, a low grade price list had been granted solely on the basis of selling price, when the conditions of work were not remotely suited to production in the appropriate price classification. When the firm could not make good on its side of the bargain (wholesale price), the Union was faced with the unenviable choice of leaving the piece rates undisturbed or forcing the firm out of business.

In the period from 1933 to 1948, the Brotherhood's record includes only one general "wage cut"; however, the Manufacturers and the Union have found another mechanism for adjusting to the reality of unemployment and the threat of further losses in the volume of production. This mechanism, the Grade System, has been, then, the vehicle for de facto general wage reductions, which, however, could not be readily used as points of reference for action in other districts. In addition, the "system" has made it possible for the Union to discriminate both as between grades and as between individual companies.

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1. BSAC, Memo of a General Price Committee Meeting, July 14, 1941.

### Problems of Administering the Grade System

The nature of the Grade System and the function which the "system" has performed, however, both create administrative problems for the parties to Brockton's wage bargains. First of all, the idea of equalizing labor costs (piece rates) for factories producing in the same product-price classifications implies that these factories provide at least roughly comparable "conditions" of work. Consequently, administration of the "system" involves application of at least two standards for judgment, product-price and general factory organization, which may often yield different answers. This contradictory situation would make the grades difficult to administer in any case, but the problem has been further complicated by the function which the "system" has performed.

As the mechanism through which the Union has adjusted, on a company-by-company basis, to the wage-production problems which have arisen with almost every concern in the district, the grades have been tailored and amended so many times that no real "system" can truthfully be said to exist. Thus, "special" price lists, "one-price" lists, and relaxation of product-price standards have compromised the Grade System, while, in one case, the piece rates represent almost a complete denial of any connection between labor costs and selling prices. During the depressed times which plagued

the Brockton shoe industry in the thirties and in late 1947 and early 1948, these inconsistencies have boxed the Union into one tight spot after another. Like the beau whose lady admirers suddenly meet and compare notes, the Brotherhood has tried to deal with one company at a time but has been caught up in an inevitable "total situation." A well-publicized example of the undercurrent flowing almost constantly beneath the surface occurred only recently.

In the fall of 1948, the Regal Shoe Company, one of the largest and best-known concerns in the district, demanded from the Union the "same labor scale given to Knapp Brothers".<sup>1</sup> When the Brotherhood refused this request, a six-month work-stoppage ensued (a strike according to the Company, a lockout according to the Union). The Company stated its case as follows:

- "1. All Regal shoes retail for one price--  
\$8.95--coast to coast.
- "2. Seven other shoe factories in the Brockton area, making shoes retailing from \$10 to \$18, have a lower piece rate scale than Regal. For instance, we quote from the Weekly Bulletin of Leather and Shoe News, January 3, 1948, page 17, 'In one of the most important retail stores of Sears Roebuck were noticed some well-made dress shoes for men, price--\$12.95 and \$13.85. We inquired the name of the maker and the reply was "Knapp Bros.!"'

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1. Letter from the Regal Shoe Company to the BSAC, dated November 10, 1947. The letter is in the Union files and was later made public by the Company.

"3. Regal has been and still is ready to pay the Knapp piece rates or the piece rates established at the Packard factory within the last three months. These rates are economically sound and necessary to preserve the jobs of Whitman and Brockton shoeworkers against outside competition."<sup>1</sup>

Although inconsistent administration of the Grade System probably did not "cause" the Regal Shoe Company's attempt to obtain a lower labor cost, those inconsistencies provided the Company with a very appealing "case". As the anti-Brotherhood Brockton Union crowed: "Making fish of one shoe manufacturer and fowl of another is about to become costly to the BSAC".<sup>2</sup> The Brotherhood pointed out, in defense, that Regal had not raised prices as much as other shoe manufacturers and argued: "If these factories now have the decency to go up in the price of their shoes to meet the high cost of materials, rather than to degrade themselves by taking it out of labor by cutting wages, Mr. Daly should be ashamed of himself by mentioning them in the same breath

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1. Brockton Enterprise, February 13, 1948. This was a paid advertisement signed by the Company's president, John J. Daly. Early in the dispute, Daly had presented this "case" directly to the Regal workers and had even left, for their inspection, several pairs of "Knapp shoes", asking them to "note the workmanship on these shoes and see how much better it is than the shoes we are getting in this factory". Ibid., December 17, 1947.

2. Brockton Union, December 17, 1947.



with the Regal".<sup>1</sup> At the same time, though, the Union adopted an extremely conciliatory attitude throughout this "strike", an attitude at least partially motivated by its need to appear in a consistent role, willing to treat all Manufacturers (and Union members) in the same way. Although the dispute, which seemed destined to end with removal of the Company's manufacturing capacity to another location, was "won" suddenly for the Company by a sweeping State court injunction,<sup>2</sup> then, the case illustrates the problem posed by more or less expedient use of the Grade System.

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1. Brockton Enterprise, February 19, 1948. This statement appeared in an advertisement sponsored by the Brotherhood. The position taken here is the reverse of that favored by the Brotherhood during the thirties: manufacturers were obligated to keep the price of their shoes down to the "bracket" limits. The context, however, had changed: the Union had lost control over product-prices and the relatively low price was the tool of a reduction in wages rather than of maintaining volume at established piece rates. If the "goal" is pitched, then, at the level of "maintaining wages", the two positions can be perfectly consistent with one another.

2. The decision read, in part, as follows: "Let a preliminary injunction issue restraining the respondents from boycotting the products of the complainant, and from engaging in or conducting any picketing of the Whitman factory, or any premises of the Regal Shoe Co., and enjoining the respondents from preventing or attempting to prevent, any person from entering said factory or entering or remaining in the employ of said company, and from molesting, intimidating or threatening any such persons, or from supporting in any manner the continuation of the strike against the complainant". Brockton Enterprise, June 10, 1948. The basis for such a sweeping injunction was the finding of "illegal purpose." Judge Beaudreau found that the Union, in refusing to arbitrate issues while "strike-breakers" were employed at the factory, was, in effect, striking for the "Union shop" and that, therefore, "illegal and unlawful acts have been committed".

The resultant inconsistencies, of course, may become the means for raising piece rates as well as for lowering them, depending on which party commands the balance of bargaining power. While depressed times place the Union always on the defensive, periods of high-level activity in the Brockton shoe industry give the Brotherhood a chance to press for increases, especially on individual piece rates. These opportunities, however, have been infrequent and short-lived; in fact, the Union has never been able to effect the general program of "regrading" which was proposed, for example, in 1945 and 1946. On the other hand, several well-organized crafts have been able to raise their piece rates, either by the "equalization" process or by elimination of the lower grade rates. Since this form of wage activity falls more naturally into the discussion of individual piece rate adjustment, though, the more detailed treatment will be postponed until the following chapter.

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Whether or not the decision had legal merit, intervention by the courts in behalf of the Company seems inherently unfair in this case. Throughout the dispute, the Union (and not the Company) had been willing to negotiate or arbitrate the issues involved, despite the Company's originally announced intention of running an "open shop". When the Company tried to operate with strike-breakers and any of the former crew who were willing to return to work, the factory was picketed, to be sure, but this activity was marked by the complete lack of any violence.

### Summary

The Grade System, which lies at the heart of Brockton's piece rate structure, has been forced into being by the pressure of lower product prices and the consequent declining volume on Brockton's established "lines" of shoes. Under these circumstances, the differentiated labor costs which the "system" yields have been based principally on the selling price of the shoes manufactured, although the promise of improved job conditions has accompanied the institution of each lower grade. The idea of flat differentials in piece rates, however, is inherently inconsistent with job requirements, a condition which is most obvious when several "price lists" are used in a single factory. The justice of grievances which inevitably result is recognized by both the Union and the Manufacturers; however, little effort was made to rectify the inconsistencies during the thirties: the Manufacturers were not willing to make adjustments when their labor costs were otherwise stationary and the Union was not willing to sacrifice the size of a general wage increase to the goal of a "better" piece rate system.

The Union's activities with respect to the Grade System have moved through three stages. Initial resentment against this "reduction by another name" led to an attempt to discard the "system" in favor of piece rates

based on actual job conditions. This program was frustrated by the realization that labor costs (and therefore piece rates) were inevitably linked to product prices; consequently, Brotherhood officials tried to make the best of a bad situation by administering the "system" in accordance with well-defined "bracket limits". Rigid application of these limits was never accomplished, however, and a spectacular rise in leather costs led to a complete breakdown of the old "brackets" in the post-war period. Such a breakdown had long been desired by the Manufacturers, who had accepted the Union's selling price restrictions only as a necessary expedient.

As the Union drifted into an "opportunistic" administration of the Grade System, the "system" became the vehicle for adjustments to the ability or willingness to pay of various individual companies. The result was a number of compromises such as the "one-price" list, "special" price lists, and the basing of rates on earning capacity in a particular factory. In addition, the "system" has functioned as a sort of modus vivendi for the Brockton district: the means for general wage movements without appearance as such, and a way to discriminate between the "relief" needs of the various grade classifications. Such a function, added to the contradictions of job requirements inherent in the Grade System, have made the problem of administration

difficult. Special arrangements made with one company have tended to spill over into the entire district, with inconsistencies providing a weapon for change in any given rate or set of rates. Such a weapon can, of course, cut both ways, but the prevalence of depressed conditions in the Brockton shoe industry has generally meant movement in a downward direction.

Within this area of wage activity, the basic force has been the rising importance of lower-priced shoes. This force has meant to the Manufacturers the need for lower labor costs and to the Union the need for a greater volume of production. The Grade System, with all its faults, has been the means for satisfying these essential needs. As one manufacturer remarked, "It is just one of those things: you can't live with it and you can't live without it".

## CHAPTER VIII

### PIECE RATE ADJUSTMENTS IN BROCKTON

The structure and movement of individual piece rates are important phases of wage activity in the Brockton shoe industry. Quantitatively, the determination of these rates probably consumes more time and effort than any other area of activity, and further, the changes that are made can have significant labor cost effects as well. Qualitatively, the rate-setting process has often been the most meaningful aspect of unionism, especially for members of the tightly-organized craft groups. Consequently, this chapter will be devoted to discussion of piece rate adjustments in the Brockton district, with the objective of explaining the developments which have taken place.

This discussion and explanation fall naturally into five sections, with the subject matter divided in the following way: (1) the general nature of Brockton's piece rate system; (2) the Union approach to that system; (3) the methods used for setting and changing piece prices; (4) developments within the rate structure during the post-war period; and (5) the influence of shoe-machine development on the rate structure.

### The Nature of Brockton's Piece Rate Structure

Professor Slichter has found that "The satisfactory operation of piecework from the standpoint of the workers requires (1) that the unit of output or accomplishment be definable with precision, and (2) that conditions of work be maintained with substantial uniformity over periods of time".<sup>1</sup> Both these requirements for satisfactory operation refer primarily to the physical conditions into which the method of wage payment is introduced. Presumably, in such cases, differentials in piece prices would be oriented toward differences in job requirements. Discussion of the Grade System as an important determinant of piece rates in the Brockton shoe industry, however, has shown that differentials between the "same" job on various grades of shoes are not oriented toward differences in job requirements, but rather, toward the "ability to pay" of each selling-price classification. Further, even for a particular job on the same grade of shoe, the relationship between the task performed and the rate of pay is not uniform, since the unit of output is not always the same and since the conditions of work are subject to variation.

Present-day piece rates in Brockton are essentially "hand-me-downs", which have their origins, in many cases,

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1. Sumner H. Slichter, Union Policies and Industrial Management, Brookings, 1941, p. 287.

in the period before World War I. During this period, the shoes produced were of relatively simple and fairly well standardized styles; consequently, both the "unit of output" and the "conditions of work" were more nearly uniform. Under these circumstances, a system of "average" piece prices was apparently accepted in the district. As additional styles and more rigid standards of appearance became popular, however, these "averages" gradually drew a wider and wider range of variation into the task which a given operator might perform. Since these new "job requirements" handicapped the workers, the basis for controversy was laid. In such controversies, Union Officials have generally adopted the position that the rates referred to a "base" (simple) shoe and that operators should be paid "extras" for any additional work required of them. Despite the fact that a number of these "extras" were granted before World War II, the Manufacturers, on the other hand, have argued that the prices were set to cover the "average run of conditions in the plant; and that the "easy" shoes compensated for the "hard" ones. This controversy has never been settled explicitly.

As a result, most piece rates in the Brockton district have no administrative point of reference at all. They are not based on either a particular style of shoe or on a specific product-mix; the "prices" simply exist in the various factories for jobs defined in the loosest sense



only. Incomplete definition is the case with respect to the "elements" of the task performed as well as to the proportions of "easy" and "hard" shoes. For example, one relatively simple job is usually designated as "Tack Inner-soles--X cents per 12 pair". Though the parties to any change in this rate probably understood the conditions of "work as there performed", no written record exists of (a) how far the operator goes to get his "rack"; (b) how many tacks he is to put in; (c) where the tacks are to be placed; (d) how far he must push a completed "rack"; and so on. Consequently, when a grievance develops, inaccurate memories or changed personnel have no way to check the more exact nature of most jobs in Brockton's shoe factories.

Loosely-defined piece rates, however, are not at all unusual in the shoe industry, though there is some evidence that larger manufacturers, especially, have been trying to introduce more "scientific" methods during the post-war period.<sup>1</sup> Actually, the problem cannot be passed off with the statement that job "elements" and the proportions of the product mix should be defined with some precision, for the essence of the problem is not so much definition, as it

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1. This observation is made as a result of personal conversations with appropriate persons in all the larger men's shoe manufacturing companies in the United States.

is control over those "conditions". In factories where a standardized shoe is manufactured day in and day out, such control is almost automatically accomplished;<sup>1</sup> but, where the shoes go through in a variety of styles, produced for relatively small orders and with a fluctuating daily volume, the manufacturer may not really have control over the conditions of work in his factory.<sup>2</sup> This is frequently the case in the many small shoe companies which predominate in the industry.

In the Brockton district, as well, the job-lot, manufacturing process means that many operations are really not suited to the piece rate method of wage payment--the "unit

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1. Even with a completely standardized output from the stylistic point of view, variability would not be eliminated from all operations because of unavoidable differences between any two pieces of leather. In this strict sense, any piece rate system is bound to be based on "average" conditions of some sort. In this latter case, though, the range of variation summarized by the "average" would be quite narrow.

2. In speaking of application of more "scientific" rate setting procedures to the industry, one observer aptly remarked in conversation, "Where it is possible, it is not badly needed; and, where it is most needed, it would be almost impossible to introduce and maintain". Perhaps, standards for administrative judgment could be defined, even in smaller factories, but that theoretical possibility would probably not be practical where variations in working conditions are too great. Even with reference to the problems of a large company, its industrial engineer stated that "we have to watch our perspective pretty carefully. After all, we are not in business to make piece prices; we're here to manufacture shoes".

of output" is not definable with "precision" and working conditions are not "maintained with substantial uniformity over periods of time". Why, then, is the method still accepted? Though the inertia acquired by any "traditional" system of wage payment probably explains, in large measure, the acceptance of piece rates in Brockton today,<sup>1</sup> the system does, however, satisfy one extremely important need: the assurance of a predictable labor cost. This need is, of course, felt most directly by the Manufacturers, as they "figure" shoes for specific sales; however, the Union and the workers, too, have an interest in enabling the employers to bid successfully. Beyond occasional statements that "the worker has overhead too", there is no evidence of BSAC opposition to piece rates; in fact, the Union is really organized around the premise that the system will continue in effect. The function of the local craft units and the jobs of the fourteen Price Experts would lose much of their significance or, perhaps, disappear altogether, if time rates of pay were

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1. Slichter has generalized that "There is some tendency for workers to prefer the system of wage payment under which they work and to which, in consequence, they are adjusted". He further states that "The number of cases where unions compel employers to use a method of payment which they would not voluntarily adopt is small". Slichter, *op. cit.*, pp. 284 and 310. Of some fifty union and management officials in the Brockton shoe industry with whom discussions were held, not one individual seemed even to consider discarding the piece rate system.

instituted. The Brotherhood, then, has a certain institutional vested interest in continuance of the piece rate system.

In the Brockton district, then, the prevailing and accepted method of wage payment is "by the piece", even though many of the operations, as performed in district factories, might more appropriately be placed on an hourly-rate basis. The piece prices which are in effect today are essentially "historical", in the sense that they represent the sum total of pressures applied over a long period of time rather than the reflection of well-defined, administrative standards for judgment. The job-lot process of shoe manufacturing prevalent in most Brockton factories creates wide variation in both the "unit of output" and working conditions there, variations which are difficult to control. In this complicated situation, piece rates do not refer to any specific product mix, nor are the "elements" of particular operations recorded and agreed on specifically. The general nature of Brockton's piece rate system, then, can only be described as "loose" and "inexact".

#### The Union Approach To the Piece Rate System

This section will deal with two aspects of the Brotherhood's approach to the wage payment system in Brockton: organizational arrangements through which the

Union deals with the system and reactions to the inexact nature of the piece rates. In Chapter V, the BSAC has been described as a multi-craft unit, with fourteen local unions, each having jurisdiction over the piece rates paid to its particular membership group. Although general wage questions are presumably outside the scope of activities of any single local, the line between matters affecting the entire membership and an "adjustment" of interest to only one craft is extremely difficult to draw. Consequently, what may seem to be a relatively minor function may assume great importance and become, in fact, a principal focus of attention for the membership. Further, the total amount of labor cost available is generally limited and, in certain cases, is explicitly defined as an exact number of cents. Under these circumstances, any concession gained by one group, apparently from the employer, is really taken at the expense of all the other union members.

The size, cohesiveness, and work-skills of the craft groups vary widely. On the one hand, for example, the highly skilled Edgetrimmers have organized only one operation, so that a single piece price represents for them a strong common goal. Each man in the Local performs the same work, their total number is under 150, and their "share" amounts to only about 3% of the total labor cost. On the other hand, the Mixed Local includes over 800 people,

working on some 25 miscellaneous jobs, many of which are relatively unskilled; and the Stitchers number almost 1800, mostly women, who perform approximately 40 operations. As a result, both purposefulness and bargaining position can vary widely from one craft group to the next.

With this complicated organizational structure, the BSAC does not really approach the piece rate system as one Union at all. Actually, the problems inherent in Brockton's inexact method of wage payment are handled by fourteen different units, each acting more or less independently of the others. Further, though these independent Unions presumably use their varied bargaining strength against the employers, they are also the agencies through which Brotherhood members compete for shares in the limited economic welfare which is available.<sup>1</sup>

With fourteen different groups as centers of activity, varied treatment of the problems created by an inexact set of piece prices might normally be expected. The results which different crafts have attained for their members are varied, indeed; however, there are two types of reaction which appear quite generally, not only in the Brockton case,

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1. Referring to a proposal that his Local reduce some of their high rates so that others might get a "fair" share, one of the Price Experts remarked: "When anyone wants you to give them something that you've already got, tell them that this is the modern prayer: God bless me, my wife, my son John, his wife--us four--no more. Amen".

but in other piece rate industries as well.<sup>1</sup> The first is the attempt by craft Unions to protect operators from extreme variations in the earning power of their rates; and the second, recognizing "hard" and "easy" shoes as a reality, is the effort to protect members against each other--to see that each worker gets his share of the "easy" shoes. Both types of reaction, of course, give rise to working rules, sometimes explicit and sometimes implicit, which may often make factory operation more costly and less flexible.

Protection against variations in the earning power of piece rates is provided by the Union in two general ways: (1) by the imposition of financial penalties on the employer, and (2) through specific and implicit rules which define certain aspects of working conditions and limit the extent of job requirements. The agreement which every BSAC Local has with the manufacturers relative to payment for work on "sample" shoes exemplifies the sort of problem to which financial penalties may be addressed. Each season, firms must prepare "samples" of all the shoes in their line for display purposes.

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1. For many examples of the "Problems and Policies Created by Piecework", see Slichter, op. cit., pp. 311-344.

These shoes go through the factory in small lots, often one pair at a time, and, naturally, the best of workmanship is desired on them. The necessity for machine adjustments in many cases and for special care throughout the factory is met by the Locals with provision for "price and one half" on this type of work.

Similar in nature is the problem of compensating operators for the extra work entailed by small lots (less than twelve pairs) produced for regular orders; however, the large volume of such orders in some factories and in some periods complicates this issue. Though no one seriously denies that these "broken sizes" handicap many of the operators, the Manufacturers have argued that high penalty rates often make it impossible for them to take certain types of orders. Especially in depressed times, the contention that "we must be allowed to take whatever business we can get" apparently rings true enough so that restrictions may be "temporarily" relaxed and, where the bargaining position is weakest, not reimposed promptly.<sup>1</sup>

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1. An example of the sort of argument which arises from juxtaposition of extra work requirements on small lots and the necessity, in a "buyer's" market, to offer those shoes with no premium price, occurred in 1934:

Union Representative: On the question of small lots, we get six pair lots on one kind and a four pair lot of another kind. There are so few of a kind that many times we can't make anything on them.

Manufacturers' Representative: This is not the manufacturer's fault. He is trying to sell all the shoes he can. Whether he sells them in four pair lots or six pair lots,



As a result, the application of penalty rates to production in small lots is uneven, with the strongest locals securing the best protection for their members.<sup>1</sup>

The use of rules to define working conditions in the factories also varies from one local to the next. Perhaps the most extensive list of "conditions" is that insisted upon by the Cutters' Local for their "prima donas", the "Outside Cutters". For example, the following provisions are made: "Not more than three men on a set of patterns; Not more than five men on a set of dies; Broken or damaged leather, black or colored kid and kangaroo shall be cut by the piece or day at the option of the Cutter; On Scotch grain, barmore, thistle, and all similar embossed or printed leathers, Cutters shall not be required to replace pieces thrown out for brands"; and so on.<sup>2</sup> Similar definitions of

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he has got to sell them at the same price....The manufacturer is not making a dollar today.

U. R. : I don't see why the operator should be penalized.

M. R. : The manufacturer has to sell anything he can sell.

U. R. : Do the operators have to arrange that? That is their business. We have to look out for ourselves.

M. R. : We try to sell all we can. The manufacturer is in trouble, I tell you.

Brockton Shoe Manufacturers' Association, Inc.,  
op. cit., June 22, 1934.

1. The Price Experts in several of the Locals also argue that these penalty rates provide an important incentive for the Manufacturer to provide good working conditions.

2. These "conditions" were taken from a written agreement signed by a representative of the Cutters' Local and one of the district's Manufacturers.

working conditions and limitations on job requirements are used throughout the factory, but they apply principally to the most skilled and best organized crafts.

On the other hand, protection of individual workers from each other is provided throughout the factory, for equal division of the "hard" and "easy" shoes, between the workers concerned, is the unwritten rule wherever that problem arises. The exact method of division varies from one work group to the next and is usually under the direction of their own craft steward. The same principle of equity is also generally applied when the total amount of work available is not sufficient to keep all members of the crew busy for a full work week.

As a result of these various working rules, proposed and policed by the Craft Stewards, factory operations are controlled to a large extent by a variety of more or less independent work groups. These circumstances, combined with the fact that the level of production has been chronically "subnormal" in Brockton district factories, have provided a natural setting for restrictions on the output of individual workers. Although the BSAC General Board went "on record" in 1937 to "inform the locals that the stinting of work is detrimental to the best interest of the BSAC"

and ruled "that the stints be immediately abolished",<sup>1</sup> it would be surprising indeed if such a practice were abolished by decree, especially since the conditions which lead to "stints" have remained oppressively present.

All of these rules, penalties, and limitations, which naturally arise as Union reactions to an imperfect piece rate system, seem, in effect, to reorient the objective of factory operation. The Manufacturers, feeling that their piece rates are fixed in the short run, take only a haphazard interest in improving working conditions. Gradually, as the foremen do less and less and the Stewards more and more, the factory changes hands, in a sense, and is run by some fourteen or more uncoordinated groups. The objective of these groups is not so much efficient operation as it is protection of the operators from various threats which the wage payment system and other conditions of production may impose on them. Thus, the piece prices, which satisfy the Manufacturer's need for a fixed labor cost in the short run, create, in turn, needs which various work-groups can satisfy only at the expense of efficient factory operation.

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1. BSAC, Memo of a General Board Meeting, October 18, 1937. The resolution was passed as part of a program "to better conditions in the shoe industry in the area to hold the present business and induce manufacturers to move here".

### The Administration of Piece Prices

The Union's approach to the piece rate system has been described as, in reality, fourteen independent approaches, and the reactions of the various work-groups in terms of factory regulations has already been indicated. In this section, the methods by which the rates, themselves, are established and changed will be examined. The administration of the piece rate system in Brockton is accomplished almost entirely through the mechanism of grievance procedure. Up until August of 1947, there was no formal Union-Management agreement on the steps involved in this procedure; however, a grievance process has long been defined within the Union organization. From the first, Brotherhood Officials have insisted that piece prices be settled by the Price Experts only, in preference to "first step" attempts to reach agreement through the various Craft Stewards. There are a variety of reasons behind such insistence, but the following three are probably the most important. First, the Expert's knowledge of rates and conditions throughout the district should enable him to provide "ammunition" in any single grievance--ammunition which would not be available to those familiar with only one factory. Second, centralized administration is an obvious prerequisite to effective policing of the district rate structure; and third, creation of a

dependence by individual members on Union Officials helps to satisfy the Brotherhood's institutional needs.

As a result, piece rate grievances are referred first to the appropriate Price Expert, who then attempts to satisfy the complainant in whatever way he can. Such a procedure automatically throws the burden of proof (or the burden of forcing a change) on the Union; and, since a positive position is generally the most difficult to defend,<sup>1</sup> the Price Experts operate consistently with an initial disadvantage. On the other hand, though, the fact that Union Officials can, in effect, try and re-try their cases with first one firm and then another gives them what is probably a compensating advantage. In fact, this "grievance" method (as contrasted with more rigid techniques) of administering an inexact piece rate system may result in some tendency for wages to creep slowly upward. Any new rate or changed condition which results in a relatively high earnings potential tends to stand without challenge; whereas, those which result in earnings below their previous level are subject, at least, to question.

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1. Like the "innocent" man who must be proved guilty, the piece rate in existence must be "proved" incorrect. How much easier would the Union's problem be, if the tables were turned and Manufacturers were obliged to demonstrate the correctness of their rates. This statement is not made as a proposal, but just as a notation that the "grievance" method of administering a wage payment system automatically gives the complainant (usually the Union) the most difficult side of the case.

In the ensuing arguments over the merits of any grievance (and the Manufacturers almost never give in without a struggle), two criteria of "justice" seem to be accorded predominant consideration by the parties, in their oral statements at least. The first of these, already indicated, is the standard of maintained earnings. Theoretically, Manufacturers and Union officials will agree that the rates should enable an individual operator to earn a steady return; but they disagree on the length of time over which those earnings should be measured. The chronically unsettled nature of this controversy, whether the rates refer to an "average" shoe or a "base" shoe, means that this apparent criteria really settles very few disputes. It does, however, provide the "excuse", at least, for endless requests by the Union for "extras" to compensate for particular hardships which may occur. Even if this standard were an effective determinant in the establishment and change of piece rates, though, the result would not necessarily be "just"; for such a standard can be no better than the status quo from which it starts. Since Brockton's rates are imperfect from the standpoint of job requirements to begin with, a "maintenance of earnings" formula for adjustments would only cumulate and reinforce the errors of the past.

Reliance on piece rate earnings as a sole criterion of the rate is subject to other qualifications, especially relevant to this Brockton situation. First, chronic under employment has lead to "equal division of the work" and, one suspects, to "stints" on many operations; consequently, what the rate "does" yield and what it "could" yield may be quite different.<sup>1</sup> Second, somewhat related to the first qualification, earnings on a particular job may often be maneuvered in order to provide the "proof" of a position already determined. Finally, an "unstinted" level of earnings is the product of a particular operator or operators. If this individual or group happens to be exceptionally fast or exceptionally slow, the rate set on performance either "captures" their speed for the Manufacturer

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1. The Manufacturers have several times tried to establish the point that low earnings resulting from "equal division of work" should not be used as "evidence" that the rates were too low. As under employment has been more or less chronic, however, differentiation between actual and potential earnings has been blurred and made difficult.

2. Restrictions on output are, of course, the usual method by which operators may maneuver earnings. However, manufacturers can also manipulate earnings in short periods by, for example, changes in work schedules and in the volume of production.

or gives away more than the mythical "average man" should earn.<sup>1</sup>

The second criterion generally referred to in piece rate grievances is the comparison with "prices" paid in the past and in other factories for similar work. Brockton's Grade System gives to such comparisons an exceptional point of merit: if piece rates are based on selling prices, then all Manufacturers should be able to pay what anyone does pay. This has been a particularly potent issue for the Price Experts, especially during periods when Association activity was at a low ebb, and the opportunity for "whipsawing" the Manufacturers was most inviting. The theory of equal piece rates in all factories making the same grade of shoe breaks down, however, over the essential non-comparability of working conditions; thus, while this standard may be "used" by the parties,<sup>2</sup> it cannot become a consistently applied point of reference for the establishment and change of piece rates.

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1. A "scientific" time study presumably "levels" all work performances, thereby reducing each one to the same common denominator: the "average" man working with an "average" expenditure of effort. The assumptions involved in that "leveling" procedure are, in my opinion, open to serious question. Whether or not the method is valid, however, the parties to Brockton's piece rate disputes make no attempt whatever to use it.

2. The standard does not always work for the Union, for Manufacturers whose "conditions" are "out of line" may use it as a buffer against a higher rate.



With no accepted criterion by which to judge rates of pay in the Brockton shoe industry, the determining factor has become, in reality, bargaining position or, more crudely, force. Just as there is "nothing like some short time or a few weeks loaf to change gun-at-the-hip operators into reasonable men", there are also occasions when "you need a few days of vacation or a few shoes on the floor to make those Manufacturers stop stalling and start giving you what you're entitled to".

The maneuvering for bargaining position is illustrated by the Price Experts' attempts to have operators "go on by the day" or, even better, "by" their average hourly earnings, when a rate is in dispute or when a new shoe necessitates the establishment of a new rate. By this maneuver, the strongest locals have been able to place the Manufacturer in a very weak position, for slow work on a guaranteed hourly rate can make even an exorbitant piece price seem cheap by comparison. On the other hand, when the Manufacturer has the power and fortitude to refuse to "do" the shoes if they must be done "by the day", he may be able to force the Local to accept a low rate, at least on trial. Especially when the volume of work is light, the trial rate is likely to last through the production "run". Further, a necessary small

adjustment may still leave the Manufacturer with a relatively favorable price.

During World War II and in the post-war period, resort to arbitration has partially taken the place of pressure tactics, giving more determinative weight to the criteria of "maintained earnings" and of "comparative rates". Nevertheless, during the thirties and, despite the use of arbitration procedure, even more recently, the bargaining position of the work group and Manufacturer affected has been a basic force determining the level of new and changed rates. As a result, the piece prices have, like the "Grade System", been a source of adjustments to economic circumstances, over and above general movements in wages.<sup>1</sup> Although existing rates cannot generally be cut (except through the Grade System adjustments outlined in the previous chapter), depressed times enable the Manufacturers to eliminate many "extras" and establish lower "prices", as constantly changing styles work their way through the factories. At the same time, some of the costly and restrictive working rules may be

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1. A somewhat similar adjustment can also occur in time-rate industries via changes in the daily or weekly output of individual workmen--at least that seems to be the theory of those who feel that "a little unemployment is a good thing".

relaxed.<sup>1</sup> On the other hand, during the relatively infrequent periods of high employment, the reverse has been true, many "extras" have been added to the rate structure and conditions of work have been more precisely defined. In such ups and downs, however, all crafts do not share equally, for the most tightly organized groups can help themselves most in good times and can retain more of their gains when business activity falls to lower levels.

#### Post-War Developments Within the Rate Structure

The types of pressures to which Brockton's piece rates respond are illustrated by the developments in the period following World War II. This period was at first characterized by an almost unprecedented demand for Brockton's shoes and then, beginning about the middle of 1947, by a return to the chronic under employment which was typical of the pre-war years. In addition, three other influences have brought out most dramatically the inadequacies of the piece rate structure: (1) the change-over from simple wartime styling to the "faster" shoes in demand right after the war; (2) wartime practices which remained to haunt peacetime operations; and (3) the loose

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1. Peculiarly, when the shoe business is experiencing a "buyer's market", the small orders, unsteady volume, and variable styles, which make protective rules most necessary, are most prevalent. Thus, when the rules are most needed, they are most relaxed; and, when they are least needed, they are most rigid.

provision in the December 1945 wage agreement for "adjustment of low spots on the basis of earnings".

During the years from 1942 through 1945, Brockton's shoe factories were short of workers in all crafts, reflecting the increase in local production, the relative attractiveness of the pay in war-born industries, and the manpower called into the Armed Services. Though Brockton's old and skilled craftsmen provided, perhaps, a steadier work force than that enjoyed by most industries and localities, labor was scarce enough so that Manufacturers could ill afford to lose any single individual.<sup>1</sup> Individual piece rates were, of course, fairly difficult to raise in the face of War Labor Board restrictions, so that this means of attracting and holding labor was not generally available. As a result of the manpower shortage, however, simplified work requirements were seldom, if ever, combined with a reduction in piece rates, lower standards of workmanship became quite general, and, on some operations, Manufacturers were forced to "wink" at the omission of work steps, allowing workers to "scoot" the shoes.

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1. There was apparently some labor "pirating", with under-the-table bonuses used to attract workers in crafts where shortages were particularly acute. The situation was bad enough so that the Manufacturers' Association asked its members to use "caution" in newspaper advertising, particularly for "major operatives". "These ads do more harm than good by causing unrest and independence among these operatives." Southeastern Massachusetts Shoe Manufacturers' Association, Inc., Letter to All Manufacturers, dated November 17, 1942.

These practices, adopted as reactions to the wartime labor shortage, cost money and resentment in the post-war period, as the examples which follow will show. The operation of attaching the innersole to the last normally requires the insertion of five tacks, done one at a time. During the war, the shortage of tacks forced most Manufacturers to reduce the number used per shoe to three; however, no change was made in the piece rate. When, after the war was over, the Manufacturers wished to return to a five-tack basis, the operators refused to do the "extra" work unless they got a raise in their rate.<sup>1</sup> Similarly, the job of edgetrimming high-grade shoes included the preliminary step of wetting the edges. Use of an oiled sole during the war made this step unnecessary, though the piece price was not adjusted. Afterwards, when the operators were told that they must wet the edges, they stated that the added work would only be done at a higher price.<sup>2</sup>

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1. This problem of switching back to a "five-tack" basis was faced by shoe manufacturers all over the country; and, in fact, the more general problem of overcoming expedient wartime practices was a fairly typical one.

2. In this particular case, the Manufacturers were able to bring the matter to arbitration, and, by a decision rendered on October 14, 1947, they "won" the argument.

The most costly post-war dispute over an individual piece rate occurred between the Association and the Edgesetters' Local. This controversy got its start in several medium-grade factories where, during the War, the Edgesetters had been allowed to skip over two important steps in their operation. As described in a previous chapter, the job consists of first applying a liquid and then "ironing" it into the sole, a process done once ("one set") on cheaper shoes and twice ("two set") on shoes of the higher grades. Under the pressure of a shortage of Edgesetters and a high level of demand for shoes, certain Manufacturers in the district apparently "winked" while the operators applied "one set" and collected the piece rate for "two sets".<sup>1</sup> Even though the individuals concerned knew that they were "getting away with something", the "cut" entailed in a return to the full requirements of the job caused resentment and, on September 9, 1946, a wage demand.<sup>2</sup>

After the Edgesetters Local had been further disappointed by the 10¢ per hour general increase awarded by the

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1. Once the glossy "set" has been applied, it is very difficult to tell whether the edge has been set once or twice. The difference does show up, of course, as the shoe is worn.

2. The demand was for varied increases in the "two set" rates, according to the grade of shoe produced. The percentage was greatest in the lower grades, where the practice referred to above was most prevalent.

State Board of Arbitration on December 18, 1946, the demand was made again in stronger terms. This time the Edgesetters based their request on one of the many technical flaws in Brockton's piece rate structure: the "two set" rate averaged only 31% greater than the "one set" rate, while the job requirements were about double. That "reason" seemed more logical than the previous contention that the earnings of Edgesetters in certain plants constituted a "low spot"; however, it involved a flat increase in all the district's factories. As a result, when the Local voted to take a "vacation", the Manufacturers, with a common cause of great importance to them all,<sup>1</sup> uniformly refused to give ground. This firm stand plus reiteration of the offer of arbitration made the Edgesetters' position both untenable before the other Locals and unlikely to result in any positive gain to themselves. Under this pressure, their "vacation", which closed most of the factories in the district during the active, pre-Easter production run, was ended after one week, with agreement on a settlement through arbitration.

This "victory" for the Association, later made "complete" by a favorable award, came, then, after a costly

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1. The demand was not only directed at all the Manufacturers, but also was interpreted (probably correctly) by them as leading inevitably to further demands from all the other crafts.

strike and at the expense of considerable bitterness on the part of the Edgesetters. Though the stated "reason" for the operator's position grew out of Brockton's "irrational" rate structure, the controversy reflects more accurately the difficulties which an extreme labor shortage in one period can cause for the period immediately following. But the loose practices which characterized the war years were not the only source of pressure on Brockton's rate structure during 1946 and early 1947. An earlier chapter has described how frustration and fatigue in negotiations led to a clause in the December 1945 wage agreement which read as follows: "The low spots in each plant are to be adjusted on basis of earnings". That clause, which had no further point of orientation, in effect declared for the BSAC Locals an "open season" on all piece rates. None of them hung back.

The attack of the various Locals on the rate structure was given direction and impetus by the change in the product mix shortly after the War's end. Military shoes had been very simple insofar as style was concerned, and the number and intricacy of the styles for civilians during the War were restricted by the government in order to conserve material. Termination of military orders and relaxation of style controls meant to the factories and to the



operators a sudden switch from simplicity and standardization to relative complexity and fairly wide variety. If Brockton's rates were supposed to cover "average" conditions, this switch served to focus attention on the range around that average and the essential inadequacy of such loosely defined job requirements. Workers were asked, in effect, to do a more difficult job for the same rate of pay. This situation, combined with the loose provision for "low spot" adjustment and a high level of demand for Brockton's shoes and, therefore, shoeworkers, led inevitably to innumerable requests for "extras".

The importance of these "extras" in terms of labor cost depends, of course, upon the styles called for by shoe buyers; however, a representative of the Manufacturers has put the average impact of these and other "low spot" adjustments at about 6%, being somewhat more on the lower grades and less on the higher grades. As a result of this costly struggle, the Manufacturers listened receptively to the new Executive-Secretary of their Association when he proposed "job evaluation" and "time study" as the basis for a revised set of piece rates. At the time of this proposal, however, the inconsistencies in the Brockton rate structure were providing a rich source of increases on individual rates. With many Union members

gaining thereby, and with the Price Experts enhancing their own prestige in this process, the Locals were by no means ready for "rationalization" of the wage structure.<sup>1</sup> While the Association program was not accepted, though, it did provide the Manufacturers with a sort of moral refuge from responsibility for Brockton's piece prices, and, at the same time, with an argument against changes in individual rates: "It is submitted that inequities, as may be inherent in wage rates, can be properly eliminated on a basis of an overall job evaluation program and not in piecemeal tinkering with job structure by this Panel".<sup>2</sup>

As the level of production in Brockton dropped sharply late in 1947 and through the first half of 1948, Manufacturers talked less and less of "job evaluation"

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1. The Brotherhood did try "job evaluation" in a rubber processing plant which they had organized before the War. Along with adoption of the program, though, they lost a Local to an AF of L affiliate. This experience, of course, predisposed BSAC officials against "job evaluation"; however, the controlling factor in the Union's opposition to such a program in the shoe factories seemed to be the fact that an inconsistent rate structure was providing a means for satisfying Union needs.

2. Associated Shoe Industries of Southeastern Massachusetts, Inc., Brief for the Companies, presented before a tri-partite arbitration board on August 20, 1947 in a dispute with the Edgesetters' Local, BSAC. This argument was used in discussions with Union Officials and, particularly, before arbitrators.

and began to stress the "elimination of all these unnecessary extras". While no immediate adjustments were possible, the number of requests for further "extras" dwindled sharply and some Manufacturers were able to make small stylistic alterations, which enabled them to bypass some of the penalty rates. In the more immediate post-war period, though, Brockton's loose piece rate structure, teamed with wartime practices, with a switch from simple to more complex production conditions, and with a high level of demand for shoeworkers, had resulted in a large number of upward adjustments. Thus, Brockton's piece prices, like the Grade System, have provided a significant source of wage adjustment, over and above general movements in wages.

#### The Influence of Shoe-Machine Development

The process of shoe manufacturing has been described earlier as consisting of well over one hundred operations, performed, for the most part, on non-automatic machinery. This has been the fact for the last fifty years; however, technological improvements sufficient to raise by 40% the output per man hour on a medium grade men's dress shoe, for instance, have been effected between 1923 and 1936. A previous chapter has told of the general nature of

these improvements: (1) changes which simplify the job of an individual operator, usually by machine imitations of former hand motions, and (2) changes which have generally left the operator's effect on the shoe unchanged. This type of technological improvement has influenced the wage structure in Brockton and elsewhere, the influence being generally greater, the older the shoe center involved.

There are four central tendencies which have made the level of earnings higher or the standard of output lower when changes have been made on established operations. First, since piece rates have not been closely related to job requirements, small changes which simplify an operation have not automatically resulted in a lower rate. This would probably be the tendency even if there were no union organization; but, here the workers have long been organized into small craft units, which guard the rates on particular jobs with great jealousy. Second, even where machine improvements have been most drastic, the fact that the "new" method has performed the same task as the "old" method has given the incumbent operators a vested interest and a sort of moral right to work on the "new" job. This feeling, similar in nature to seniority rules, that established workers have a "right" to whatever jobs exist in a given factory may be controlling even

where sweeping technological changes are introduced; but, since the "new" shoemaking jobs have been readily identifiable with the "old" ones, that "right" has been almost undeniable. Third, well-organized craftsmen have maintained effectively that their earnings should not be reduced as a result of acceptance of new machinery, even though much of their former skill has been eliminated from the job. Finally, older workmen have not readily accepted new machinery. The elimination of skilled job content and the reduction in the number of operators needed to produce a relatively fixed volume of shoes have both represented threats to their security. The natural result, even neglecting organized attempts to limit output, has been a lower production standard (and higher piece rate) than might otherwise prevail. Consequently, the pressures at work during the introduction of a given technological change tend to push the earnings expectancy upward and the level of production down below the potential capacity of the new machine.

The influence of technological change of this type may partially account for the relatively great spread between high and low hourly rates in the wage structure.

of older shoe centers and, more particularly, in Brockton.<sup>1</sup> Thus, if the rates on certain jobs have been held constant in the face of changing job requirements, the spread between these jobs and the minimum rates will increase as time goes on--the spread being greater in old shoe centers than in newly developed areas. Some examples of changes which have occurred in the job content of the higher-paid occupations should illustrate the way in which technological developments can affect wage rates on individual operations. The job of the Edgetrimmers is in point. These skilled craftsmen, who have only their eye for a guide, are charged with shaping the edge of the sole by means of a rapidly revolving blade. Their performance is affected critically by two characteristics of the machinery they use: (1) the vibration, and (2) the efficiency of the cutting edge. Substitution of the electric motor for the belt drive and increases in the revolutions per minute, little by little, have speeded this operation up, though proper performance still requires a skilled workman. But these technological improvements, which bulk large in the aggregate, have been small enough

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1. In a 1945 survey of the shoe industry's wage structure, BLS findings show the range in Brockton between the high and low jobs to be 96¢, as against the United States average of 72¢, and, in the more recently developed Midwestern and South-eastern regions, 50¢ and 79¢, respectively. USBLS, Wage Structure, Footwear, 1945, mimeographed, October, 1946.

at any one time so that the Edgetrimmers have been able to defend their original rate successfully.

Similarly, the skilled operation of sewing the welt to the innersole was once done on a machine which the operator started and stopped by a hand-operated wheel. No change in the rate was made after a knee-pressure activator was installed on the machine. Today, both the Edgetrimmers and the Welters in Brockton earn a high rate of pay. While other factors help explain these rates, the "creeping" type of technological change which has occurred on these operations is an important determinant of their position in the wage structure.

A more dramatic example of the way technological change can affect wage relationships in an old shoe center is provided by the average hourly earnings of Hand Cutters, as opposed to Machine Cutters in the Brockton district. As the examination of wage structure in Chapter III has shown, in all sections of the country except one, Hand Cutters earn a higher rate than Machine Cutters, a relationship which makes sense in terms of the skills required on the jobs. In New England and in Brockton, however, their position is emphatically reversed.<sup>1</sup> This situation, which makes no

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1. Outside of New England, hand cutting is not done extensively and so the operation has become a sort of specialty-- a fact which may account for the extremely high rates recorded in some sections of the country. However, the reverse relationship in Brockton and in New England is too pronounced to be offset by the exaggeration resulting from some incomparability

sense at a given moment of time, is quite understandable when viewed historically.

The machine process, which stamps out the required shapes of upper leather, has, since the early 1900's, gradually supplanted the use of a knife to cut painstakingly around a given pattern.<sup>1</sup> As the machines were brought into the Brockton district, the Cutters' Union<sup>2</sup> insisted first that the hourly rate be the same whether the work was done by hand or by machine, and second, that the piece prices for the "new" method be relatively high. As the Union and the Manufacturers bargained over this point, both parties were apparently oriented in their thinking to the "old" process, the Manufacturers trying to save on their former labor cost, and the Cutters trying to preserve their share of the money paid out to the work force. As a result, machine piece prices were established as a fixed proportion of the prices agreed on for hand cutting. But, the time

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between jobs. Of eighteen shoe occupations surveyed by the BLS in 1945, Hand Cutters were 4 ranks below Machine Cutters in New England and 8 ranks below in Brockton. For a further discussion of the rates on these two jobs, see the section on the structure of wages in Chapter III.

1. Although the machine process now predominates in the industry, hand cutting is still more practical where the number of pairs to be cut in a given style is small.

2. The Cutters' Union then was affiliated with the Boot and Shoe Workers' Union, AF of L.



required to cut by hand varies significantly with the intricacy of the pattern used; whereas this factor makes no difference when the upper leather is stamped out by machine. Consequently, as fancier styles of men's footwear were introduced, the fixed proportion between hand and machine piece prices proved very favorable to Machine Cutters.<sup>1</sup> Thus, along with the introduction of a technological change, the Brockton district worked itself into a wage relationship which now, at least, appears to be quite illogical.

More recently, a machine designed to "wipe in" the toe of the shoe around the last has presented a wage problem, not only in the Brockton district, but in organized and unorganized shoe factories throughout the country. This operation, performed for over three decades on a so-called "Bed Machine", has been one of the most tiring jobs in the shoe manufacturing process and one of the most highly paid. The operators in Brockton were an aggressive group and an old group, averaging almost 60 years of age.<sup>2</sup> The

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1. On the lower grades, hand and machine prices are no longer linked together in a fixed relationship, the latter now being based on the number of pieces to be cut. However, the change-over was made after the other system had been in effect for about eight years; consequently, the influence of hand piece prices was not eliminated entirely.

2. The average age in the Laster's Local in 1946 was 56, according to survey made by the Manufacturers' Association. There is no sure way of estimating the average for Bed Machine Operators, though they do make up about 25% of the Local; however, a tabulation at one of the district's largest factories showed their average age to be 60.

new machine, which threatened "their" job and presented a really tragic human problem, removed or changed many of the former skills and eliminated almost all of the backache connected with the job. In addition, the estimated rate of production would leave about half of these old workmen without jobs. As a natural consequence, the Bed Machine Operators opposed the new machine, consenting to try it out only if guaranteed their former average hourly earnings. Over a trial period of about a year, production, so the Manufacturers claim, was "pegged", so that the operators turned out "the same" number of shoes as they had on the old equipment. When the Association started negotiations for a piece price, the assumption was immediately made that operators on the new machine "should" be able to make their former rate.<sup>1</sup> The Association spokesman argued that the Automatic Toe Laster reduced the operator's work load by "better than fifty percent" and offered to pay 54.5% of the former piece prices. This offer was later raised to 56.5%; but representatives of the Lasters' Local were not really interested in these negotiations: they would agree only to the piece prices as established on the old machine.

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1. The Association originally offered to guarantee each displaced Bed Machine Operator a new job which would yield the earnings attained at his former occupation. In view of the old age group involved and the general decline in Brockton shoe production, this offer was really not practical and was shortly withdrawn.

The Association offered to call in outside "experts" and to obtain technical opinion from the Conciliation Service; finally, arbitration of the issue was proposed. Meanwhile, the Bed Machine Operators, fighting quite naturally for the survival of their jobs, argued and procrastinated, but would never agree to any of the proposals that were made. However, after the first written contract between the Brotherhood and the Association was signed, over the protests of the Lasters' Local, the Union's General Board was prevailed upon to order arbitration of this issue. The Lasters refused to appear at the hearing and would not present any evidence in their own behalf. Nevertheless, the arbitrator heard the Association's arguments, and, after some personal investigation, ruled that the piece prices on the new machine were to be 61% of the old rates.<sup>1</sup> After a short strike and under the threat of losing their vacation pay, the Bed Machine Operators agreed to give these prices "a fair trial"; however, by the end of August, 1948, they had requested further conferences with the Association, claiming that the results of the trial period showed their former contentions to be correct.

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1. This figure was justified by the arbitrator on the basis of averaging the outcome of adjustments made in other localities. His action in hearing the case, when no Union representative was present may seem questionable; however, this was the wish of the Union's General Board, the most responsible policy-making group.

Whether or not they gain any further adjustment, though, they may have already obtained prices favorable enough to allow earnings at least as high as those obtained on the old Bed Machine.

In this case, as in the others, then, the new rates have been oriented primarily toward the former job--toward solving immediate human problems rather than toward the more "objective" criteria of job requirements. Thus, these technological developments, which always leave the "new" operation readily identifiable with the "old" one, have, themselves, been an important determinant of the wage structure in Brockton's shoe factories. In general, they have loosened any relationship which might have existed between piece rates and job requirements. Further, since the full impact of the development is so difficult to bargain into the rates, these technological changes have also provided an overall upward bias to the wage level.

### Summary

The adjustment of piece rates in the Brockton district is an important phase of wage activity and has become one of the principal functions which the Union performs for its membership. The rates themselves, however, are not precisely defined in terms of job requirements; in fact, the manufacturing process performed in many of the Brockton

factories is really not suited to the piece rate method of wage payment: the unit of output is not uniform and the conditions of work vary from one period to the next. Though simple inertia accounts, in part, for continued use of the system, these piece rates do satisfy important, present-day needs. First, they provide the Manufacturers with a relatively fixed labor cost, which enables him to "figure" his shoes with considerable precision. Second, they satisfy institutional needs of the Brotherhood, for the craft form of that organization is really built upon the assumption of a piece rate system of wage payment.

The Union, then, approaches these inexact rates not as one unit but as fourteen largely autonomous groups-- groups which vary widely in strength and in ability to win concessions from employers. Since the total amount of labor cost is often severely limited, though, these Craft Unions are also the mechanism through which Brockton's shoe-workers compete with each other for shares in the available economic welfare. As these Crafts have dealt with the working conditions surrounding this loose piece rate system, they have developed throughout the factory a variety of implicit and explicit rules, designed to protect the group from the inexact rates and to protect individuals from each other. In administering these rules, the Stewards have, in a sense, assumed control of their departments; thus

the goal of factory operation has been shifted away from efficient performance toward various forms of protection for the work group.

Administration of the rates has been conducted almost entirely through the Union's grievance procedure, rather than through the application of any planned criteria. In the ensuing disputes, two possible standards have been used by the parties, in their oral statements at least; however, neither of them has been consistently applied and, in fact, they present conflicting adjustments in many cases: the standard of "maintained earnings" refers primarily to job requirements and that of "comparable rates" disregards job requirements in its orientation toward the Grade System. As a result, piece rate adjustments have responded primarily to bargaining position--a factor which varies (1) with the level of business activity in the Brockton district and (2) with the strength of particular craft groups.

The adjustments which occurred in the immediate post-war years illustrate what can happen under such circumstances. During the War, with the labor supply tight and the piece rates frozen, work requirements on many operations were loosened, especially when process changes might have, but did not result in lower rates. Further, the abrupt change from a simple and standardized product to a more stylish and wider variety of shoes showed up the inadequacy

of "average" piece rates, when the "average" includes too wide a range of job difficulty. Given an extremely loose contractual provision for the adjustment of "low spots", the craft locals were able to win a large number of concessions on individual rates. Caught in this uncontrollable situation, the Manufacturers became the advocates of a "rationalized" wage structure. The Union, on the other hand, rather naturally opposed such a program. As the level of activity in the Brockton district dropped off sharply in the middle of 1947 and through the first half of 1948, however, the Union requests for individual adjustments declined noticeably, and, the Manufacturers turned their attention away from the "rationalized" wage structure to the "elimination of all these unnecessary extras".

The importance of bargaining power as a determinant of piece rates is further illustrated by the adjustments which have been made to technological improvements in shoe machinery. The changes have typically been small in scope and have been of such a nature that the "new" process is readily identifiable with the "old" one. As a result, it has been necessary to gain for the new machine the acceptance of the displaced work group, thus presenting that group with a strong initial position with reference to the new piece rate. Consequently, that rate has been oriented more toward

the old one and toward the problem of introducing the machine than it has been toward the requirements of the new job.

That particular type of technological change, then, has introduced an upward "creep" into the wage structure of an old production center which has traditionally used the piece rate method of wage payment. However, the fact that individual rate adjustments (or lack of adjustment to more difficult job requirements) respond essentially to bargaining position means that these rates are, in fact, the source of some general movement of wages. Thus, like the Grade System, Brockton's piece prices have provided a way in which the district has adjusted to circumstances not fully recognized in explicit across-the-board wage movements.



## CHAPTER IX

### THE MANUFACTURER AND UNION APPROACHES TO WAGE ACTIVITY

In the preceding chapters, two categories of evidence and analysis have been presented: conditioning influences which have limited the range of possibilities in Brockton area wage activity, and specific reactions of the parties to particular situations and problems. The important conditioning forces have been divided into the following groups: (1) the economic characteristics of the shoe industry, especially the extent to which vigorous competition is focused on labor costs; (2) the nature and development of the shoe manufacturing process; and (3) the nature and growth of the management and union institutions which face each other at the Brockton bargaining table. Within the frame of reference thus defined, three principal areas of wage actions have been examined: (1) general wage movements, (2) adjustments made through the mechanism of the Grade System, and (3) adjustments in individual piece rates.

Now, this evidence and analysis must be drawn together and summarized in more general form. In the chapter following this one, the summary will take the shape of major conclusions which grow out of the data. Wherever possible, these conclusions will be compared with generalizations or hypotheses advanced by others. In this chapter, summary material

will be presented in the form of the approaches to wage activity adopted by the bargaining groups in Brockton. The Manufacturers' approach to wage activity will be examined first, followed by that of the Brotherhood.

### The Manufacturers Approach Wage Activity

On January 22, 1906, the Brockton Shoe Manufacturers' Association sent a letter to the Cutters' Union denying the Local's request for an eight-hour day. Though they expressed "sympathy with the general desire for a reasonably short working day", they stated that a reduction in hours was not feasible since "practically all the shoe manufacturers in other states of the Union still operate their factories on the 10-hour basis".<sup>1</sup> Since that time, the particular issues have changed but the general theme has remained always the same: "we would like to grant the request but the wage scales (or practices) of our competitors make it impossible". Thus, the pressure of vigorous competition from non-union firms has forced Brockton Manufacturers to resist the efforts of local unions to obtain wage and working condition advantages for the shoeworkers. This section will examine that opposition and, more generally, the approach of the Manufacturers to wage activity, with the subject matter following

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1. Brockton Enterprise, January 23, 1906.

roughly in this order: (1) the goals of the Manufacturers in their wage actions; (2) the ways in which they have reacted in attempting to attain those goals, and the pressures they have felt in that process; (3) the results of those reactions; and (4) their assessment of the situation.

The principal objective behind the Manufacturers' opposition to Union efforts has been the desire to hold labor costs at a minimum, a desire given especial impetus in this case by two factors. First, almost all the Brockton shoe companies are small, closely-held concerns, in which the owner typically makes the major operating decisions. Under these circumstances, cost-increasing concessions made to labor or foregone opportunities for decreases come almost directly out of the decision maker's personal pocket. Second, and possibly most important, the industry is competitive enough so that product-prices are determined essentially by the market and are, for the most part, out of the control of any individual seller. Since shoe prices were the focal point of fierce competition throughout the thirties, the Brockton Manufacturer was constantly under pressure to keep his costs under close rein, else he would not be able to sell his shoes. Further, this pressure has been of an immediate nature, since shoes are sold to relatively small orders, subject to seasonal renewal or cancellation.

In arguing against Union demands, the Manufacturers have generally relied on an appeal to the stringency of their competitive position, as illustrated by the quotation at the beginning of this section. They have not, however, been able to support by precise and verifiable data their contention that labor costs are relatively high in the Brockton district, since they do not have such information readily available to them.<sup>1</sup> In fact, their only index of relative labor costs has been their own ability (or inability) to market shoes at a profit, an index which has been most convincing to the Union when production was cut back and employment was low. Actually, the meager evidence which is publicly available indicates that Brockton labor costs have been comparatively high;<sup>2</sup> but "unknown" factors such

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1. In the competitive shoe industry, firms are naturally reluctant to disclose to each other their cost position, and generally do not do so. Even within the Manufacturers' Association in Brockton that kind of information is guarded rather jealously.

2. For example, the OPA Economic Data Analysis Branch (op. cit., p. 3) has published figures covering 12 large concerns, for which direct labor as a percent of wholesale price in 1942 was 18.34% for shoes selling under \$3.00 and 18.51% for shoes selling over \$3.00; and, in that year the Nunn-Bush Shoe Company paid direct labor 20% of wholesale value on high-grade shoes and 18% on the lower grade (Murray W. Latimer, Report to the President by the Advisory Board on Guaranteed Wages, January 31, 1947, p. 344). In the same period, seven Brockton companies for which reliable data were available to me averaged 21.7%, though one of them averaged only 17.3%. There was no marked tendency for the average on high grade shoes to differ from that of the lower grades. A survey made by the Manufacturers' Association showed that, for all member companies in 1940, the average was 24.62%.

as the relative complexity and number of styles of shoe manufactured and the items included within the term "direct labor" make this conclusion somewhat tenuous. Personal investigation and exposure to "confidential" data, though, does confirm the fact that labor costs tend to be generally but not uniformly higher in the Brockton district than in most other competing localities.<sup>1</sup>

The behavior patterns developed by Brockton shoe manufacturers as reactions to their labor cost motivation have been fairly uniform for some types of situations, but quite varied for others. Almost without exception, the Manufacturers recognize the Union as an agency which responds to political pressures and, while they object strenuously to that fact, they deal with the Union accordingly. For example, the Manufacturers have felt, in the past, that they would be "better off" bargaining with the Brotherhood than they would with a "North Shore" group or, later, the "CIO". As a result, they have been willing to time and alter general wage decisions in order to support the objective--or corollary goals such as "take the wind out of the radicals" and "settle this unrest". Further, at

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1. This investigation was by no means extensive enough to be conclusive; however, some data were obtained in all the major shoe-producing areas and an attempt was made to control the style factor by collection of costs for a "base" shoe as well for factories as a whole. In general, the differential between the labor costs of Brockton Manufacturers and their competitors was most marked when the competing factories were located in rural areas.

the level of general wage decisions, the Manufacturers have recognized their improved position in the "pressure game" of collective bargaining when they are, themselves, organized in an Association. This behavior of sticking together has, in fact, been most apparent when the district was faced with a serious general wage demand--often linked with an explosive political situation within the Union.

The Association has also provided one means for dealing with the Union at the level of individual adjustments, especially during periods, like that immediately following World War II, when various craft groups have threatened to "whipsaw" the Manufacturers unmercifully. Individual rates, however, have more typically been handled by each Manufacturer singly, partly because each plant presents its own peculiar problems and because the "secret" Grade System adjustments involve individual rates, but also because these Manufacturers simply prefer, as one of them put it, "to keep the other guy's finger out of my pie". In working out these problems with the Union, the approach of the Manufacturers varies widely and, in some cases, from craft to craft, this being the level at which the clash or congeniality of personalities plays its most potent determinative role. The most typical behavior here is simply to deny any request made by a Price Expert, usually on the grounds that "competition" is too severe; however, the denial is sometimes made in a

conciliatory manner and, at other times and to other Price Experts, with considerable venom and heat. On the other extreme, a few Manufacturers have adopted a more positive approach: "if something is wrong, I am as anxious to correct it as you are".

There seems to be a tendency for these various patterns to become more and more confining to the individuals concerned, at least the Union officials have definitely "typed" the Manufacturers and vice versa. Especially when a Manufacturer has been cast in the role of the "tough s.o.b.", he may find that role virtually impossible to change. Not only may he find it emotionally necessary to "win" his battles with the Union representatives, but they, in turn, come to distrust any apparent change in his behavior as just another device to "chisel" the workers. In at least one case, the antagonisms that resulted became the real reasons for the removal of a firm from the Brockton district. To paraphrase this Manufacturer:

"At every opportunity, I was baiting them and they were baiting me--to the point where our costs rose too far and our personal relationships became unbearably bitter. Factory operations were tangled and inflexible. As I look back on it, I think it would have been difficult or impossible for me to overcome my "past", no matter what I did. Here, I had some trouble getting started, but at least I could start with a relatively clean slate--and try not to make the mistakes I made in Brockton".

This is really tantamount to saying that union-management relationships in Brockton have developed a certain amount of "momentum", which have made these relationships more likely to continue their course unaltered than to change. Though this may not be a valid general hypothesis, there are at least two factors which would seem to lend it support. First, adherence to a behavior pattern with which an individual has had experience lends an element of predictability to the effect of that behavior; and where the effect is at all satisfactory, such predictability may seem more desirable than the risks of a new strategy. For example, Brockton's advocates of indiscriminating resistance to Union demands seem to feel that the Union would simply exploit any change in that behavior. The established approach to negotiations is made more rigid, in this case, by the pressure of outside forces, particularly the immediate need to restrict labor costs as much as possible. Second, as has been mentioned above, the preconceptions of each party as to the other's typical behavior lead each one to interpret the actions and statements made in any given situation as a part of that preconceived pattern, with deviations discounted as unreliable. In this way, the reactions of the Union and of the Manufacturer tend to frustrate any change in the nature of their relationship.



At any rate, this rigidity in patterns of behavior, combined with other factors, has led to uninspired factory operations. A previous chapter has related the way in which the application of working rules by the Union tends to reorient the goal of the manufacturing process from efficient production toward protection for various work groups. Also noted was (1) the lack of any close connection between rates of pay and job requirements and (2) the resistance on the part of the Union to changes in the rate when a particular job was changed. These factors, operating in the context of pressure to restrict short-run costs, have resulted in a negative attitude on the part of many Manufacturers toward the conditions of work in their factories. Feeling that they can obtain no consequent concessions on piece rates, these Manufacturers react, almost, with a "factory be damned" attitude--very much like cutting off your nose to spite your face. This is the sort of situation, moreover, which leads from bad to worse; for, as the factories of their competitors become relatively more efficient, the pressure on short-run costs becomes greater and greater, thus further restricting the freedom of action of Brockton Manufacturers.

But efficient factory operation is not simply a matter of internal conduct; external conditions, particularly the type of orders received, play an influential, determinative

role. Two or three of the Manufacturers, recognizing this fact, have stated in conversation that "the most important phase of my wage policy is my merchandising policy". In restricting sales to "volume" orders in simple styles or by otherwise standardizing the product, they have automatically made almost every job in the factory a little easier, justifying thereby lower piece rates and a lower total labor cost. This alternative, however, is not open to every one, for the number of "volume" accounts is limited. Further, the multitude of small retailers must be served and they often want a more highly styled "line" of shoes than is carried by the larger chain stores. While this is the type of outlet most suitable to the typical Brockton manufacturing process, these stores cannot escape intense price competition, as attested by the increase in the proportion of business done by the chains between 1929 and 1939.<sup>1</sup> As a result, the selling price of the Brockton Manufacturers' "joblot" product has been subjected to pressure from a mass-produced shoe, forcing the Manufacturer to appeal for a "competitive" labor cost. But, since he did not break cleanly with his accustomed sales outlets,

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1. In the years between 1929 and 1939, the shoe chains increased their proportion of the total sales from 38.0% to 49.7%, while the independent retail stores' proportion fell from 53.5% to 41.2%. U. S. Dept. of Commerce, Bureau of the Census, 16th Census of the United States, 1940, Census of Business: 1939, Volume 1, Retail Trade, Part 1, p. 63.

he has been unable to offer, in return, truly "competitive" working conditions.<sup>1</sup>

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1. Throughout this discussion, the inference has been that Brockton's shoe factories are less efficient than those in other shoe-producing areas. There are no data available with which to support this conclusion, though it is the opinion of the Union Officials and the Manufacturers. The conclusion is supported by the fact that, with three principal exceptions, Brockton Manufacturers do not place emphasis on the goal of efficient factory operations. Further, in a survey of Man-hours expended per pair of shoes for the years 1939-1945, the BLS found a relatively favorable trend in New England men's shoe factories and attributed the improvement to "the effect of the war in encouraging more efficient production practices". The encouragement was provided principally, according to the survey, by the high level of production and by the restrictions placed on the number and complexity of styles which could be made, factors which affected New England more than they did "western shoe companies". To state this conclusion the other way around, relative efficiency in New England improved most because the inefficiency was there to begin with. It is further worth noting that the conditions which made for low output per man-hour, a large number of complex styles and a low level of capacity utilization, have returned to Brockton factories, at least, now that the war is over. USBLS, Trends in Man-Hours Expended Per Unit, Selected Footwear, 1939-1945, March 1948, p. 34.

The BLS findings do not, of course, refer specifically to Brockton. In the course of my own research, I have collected figures on man-hour requirements per pair of shoes from six Brockton companies. These figures probably represent a biased sample, for the concerns which collect data relative to their operations are most likely to have skillful management. Even for these six companies, moreover, the figures cannot be used with confidence, since the data on "man-hours" were not compiled from the basic records, but were computed, in most cases, from a small sample of the period covered. For what these figures are worth, however, they show that, in one factory, the man-hours per pair were 11% lower than the BLS average for the appropriate price classification. In the other five factories, the man-hours were greater than the average by 15% to 25%.

The inflexibilities within the factory and the pressures of outside conditions, then, really total up to a major wage decision; for, the more operations become relatively costly, the more Manufacturers become tied to the small sales accounts and the factory rules which make for an inefficient manufacturing process and for a rigid structure of wages. The Manufacturers place the blame for this situation most generally at the Union's door, with the complaints directed particularly toward the organizational structure of the Brotherhood.

The existence of fourteen craft groups within each factory, and, within the Brotherhood, of fourteen Locals, each acting independently of the others on many issues, frustrates the Manufacturers in three principal ways. First, such a multiplicity of decision-makers, operating in the context of a "democratic" organization, means that the chances for disagreement are high: the greater the number of individuals who must agree to a particular course of action, the greater the probability that someone will disagree. Consequently, the Manufacturers feel, the consideration of any proposal is a slow and tedious process with the result uncertain: "you are always shadow-boxing, never getting anything done". Second, the fractionalization of the work force into craft units and the lack of centralized authority in the hands of one or a

few men orients Union thought and efforts principally toward the problems of small groups rather than those of the factory as a whole. With relative rates jealously guarded, then, any general adjustment in labor costs, for example, must be placed on a flat percentage basis, even though some rates may be acknowledged as "out of line". Finally, the Manufacturers feel that the Union's organizational structure "sets up fourteen politicians, all trying to justify their existence to the membership". The resultant large number of grievances, they complain, keeps the factory in a constant turmoil and places an inordinately heavy burden on the time of owner-operators, who habitually direct all phases of their business.

This criticism of the Brotherhood has been stated in more general terms by one of the leading Manufacturers. He feels that the delays and uncertainties of the BSAC decision-making process are characteristic of any "democratic" group, though the Brotherhood's extremely complex organizational structure may magnify them in this case. The Union's leaders, he states, cannot "decide" and take action until the rank and file are properly prepared for such action. "Our experience with the Boot and Shoe Workers' Union shows what can happen, even when the leaders make the right decision. The result, however, may often be that the selling season is over before the need for

labor-cost concessions has been fully realized--and by then many orders have been lost".

Altogether, then, the approach of the Manufacturers to wage activity may be summarized by the following points.

1. The principal objective in their wage actions has been the restriction of their labor costs to as low a level as possible. This objective has been mixed, however, with goals which have grown out of personal relationships between individual Manufacturers and Union agents, goals which have played their most important determinative role at the level of individual rate adjustments.

2. In seeking to attain their objectives, the Manufacturers have reacted to the following pressures:

(a) The political influences operating within the Brotherhood organization--the rival union problem, the unrest created by "radicals"--have been dealt with at the level of general wage movements, with concessions being timed to support the group favored by the Manufacturers.

(b) The necessity for dealing with a district-wide organization of employees has placed pressure on the Manufacturers to form an Association of their own, as a means for increasing their bargaining effectiveness.

- (c) The differences between factories and the confidential nature of individual piece rates have inclined the Manufacturers to deal with Union agents individually rather than collectively at this level. Here, the pressures of personal likes and dislikes have been built up into fairly rigid relationships between the various people concerned.
- (d) The nature of these relationships, added to other rigidities derived from the Union's form of organization and BSAC reactions to the inexact piece rate system, have combined to discourage efforts in the direction of improved factory operations--further discouraged, in this case, by the type of sales outlets served by Brockton Manufacturers.

3. The operation of these forces has made the attainment of the Manufacturers' basic objective progressively more difficult. Inflexibility has become characteristic of the district; and, with inflexibility, have come relatively inefficient factory operations, correspondingly high costs, and more emphasis on the merchandising policy which leads to a job-lot production process. In this situation, the Manufacturers have seen, as their major alternative, a general reduction in wage rates.

4. In assessing their situation, the Manufacturers most generally place the blame on the Brotherhood, directing particular attention toward the form of that organization. In the past, at least, the Manufacturers have perceived little or nothing which they, themselves, could do to improve what they recognize as unsatisfactory conditions.

#### The Brotherhood Approaches Wage Activity

In this section, as in the previous one, the discussion will fall roughly into the following categories: (1) the objectives of Union wage activity; (2) the pressures which Brotherhood officials have felt and their reactions to those pressures; (3) the results of those reactions; and (4) the Union's assessment of the Brockton problems.

The atmosphere in which the Brotherhood was founded dictated to the leaders certain organizational objectives, objectives relating primarily to the procedures through which the Union was to operate. First of all, as a reaction against the autocratic methods used by the Boot and Shoe Workers' Union, the new organization was to work in a "democratic" way, responsive to the wishes of rank and file shoeworkers. Provisions were made for frequent election of officials by a secret ballot, for strict limitations on their authority to act, and for a General Board of "bench workers" to supervise the affairs of the Union. Second, the Brotherhood was set up as a federation of semi-



autonomous craft units, each having jurisdiction over the piece price adjustments affecting members of the craft. As a result of this "federal" type of organizational structure, two levels of Brotherhood objectives must be defined: those of the general Union and those of the various craft groups.

In his book entitled Trade Union Wage Policy, Arthur Ross states that the principal objectives of union wage activity are (1) institutional survival and growth, (2) the personal ambitions of decision-makers, and (3) the gaining of benefits for the rank and file.<sup>1</sup> Conceding that the union leader must convince the members that union activity is beneficial to them, he rejects, however, the rigid concept of the union as a "monopolistic seller of labor governed by a maximization principle".<sup>2</sup> Ross' concepts of what are and what are not the objectives of union activity are generally, though not exactly, applicable to the behavior of the BSAC. In this case, however, the restrictions on the powers of officials and the provisions for control by the rank and file give prominence to the goal of benefits for the membership, whether the unit involved is one of the craft groups or the organization as a whole.

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1. Ross, Trade Union Wage Policy, pp. 26-27.

2. Ibid., p. 21.

At the level of the various craft unions, this goal breaks essentially into two sections. First, the Price Experts, in protecting their own position and that of the Local, have worked to satisfy grievances and to obtain from the Manufacturers the highest piece prices possible on "their" operations. In this endeavor, the Price Experts have not generally concerned themselves with the possible effect on employment of any concessions they might win or of any actions they might take; for they have felt that an adjustment on an individual rate is too small to affect the quantity of shoes sold by a given company. As Ross would put it, they make a "wage" bargain, not a "wage-employment" bargain. Second, each craft, in working for its own benefit, has guarded against encroachments on its position relative to all the other crafts. As a previous chapter has indicated, the total amount of economic welfare available to workers in a particular factory is limited and has often been bargained out to a definite labor cost. Under these circumstances, a relative gain by one group must eventually result in losses by other groups.<sup>1</sup> In this sense, then, the objectives of individual craft units within the Brotherhood may actually be in conflict.

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1. Combined with a "system" of loosely defined piece rates, these craft jealousies account in large part for the rigidities in individual piece rates, no matter what changes are made in specific job requirements.

At the level of general Brotherhood activity, the competing interests of craft groups have created the rule of thumb of equal treatment to each: all crafts suffer to the same degree when concessions are made and benefit to the same degree when increases are obtained. In general wage movements, which have been predominantly increases, however, the voting strength of small groups of skilled workers has meant the definition of "equal treatment" in percentage terms, rather than cents per hour. It is at the level of general wage movements, moreover, that the institutional and personal objectives stressed by Ross have been most important. Brotherhood officials, in protecting their own position as well as that of the Union, have been forced to show that they, and their "set up", could "win" as good or better concessions from the employers as could the Union groups and leaders operating in the North Shore women's shoe industry. Especially when the factional struggle within the Brotherhood has been most threatening, it has become the point of reference of general wage activity. Even so, however, Brotherhood officials have not disregarded the possible effect on employment of a wage increase which they might obtain, though they have preferred to let the Manufacturers say "no", rather than say it themselves. On the other hand, when the factional dispute has not been so pressing, Brotherhood officials and Price Experts have, on

two occasions at least, negotiated for general increases only after being pushed by the Union's General Board.

As Brotherhood officials have worked for improvement in the general level of wages, then, they have been subject to the following principal pressures. First, the facts of competition between craft groups and of the voting strength of skilled workers have influenced the nature of these movements: "equal" treatment of all workers, though on a percentage basis. Second, the statements and actions of rival leaders, rival unions, and "radicals" within the Brotherhood have created pressure for general wage movements, pressure acting primarily through the medium of "institutional" and "personal" objectives. Finally, the rank and file Brotherhood members, as represented by the delegates to the Union's General Board, have, in effect, forced somewhat unwilling officials into pressing for wage increases which the officials felt were ill-advised. In these particular cases the leaders were more fearful (possibly for longer-run institutional and personal reasons) of an adverse effect on employment than were the rank and file.

The weight of evidence indicates, however, that both the rank and file and the officials of the Brotherhood have been greatly concerned over the volume of work available in

the Brockton district.<sup>1</sup> In their public statements, Union leaders have characterized themselves in a role of "reasonableness", stating on many occasions a recognition that "competition" limits the advisability of winning wage increases. As quoted in Chapter VI:

"The shoeworkers in Brockton are not receiving enough money for the work they perform or to support their families in the way that they should be supported. It is unfortunate that we cannot argue for an increase in wages solely from this point of view. Whether we like it or not, we must take into consideration that the workers here and in other districts are competing against one another, and until such time as this unfair competition is eliminated, we will continue to be the victims. We realize that to drive our wage scale above what competition will stand would be disastrous for all concerned".<sup>2</sup>

Although pressure from the rank and file has, upon occasion, forced the leadership to seek additional concessions, evidence from the Union records indicates that, at other times, the membership has shown more concern for getting "shoes" into Brockton. The resolution sent to the General Board from the Finishers' Local late in 1937 illustrates this concern: "We are in favor of offering to

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1. Some indication of the Brotherhood's interest in creating additional job opportunities in Brockton may be gained from the fact that the Union contributed \$2,500.00 to the Brockton Industrial Fund in 1938. The money was presumably to be used as one means of attracting industry to the City. BSAC, Memo of a General Board Meeting, February 7, 1938.

2. Brockton Enterprise, July 26, 1937.

any and all manufacturers in the District a price low enough for them to bring back the business that has been lost to this District".<sup>1</sup>

In this case, the pressure came from a group which cut across factory lines; however, rank and file concern over volume has more generally been expressed through the stewards at individual factories, as they pleaded for some sort of "special" arrangement. These arrangements, made through the mechanism of the Grade System as explained in Chapter VII, have been the result of a conscious effort to affect the volume of work, and, in some cases, have been explicit wage-employment bargains, with a specified labor cost and a guaranteed rate of production. In making these bargains, Union officials have tried to separate "new" business, accepted, in a sense, at a lower labor cost, from established sales accounts, where labor's price was maintained at a higher level. In the same way, an attempt was made to treat companies individually rather than as a group, making concessions on a case by case basis in accordance with either inability or unwillingness to "pay".

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1. BSAC, Memo of a General Board Meeting, October 25, 1937.

These actions correspond very closely to the theoretical model of the "monopolist", discriminating between markets in his pursuit of maximum profits; in fact, the whole mechanism of the Grade System was really introduced as a way of "holding what you have" but, at the same time, of going after additional business at a differentiated price. In this sense, then, the Brotherhood has been concerned with a "maximization" problem. Further, in the concessions which have been made as a consequence, one of the important motivating pressures has been the desire of the rank and file for action which would increase the volume of work: that is, the "cause" of increased employment, though at a lower rate of pay, has at times, been more potent politically than easier promises of great gains in the wage rate.

The threatened and actual losses of business which have impelled the Brotherhood to face the problem of unemployment have been caused, in large part, by low-wage competition from unorganized or partially organized areas. The serious nature of this non-union competition has been recognized by the Union's leaders as well as by the rank and file; and, as a consequence, pressure has been generated within the Brotherhood for organizational work. The results have been intermittent campaigns for new members

carried on by the BSAC independently and in conjunction with the United Shoe Workers of America, CIO--and, in addition, an almost constant factional dispute in Brockton over the question of amalgamation into the CIO group.

These campaigns, as well as those of other shoe unions, however, have never been very successful, so that, in 1939, only one-third of the employees in the shoe industry were covered by union agreements.<sup>1</sup> Though the percentage grew rather dramatically during the war years--in 1945 63% of the workers were employed in unionized plants--many of the union organizations were of a strictly local character.<sup>2</sup> The reasons for such resistance to unionization on the part of shoeworkers are probably directly related to the excessive number of shoeworkers and to the mobility of shoe companies. Writing late in November of 1934, the Shoe Workers' Protective Union, an organization which tried to unify shoeworkers, stated the case clearly in a bulletin entitled "An Appeal for Unity: Failure". This statement is of sufficient general validity for the following decade that it is quoted extensively below.

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1. U.S.B.L.S., Earnings and Hours in Shoe and Allied Industries During the 1st Quarter of 1939, p. 26.

2. U.S.B.L.S., Wage Structures, Footwear, 1945, p. 3.



"In general when the shoe workers speak of organizing the unorganized, they are thinking and speaking in terms of pure self defense. The workers in the organized centers, when they speak of organizing the unorganized areas mean that they want prices and hours in these open shop districts brought up to the level or close to the level prevailing in their own communities. By doing this, the organized workers believe that THEIR manufacturers will have no inducement to move their business and will be placed on an equal footing (as far as labor costs and labor conditions are concerned) with all other manufacturers. In short, by organizing the unorganized, the organized workers believe that they will protect themselves.

The unorganized workers also think in terms of self-defense. They, too, want to work. They want to keep their firms--whether one firm or a few or many firms--and too often they look with suspicion upon organizers who came to them with the message of unionism, believing that these organizers are mainly interested NOT in the unorganized workers but in creating conditions so that THE ORGANIZED workers will reap a benefit. The open shop firms, Chambers of Commerce, etc., play upon this feeling<sup>1</sup> and the actions of the organized workers and their representatives have only too often given color to this sort of propaganda. On the other hand, the unorganized want organization to protect themselves from the oppression of unscrupulous firms who are taking advantage of their helplessness as unorganized, individual workers to reap unfair profits for themselves (and to work general harm to the entire industry) by driving prices of both labor and product

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1. The statement of the International Shoe Company made just before a strike deadline in 1947 illustrates this point. Part of the company's shoe factories are organized by the United Shoe Workers of America (CIO), part by the Boot and Shoe Workers' Union (AFofL), and part are unorganized. The USWA had set a strike deadline for all of the company's plants which it had organized. The company stated to its employees that, if the strike is called, "the ultimate result will be that many shoes now supplied through our factories will be produced by companies in other sections of the country. This appears to be the real intention of the union, a majority of whose members are in plants which for several months have suffered for lack of business." Boston Post, September 30, 1947, p. 4.

below the natural level which they would normally find under FAIR competition and FAIR competitive conditions. The unorganized workers want to improve their wages and conditions and shorten hours BUT NOT TO THE EXTENT THAT THEIR FIRMS WILL MOVE either to organized centers or elsewhere. They do not want a union with no factories and no jobs. And so, they are often sceptical of union organizers".<sup>1</sup>

The feeling that shoeworkers are elusively difficult to organize into "one big union", made more or less explicit by the "Protective", has never been more than implicit in the Brotherhood's case. Perhaps stemming from the bitter experience with the Boot and Shoe Workers' Union, Brockton shoeworkers have agreed "in principle" with the idea of "one big union", but, when the question of amalgamation has arisen specifically, not with "this" union or not at "this" time. This essential confusion has, perhaps, prevented the BSAC, as an organization, from facing on a conscious level and with a long-run point of view the question, "Since unionization of the industry seems impossible for us, what can we do to hold our jobs and our wages?" Instead, the long-run program has implicitly been assumed to be "organization of the industry", despite the publicly unexpressed feeling that such a goal seemed out of reach.

As a result, the problem of maintaining the volume of business in Brockton has been treated by the Union as a

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1. Shoe Workers' Protective Union, Bulletin No. 3, November 24, 1934, "An Appeal for Unity: Failure".

series of immediate and different problems: "Company A has been operating at half-time for the past two months and has an opportunity to get a new account which would double its volume--if the appropriate labor cost is granted". In this way, under pressure from the shop crew and the shop stewards as well as from the Manufacturer, the Brotherhood has made adjustments in piece prices, hoping to keep the arrangements made at one factory separate from the others but, inevitably, being caught in a total situation which demanded comparable treatment all around.

In assessing Brockton's declining volume of shoe business and shoemaking jobs, Brotherhood Officials have generally placed the blame on either or both of these two factors: (1) the nature of the industry, especially the "unfair", cut-throat competition characteristic of the product market, and (2) the inadequacies of Brockton Manufacturers in the struggle to keep their production methods "modern" and their factory conditions "competitive".

Perhaps the most precise statement of the Union's grievances against the shoe industry is contained in a Brief supporting various proposals for the revision of the Shoe Code under the NRA. Here are cited a number of practices "which for years have been eating the heart and profit

out of the shoe industry".<sup>1</sup>

The practices referred to were principally methods by which those who purchase shoes from the excessive number of Manufacturers were able to depress product prices and, as a consequence, the wages of shoeworkers. In addition to simple threats of loss of business unless prices (and therefore costs in this low profit industry) were reduced, large buyers especially were attacked for methodically "squeezing" out overhead and for exploiting the practice of "selling across the board". For example, the Brotherhood cited the following case, as an illustration of the latter practice:

"Shoes are figured from what is called the 'base shoe' upward. This base shoe is a plain shoe with no wing tip, perforation, foxing nor other part that is called an 'extra'. A price is set on this plain or 'base shoe' at \$2.00. Other shoes are built up from this shoe with additions such as wing tips, perforation, fancy foxings, stitched heel seats, all entailing extra material and labor. An average price that figures \$2.30 or \$2.40 with the base shoe is all averaged at about \$2.15. The first manufacturer (1) finds no loss from this average price, but the buyer (2) wants more of a certain fancy shoe so he goes to (1) and asks for more built-up shoes at \$2.15. (1) says they cost him more than that and refuses to sell at that price so (2) goes to another manufacturer (3) and shows him the order duplicate with this shoe quoted at \$2.15. (3) wants the business and cannot figure it so he goes to his workers, who are on part time, and they take a wage reduction to get the added volume of business".<sup>2</sup>

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1. BSAC, Brief in Support of Labor's Proposals That the Shoe Code Should Be Reconstructed, submitted October 22, 1934.

2. Ibid., Case 3.

While Brotherhood leaders have thus sympathized with and understood the problems of the Manufacturer, they have not felt that the Manufacturer himself was free from blame for Brockton's declining job opportunities. To the charge that BSAC price lists are not "competitive", Union Officials have answered that "conditions of work" in Brockton factories are not "competitive" either. Referring to competition from the larger producers of men's shoes, the Brotherhood has stated:

"Their system of manufacturing is an entirely different process from that employed by Brockton manufacturers. Their system is based on quantity and not quality. The Brockton district is and always has been based on quality and it is obviously unfair to class the aforementioned firms as competitors. If this is what Mr. Cort wants and is willing to change his system of production, we are sure the BSAC will be receptive."<sup>1</sup>

In this way, Brotherhood leaders have stated their feeling that labor cost comparisons with the shoe industry's mass production factories are not applicable to Brockton. Along with such statements, they usually add, as they did in this case, that the Union would meet "competitive" conditions with "competitive" prices.<sup>2</sup>

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1. Brockton Enterprise, December 12, 1946, p. 41.

2. Many Brockton Manufacturers question the sincerity of this statement. They point out that the Brockton shoemaker is relatively old, averaging about 52 years of age and that, therefore, he could not adjust to the rapid work pace of the mass production factory.

Altogether, then, the Brotherhood's approach to wage activity may be summarized in the following way:

1. The classification of union objectives, as proposed by Ross, seems generally applicable to this case: Brotherhood actions have sprung from the objectives of (a) institutional survival, (b) personal ambitions, and (c) additional benefits for the rank and file. In this case, however, the conditions under which the Union was formed dictated certain provisions for internal government which have limited action purely for objectives (a) and (b) and tended to focus attention on objective (c).

2. The structure of the Union is such that fourteen craft groups operate on a semi-autonomous basis within the general Brotherhood. In such a situation, the objectives of each craft have been essentially selfish: higher piece rates for "my" group and effective competition with the other worker groups for the limited economic welfare available. These craft jealousies may account, in large part, for the rigidity of Brockton's piece rates.

3. At the level of general wage movements, Union Officials have apparently felt the following sorts of pressure:

a. Pressure to treat each shoemaker "equally" has meant, operationally, equal percentage increases, since

skilled crafts have proportionately great voting strength on the General Board of Directors.

b. Personal and institutional objectives have been most effective at this level, since rival unions and factions within the Brotherhood have tended to use general wage comparisons as a principal point of reference.

c. Even at this level, however, BSAC officials have hesitated to press for general increases, fearing consequent unemployment; and, on two occasions, they have taken action only after being pushed by the General Board.

4. At other less prosperous moments during the 1930's, the most compelling pressure behind Union actions has apparently been that of actual or threatened unemployment. To this pressure the Union has responded with differentiated wage adjustments, made through the mechanism of the Grade System. These bargains have, in many cases, been explicit wage-employment bargains.

5. The Brotherhood's greatest wage problem has been that created by the competition of non-union manufacturers with the factories located in Brockton. Sporadic attempts have been made to organize these competitors, but those attempts have not been generally successful. Nevertheless, "organizing the unorganized" has been seen by Brotherhood officials as their only long-run solution for Brockton's competitive problems.

6. With no workable long-run program, though, the Brotherhood has become involved in a more or less piecemeal approach to wage activity, an approach which, in solving "today's" problems, has only created more problems for "tomorrow".

7. In assessing Brockton's loss of shoe business, Brotherhood leaders have generally blamed two factors: (1) the "unfair" competition in the industry, fostered by pressure from large shoe buyers, and (2) the inability of Brockton's Manufacturers to offer "competitive" working conditions. Like the Manufacturers, they have not seen change in their own organization as a means of solving their problems.

### Summary

Several summary statements about the approach of the parties to Brockton area wage activity may now be made.

1. The objectives of the Brotherhood have been different from those of the Manufacturers. While these differences have not precluded the existence of a common ground for settlement of individual controversies, they have, however, been dominant enough to make Brockton wage activity appear as a struggle between the parties rather than an effort toward a mutually acceptable goal.

2. Both parties have recognized and dealt with a need to create politically stable settlements, which would



decrease the potency of the "radicals" and the threats of rival unions. Such settlements have served the institutional needs of the BSAC and personal goals of Union leaders, and, as well, have provided the basis for continued manufacturing operations and for the accrual of benefits to the rank and file. The focal point of these political arrangements has generally been movement in the general level of wage rates.

3. The fact that the parties have needed to make political settlements has not made their economic circumstances any less real. These circumstances, judged primarily in terms of employment levels in Brockton, have been dealt with through the mechanism of the Grade System and on a more or less confidential basis.

4. While the Grade System has provided a modus vivendi for the district, the basic conflict in objectives, as well as the local institutions and history, have given to the district a strikingly negative attitude toward any sort of change. The jealousies between the various craft groups, the restricted behavior patterns of individuals, and the type of sales outlet served by the Manufacturers all tend to confine the nature of wage activity--from manufacturing methods to general wage bargaining--within rather narrowly defined limits.

5. Both the Union and the Manufacturers recognize the depressed level of business activity in Brockton as a vital

problem; however, each throws the blame for this problem on the other or on outside factors, thus making change through introspection unlikely. Perhaps, after all, there really is no satisfactory solution. The shoe industry is fiercely competitive--even in 1948--and the wages paid average among the lowest in our industrial classifications. Thus, the root of Brockton's problems may lie in those characteristics of the shoe industry which dictate the fierce competition and the low wage levels. Nevertheless, to the extent that partial solutions are possible, neither the Brotherhood nor the Manufacturers have seemed especially disposed, in the past at least, to work together in a constructive manner. Instead, more like Alphonse and Gaston, they prefer to bow, but never to take the first step.

CHAPTER X  
CONCLUSIONS

Wage activity in the Brockton district has now been described and summarized in the form of the approaches of the union and management groups to their wage problems. This question, however, remains to be answered: "What conclusions, drawn from this data, may be stated in more general form, as useful points of comparison with findings derived from other situations?" In this chapter, six such generalizations will be presented and discussed.

1. The important forces conditioning wages in a given situation cannot usually be determined from the study of general wage movements alone.

War Labor Board "formulas" applied during World War II and the wide publicity given to "rounds" of general wage increases in the post-war period of full employment have provided a justifiable basis for great interest in the determinants of these general wage movements. Certainly, the general movements that have occurred, to a greater or less extent, in almost every industry both before the War as well as since, are an important part of the total wage activity in those industries. Further, to the extent that "patterns" effectively determine the wage bargains made throughout the economy, an understanding of how these

"patterns" get their start and how they spread is essential to understanding of the economy's operation. On the other hand, there is no reason to assume that general wage movements represent the sum-total of wage activity and to base, therefore, the analysis of wage-determining forces simply on observations made at this level. Such an assumption and analysis is apparently quite tempting.

For example, in a recent study entitled Trade Union Wage Policy, Arthur M. Ross seems, at least, to make this assumption. Ross directs his attention toward the determinants of union wage policy, which, he suggests, are not to be found in the "slogans of the labor movement" or in "formal arguments and documents", but rather, in the "operating decisions" made "when the chips are down". He seems to examine, however, only those decisions in which general wage movements are involved; for these are the questions which he poses as crucial:<sup>1</sup>

"Should the wage provision of the agreement be re-opened? What should be the union's initial demand? Should the employer's initial offer be accepted?...Should the union consent to arbitrate? Should a strike be called?"

In the case of the Brockton men's shoe industry, however, significant aspects of wage activity have taken place outside the context of general wage changes. Through the

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1. Arthur M. Ross, Trade Union Wage Policy, p. 11.

mechanism of "graded" lists of piece prices, it will be recalled, the principals in Brockton wage activity have adjusted to the economic circumstances in which they have found themselves. At this level, then, as well as at that of general wage movements, wage determining forces are to be found. Are "adjusting mechanisms" outside the context of general wage movements simply insignificant exceptions in American industry? There are indications that the answer is, "No". For instance, Slichter has written as follows:<sup>1</sup>

"Piecework may help unions and union employers to adjust themselves to changed business and market conditions. For example, during a business depression or under formidable non-union competition a union employer who thought it desirable to bring out a cheaper line of goods would have less difficulty in securing concessions from the union if the workers were on piecework than if they were on a time basis. In either case, concessions are politically difficult for union leaders to grant. If payment is by the hour, concessions in labor costs can be made by the union only by reductions in the hourly rate of pay. If payment is by the piece, the union can make concessions by consenting to lower piece rates, which may be yielding very high earnings, or by accepting, for new operations, piece rates which are quite favorable to the employer."

In the building trades, lackadaisical enforcement of the "union scale" was apparently commonplace during the thirties. In other industries, the use of merit rating

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1. Sumner H. Slichter, Union Policies and Industrial Management, Brookings, 1941, p. 292.

systems or the adjustment of work loads may be important areas of wage activity, reflecting different pressures from those apparent at the level of general wage movements.<sup>1</sup> Finally, programs of union-management cooperation are often motivated, initially at least, by a need to adjust costs to lower levels, when this is not possible through general reductions in wage rates.

2. General wage movements, on the other hand, may be the principal point of reference for satisfaction of the "political pressures" which emanate from the fractionalized nature of the American labor movement, from rivalries within particular unions, and from comparisons with the achievements of "other" employee groups.

This point Ross brings out most clearly in his analysis of the pressures at work on union leaders as they make "operating decisions" relative to general wage movements. This approach seems, in fact, to be the most fruitful for explanation of the origin and spread of wage patterns through important sectors of American industry. The approach contains within it, of course, an explanation of the way in which the general "economic climate" is translated into action on the general wage "front".

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1. Even Ross mentions (in a footnote) that "in some industries it is common for union members to work below the scale by secret agreement with the employer". Ross, op. cit., p. 14 (Footnote No. 21).

The evidence gained from examination of the general wage movements in the Brockton shoe industry tends to illustrate this point. Again and again, in the settlements that were made, wage changes were directed toward an unstable political situation. Common objectives seemed to be, "settle this unrest", "take the wind out of the radicals and support the reasonable fellows", and "keep the North Shore Reds (or later the CIO) out of Brockton".

3. Even at the level of general wage movements, though, the possible effect upon output and employment of any given settlement may be an important, determinative pressure in the bargaining process.

Brockton employers and the Brotherhood have both recognized that the actions of competing shoe centers and companies limited the size of any settlements which might be made in the district. Consciousness of the possible "employment effect" of general wage settlements has been most apparent when the "rival union" situation was relatively quiescent and when the problem of unemployment was most pressing. Clearly, for example, the Union's objective in presenting the extremely low price list in preparation for Army bids in 1940 was motivated by a desire to bring the jobs which those orders represented to Brockton. Similarly, the objective of retaining jobs was the principal pressure behind the "giving back" of an earlier 5% increase

in October 1937, despite a contract covering the ensuing five months. In at least two instances, however, Union Officials have been more moderate in their demands on the Manufacturers than the members of the General Board of Directors, composed of workers who spend full time at the bench, deemed desirable.

4. When all of the areas of wage activity are considered, however, the employment side of the wage bargain may become a dominant, motivating force--such that the Union may consciously try to adjust the level of employment through changes in wages.

The Brotherhood, using the mechanism of the Grade System, has frequently tried to affect the volume of work available by making wage changes. In many cases, explicit wage-employment bargains have been made, in which the Union granted a specific labor-cost concession in return for a guaranteed rate of production from the company. In fact, the existence of the Grade System, itself, is evidence of efforts made over a long period of years to attract low-priced shoe business to Brockton by offering to "do" the shoes at a differentiated labor cost.

With this conclusion and the preceding one, Ross does not agree. He has taken the position that the "wage bargain must almost always be made without consideration of its



employment effect",<sup>1</sup> and he has summarized his argument as follows: "The volume of employment associated with a given wage rate is unpredictable before the fact, and the effect of a given rate upon employment is undecipherable after the fact. The employment effect cannot normally be the subject of rational calculation and prediction at the time the bargain is made, and union officials are in no position to assume responsibility for it".<sup>2</sup> Any exceptions to this rule, he relegates to the role of an "exceptional case"<sup>3</sup> (sort of like the "imperfections" for which he ridicules exponents of the "marginal productivity doctrine"). Reynolds also feels that wage changes and the level of employment are unrelated in the short run, though his conclusion is stated in a little different form from that of Ross: "... , it seems reasonable to expect that the direct effect of a wage change in a particular firm on output and employment in that firm will usually be very close to zero".<sup>4</sup> Dunlop, on the other hand, has distinguished a number of cases in which there has been a "noncyclical relation between wage rates and

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1. Ross, op. cit., p. 94.

2. Ibid., p. 80.

3. Ibid.

4. Lloyd G. Reynolds, "Toward a Short-Run Theory of Wages", American Economic Review, June 1948, p. 308.

employment",<sup>1</sup> and Slichter has described the efforts of some unions to use wage rate changes as a means of fighting technological unemployment or threats of non-union competition.<sup>2</sup>

There is no doubt, furthermore, that the experience of the Brockton shoe industry runs counter to the expectations of both Ross and Reynolds, but the question is, "Does this experience simply reflect exceptional circumstances?" In answering this question, the distinction made by Gordon should be useful. He distinguishes between "the 'job shop' type of business, which quotes on individual orders to particular specifications and produces only after the sale is made, and the type of business which is geared to continuous production of one or more products, for which production plans are made and prices are quoted in advance of sales".<sup>3</sup> Gordon then points out that "In the case of the job shop quoting on individual orders, marginal calculations are likely to be more important".<sup>4</sup> If this is true, then wage changes in individual firms could be expected to affect the level of employment in those firms.

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1. John T. Dunlop, Wage Determination Under Trade Unions, Macmillan, 1944, pp. 61-66.

2. Slichter, op. cit., pp. 228-240 and pp. 345-369.

3. R. A. Gordon, "Short-Period Price Determination in Theory and Practice", American Economic Review, June 1948, p. 282.

4. Ibid., p. 285.

The shoe industry seems to fit this "job shop" description, for here most firms manufacture for particular orders and to the buyer's specifications. In addition, a competitive product market allows individual firms to adopt independent courses of action, which, in this case, are facilitated by the incompleteness of union organization. Are these "job shop" and "competitive" conditions so rare in American industry that they may be neglected? Though Gordon classified the "continuous production" type of business as the "more important one in practice",<sup>1</sup> he apparently thought the "job shop" businesses important enough to mention as a significant case.

It is probably impossible to classify all American business into "continuous production" or "job shop" categories; however, "job shop" conditions exist in such diverse industries as men's and women's clothing, independent foundry operation, and the manufacture of specialized machinery, to name a few. Efforts have been made, on the other hand, to classify industries according to the concentration of economic power and consequent degree of competition in each one. Out of "275 categories included in the Census of Manufactures for 1935", in "49 manufacturing

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1. Ibid., p. 282.

industries...the index of concentration was relatively low<sup>1</sup>--that is, the four largest firms in the industry produced less than twenty-five percent of the industry's output and the eight largest, less than one-third. While these statements cannot be regarded as conclusive, they do give evidence, at least, that many American industries are characterized by "job shop" production conditions and competitive product markets. Research on wage activity in these industries, then, may find an "employment effect" associated with wage changes. If such a finding is made, associations between employment and wage changes in individual firms cannot be relegated to the role of the "exceptional case".

5. Unemployment or underemployment may become an effective determinant of wage activity through the creation of a demand by the rank and file for action which will increase the volume of work.

During the period from 1933 to 1947, pressure for "shoes" was frequently placed on Brotherhood leaders by the rank and file. This pressure sometimes originated with craft groups, but, more often, it originated with the shop crews in factories where employment problems

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1. TNEC, Competition and Monopoly in American Industry, Monograph No. 21, 1941, pp. 28-29.

were most acute. Thus, the "cause" of increased employment has become politically more potent than easier promises of wage increases.

With this conclusion, too, Ross disagrees. He does admit that unemployment may become a problem for a union, but he views this problem in the following terms:<sup>1</sup>

"Thus, it is the employer rather than the unemployed or potentially unemployed worker who forces the decision in the normal case. From the standpoint of the union, the purpose of agreeing to the cut is to maintain the bargaining relationship on as satisfactory a basis as possible. What appears as a danger is not that employment will fall off but that the employer will become hostile. It is the loss of friendly relationships, bargaining units, and collective agreements, rather than the loss of jobs, which is most to be avoided".

Ross' conclusions do seem applicable to one phase of the Brockton experience: that of the actions of the Boot and Shoe Workers' Union in Brockton previous to 1933. Here, the Union practically cut itself off from the membership in order to maintain "friendly relationships", but the result was disastrous for that Union. Since the Brotherhood's organization, wage reductions granted as a means of attracting additional business into the district have been responses to rank and file pressure, rather than the unilateral action of the Union's leaders.

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1. Ross, op. cit., p. 15.

In this connection, however, the Brotherhood, as a result of the extremely democratic nature of the organization, has faced a problem of "inaction" on a number of occasions. This disposition to "discuss" rather than "decide" when the question was particularly delicate has been given additional impetus by the craft form of union organization. Thus, the principal goal of some craft representatives has sometimes been "protection for my group" rather than the "best interests of all the workers concerned". Perhaps as a result of patience with delays and disagreements, though, the Brotherhood has survived trying times, whereas its predecessor union did not.

6. Small technological changes in piece-work industries tend to be captured by the workers directly concerned with the change, thus altering the intra-plant wage structure.

A number of examples were cited in Chapter VIII, describing the piece-rate system in Brockton. This conclusion corresponds, roughly, to one stated in more general form by Dunlop: "Piece work or incentive rates permit a more regular and immediate capture of the gains of productivity than a day-rate wage payment system".<sup>1</sup> In Brockton,

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1. John T. Dunlop, "Productivity and the Wage Structure", Income, Employment and Public Policy, Essays in Honor of Alvin H. Hansen, Norton, 1948, p. 351. He expands on this point as follows (pp. 344-5): "Unequal rates of technical change may, however, in time substantially alter job

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the tendency for the immediately-affected worker to share disproportionately in the gains from technological change was noted, as well, when the change in job content was relatively great, involving a completely new machine and a greatly changed job content. This seems to have taken place since (1) workers on the old job have asserted a prior claim to the new one and (2) bargaining on the new rate has consequently taken as a point of reference the rate on the old job.

In conclusion, a comment on the objectives of union activity, as evidenced in this case, may be in order. The classification proposed by Ross--union behavior as motivated by needs for (a) institutional survival, (b) personal achievement on the part of the leaders, and (c) increased benefits for the rank and file--seems to fit, in a general way, the Brotherhood of Shoe and Allied Craftsmen. Perhaps the most relevant question, though, concerns the relative potency of these objectives, rather than their mere existence. On this question, the Brockton experience provides some evidence, for the Brotherhood supplanted an organization which placed the interests of institutional survival and personal ambition above the wishes of the rank and file.

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relationships. In the garment industry, for example, over a number of years, as the result of a series of minor technical changes, the position of the presser (paid by the piece) has been improved relatively to the cutter (paid by the hour) so that he now earns more per hour on the average".

As a consequence, the Brotherhood has been characterized by democratic procedures, designed to assure the membership of an organization responsive to its demands. As such, union activity in the Brockton district has survived the most taxing circumstances. Perhaps, then, vigilant emphasis on the interests of the rank and file, despite conflict with short-run institutional and personal needs, is the means for truly stable trade union operations.



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