

# Welfarism or Paternalism: Making Sense of S. D. Warren's Path in Its Nonunion Era, 1854–1967

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## Abstract

The S. D. Warren Company employed a mix of paternalistic and corporate welfare practices. Founder Samuel Dennis Warren's paternalism and nascent corporate welfarism was preserved and expanded for eighty years after his death in 1888. Later managers elaborated the founder's hybrid industrial relations approach but failed to transform it. After the 1920s, the company became a "laggard"—in Sanford Jacoby's typology of corporate welfarism—in two senses: by continuing paternalistic practices and by failing to transform shop-floor management. This static shop-floor regime eventually made Warren vulnerable to worker dissatisfaction and dissent, leading to its unionization in the 1960s.

The S. D. Warren Company is a paper manufacturer with its principal mill located in Westbrook, Maine. From the start, S. D. Warren employed a mix of paternalistic and corporate welfare practices. For nearly a century after founder Samuel Dennis Warren's death in 1888, his benevolent philosophy and nascent welfarism was preserved and expanded, at first by Warren's descendants and then later by a small, tight-knit group of managers. Missing, however, was any systematic approach to shop-floor practices. And, while the company continued to elaborate the founder's hybrid industrial relations (IR) approach, it appeared to not substantially transform it. The company after the 1920s thus became a "laggard"—in Sanford Jacoby's typology of corporate welfarism—in two senses: by continuing to rely on paternalistic practices, and in its failure to transform shop-floor management (Jacoby 1997:26–28). This static shop-floor regime made S. D. Warren Company a ticking time bomb, vulnerable to worker dissatisfaction and dissent. Such dissent erupted once,

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in a 1916 strike, and surfaced again in the 1950s and 1960s, when workers and paper unions made several attempts to unionize, finally succeeding in 1967.

The development of Warren's hybrid IR approach by the company founder, and its continuation by subsequent managers over the period from 1854 to the mid-twentieth century, is described in a longer paper.<sup>1</sup> The company was among the first "welfare" innovators in the 1880s, providing high wages, high-quality housing, extensive public facilities, and employment security. Later, it added the eight-hour day (1901), athletic facilities, and health insurance, among other new benefits. But the mill expanded benefits without adopting the post-1920s innovations of Jacoby's "vanguard" companies. These vanguard companies turned away from paternalism and cultivated a more bureaucratic and pecuniary ethos (Jacoby 1997:20, 25–28). By contrast, at S. D. Warren the founder's nephew John E. Warren and great-nephew Joseph A. Warren, who ran the mill from 1883 through the 1920s, and the non-Warren managers who followed, all maintained the practices and symbolism of the Warren's paternalism: getting to know the workers; management by walking around; personally authorizing loans to workers "in crisis"; and continuing the practice of employment security for the worker and a worker's extended family. This paper turns to evidence gleaned from oral history interviews that describe the continued paternalism and shop-floor management failures at S. D. Warren Company during the period from the 1940s to the 1960s.

Frank Jewett, a research chemist at Westbrook's R&D lab in the 1940s, describes John Hyde, mill manager during the 1930s and World War II this way:

John Hyde was an exceptional man. He knew everybody. He didn't know *everybody*, but he knew almost everybody who worked at the mill, by recognition. . . . For example, whenever a guy had hard luck—if somebody was awful sick and he needed money for surgery or some other damn—he'd go down to see John Hyde. John Hyde would tell him he'd help him. He'd pick up the phone and call the person—whoever has charge of payroll there, that he was lending, the company was lending this man so much money, and he was paying it back at the rate of a dollar, or a dollar and a half a week to be deducted from his paycheck. . . . And he'd shake the guy's hand, and the guy would be happy. . . . He seemed to care about the personnel, and they knew it. And he was for the city's interest, and he was quite a guy.

Hyde continued this practice of giving a "fair hearing for all employees" that Samuel D. Warren and John E. Warren were known for. Howard Reiche, a 1950s management trainee who later became mill manager, discusses the paternalism of "Mother Warren" ("that was the name of the company, that's

what we called it") in describing then-company-president George Olmstead, Jr.: "I don't know if it was good or bad, but it was different. Everybody knew everybody. George Olmstead, who was just one of the great guys, walked through the mill, and everyone knew George when he was a management apprentice . . . . It really was a family."

Employment security was another critical piece of the Warrens' managerial legacy. This included not only employment maintenance during downturns, but also a "family hiring system" that lasted into the 1970s (Jacoby 1997:65). Those who worked during the nonunion era suggest not only a sense of personal job security, but also a confidence in *multigenerational employment security*. Once one member of a family gained employment at the mill, other family members (sons, daughters, nephews, etc.) could virtually count on first crack at job openings. Only the most persistent prospective workers lacking family connections were hired, but success required years of weekly or even daily visits to S. D. Warren's personnel office. Workers invariably describe preunion "Mother Warren" as a "family-type operation." The latter phrase has a double connotation: the Warren "*family*" ownership took care of its employees, and the mill's workforce consisted of extended families.

An unusual feature of Warren's paternalistic employment policies and culture was the mill's willingness to tolerate workers who drank, missed work, and who were slow performers. Moreover, if a worker had to miss work for several days or a week, fellow workers would fill in his or her time card and maintain their workload, with tacit acceptance by supervisors. The mill also kept on injured workers, placing them in "light-duty" jobs such as monitoring gauges.

Thus, although Warren's management, beginning in the 1920s, forged a business strategy consisting of numerous technical and marketing innovations,<sup>2</sup> it continued to rely on an increasingly antiquated IR strategy that represented a continuation of the earlier Warrens' mix of paternalism, employment security, and welfare plans. For many decades, this strategy sufficed as the company thrived economically and maintained the apparent loyalty of its Westbrook workforce. Unlike much of the rest of Maine's paper industry, Warren's workers did not unionize in the 1930s and continued to reject union representation into the 1940s and 1950s.

Despite these successes and innovations, interviews with retired workers, foremen, and middle and top managers whose earlier careers spanned the period from 1940 through the early 1960s paint a picture of startling production inefficiency<sup>3</sup> and particularly of human resource and shop-floor management culture and practices only marginally altered by the emergence of a personnel department and industrial engineering. In contrast to vanguard corporate welfare plans that took pains to end the foreman's empire, at the

S. D. Warren Company, this empire was alive and well into the 1960s and played an important hand in the mill's eventual unionization.

Each operation had a department superintendent, area supervisors, and foremen. Certain management functions—notably personnel and industrial engineering—were separate from the departments and served the entire mill. Shop-floor operations and human resource management had the following characteristics. As noted, workers gained employment primarily through family connections. Personnel managed hiring, and it was in charge of firing. Thus, foremen at S. D. Warren had lost the power to hire and fire, as is typical of post-1910s manufacturing. Unlike “vanguard” welfare companies such as Kodak (Jacoby 1997:69), however, Warren's personnel department had little or no role in the selection or training of foremen and supervisors.

Despite the loss of control over hiring, foremen wielded tremendous power over their subordinates. Thus, depending partly on the management style of particular department superintendents (especially paper machine and maintenance), supervisory fiefdoms flourished in certain parts of the mill (including finishing). Within these particular departments, workers experienced abusive treatment, rampant favoritism, and even sexual harassment by foremen and supervisors. A lack of communication within the mill's management, both horizontally — between foremen and supervisors and the personnel and industrial engineering departments—and vertically—between front-line supervisors, middle-management (department superintendents), and the mill manager—allowed these bastions to remain unchallenged and problems to go unaddressed. I turn now to firsthand accounts of this foremen's empire and its effects. Robert Burton describes early 1950s foreman training:

Yeah, the guy handed me a wrench, and said “you do this and this and this” and go to work. (Laughs) I did train with another foreman for about a week, but I was doing it all in a couple of weeks.

Q: Was the training mostly about equipment?

Yes. At the time, the foreman set the machines for every order.

Production workers suggest that many foremen were respectful. They were invariably recruited off of the shop floor and therefore had strong connections with relatives and neighbors who remained in production. Functionally, they were in charge of coordinating production on one or several machines or operations and generally had a free hand in allocating workers to job openings, overtime assignments, and the like. With the important exception of ability to fire, foremen could therefore reward or punish workers with substantial increases or decreases in weekly pay through these and other powers. Asked

if the mill's management made any effort to train or constrain the power of foremen, Reiche responded by saying, "Absolutely not, absolutely not."

Warren workers apparently had no recourse in this situation. A worker's ability to go to an owner or higher management to complain about, and perhaps get redress from, abusive foremen was a hallmark of many effective early paternalistic and later vanguard corporate welfare firms.<sup>4</sup> According to Reiche, there were no formal *or* informal grievance procedures of any kind during the preunion era: "The path was to your foreman, and you jolly well didn't go around that foreman. If the foreman said "that's it, I've decided," you'd be a damn fool if you went around [him]."

Workers have strong memories of foremen's favoritism and abuse. One says, "There was [*sic*] a lot of unfair things that went on there, as far as who got jobs, and who got the better jobs, who got the overtime, and who got the *best* overtime. Just a lot of unfairness going on." Another recalls, "I could have gone into the pipe shop two or three times, but back then, this is prior to the union, if you didn't know anybody, or you wasn't a suckass, you could go over and stay second class until the day you retired." A former manager, who came shortly after unionization, has this recollection, "What I heard, and I can't document it or anything, is that management used their positions to take care of their favorites. That there was [*sic*] disparities relative to who got extra opportunities. I can believe that, too, because I knew managers who, even with the contract, would try and influence or . . . they would create work opportunities for people they liked."

Favoritism overlapped with sexual harassment, particularly in the finishing department, where hundreds of female employees worked. One woman who began there in 1950 said that, "If you were a sweetheart or pretty, you would be given a prized bonus job." One male worker recalls that "women got jobs by giving sexual favors to foremen." Women who refused "had the shittiest jobs," and received "the worst treatment."

There is agreement that unionization addressed this problem. A former manager said, "You can only denigrate people so long and tell them . . . don't give me any guff. 'Gee, I like this junior person on this team, I'll move him up and put him over here.' . . . Uncertainty. A real uneasiness." This retired worker exclaimed, "They couldn't hide it any more, the little foremen that were dictators in their own section of the mill. All of a sudden they lost that power [about] what they did or said because they knew it would be heard upstairs."

Prior to unionization, instances of favoritism, safety and health concerns, and disagreements between workers and management spurred occasional bouts of worker resistance. The most notable was a 1916 union recognition strike defeated by the company (Scontras 1997:24–26). According to a union

organizer's report, workers who had joined the union complained of "the autocracy of the petty bosses who discharged men without reason and then refused to give anyone a hearing" (Burns 1922:181). Other actions, apparently local to specific parts of the plant, are mentioned in oral history interviews, including several 1930s walkouts, a 1960 work slowdown in the finishing department over bonus rates, and a 1966 walkout in the solvent coater room after a worker's death there.

By the 1960s, enough animosity accumulated to create receptivity to unionizing. It appears that the mill's top management was unaware of shop-floor problems. Says former foreman Burton, "I think they [top management] relied too much on some of the [inadequate] information they were given. Information given at a lower level, or like, from industrial relations." Reiche sums up: "When I think back about unionism in the mill: the mill got what it asked for, in the sense that it allowed people, in management, to abuse their position. And I think that abuse found a very fertile field."

## Conclusion

By the 1960s, a gap had thus emerged between the myth and substance of the Warren's paternalistic brand of corporate welfarism and the daily shop-floor reality of many workers. A majority of Warren's blue-collar employees came to the conclusion that the guarantees of Warren ownership needed to be buttressed by the due-process benefits of union representation. Undoubtedly, many other factors contributed to the emergence of pronunion sentiment after previous organizing attempts had failed. Interviews suggest at least several other important factors. One was a greatly improved organizing strategy, more respectful of the Warren legacy and focused on persuading female workers to support the union, and based on the tactic of first unionizing skilled craft maintenance workers to get a "toehold" in the mill. The uncertainty generated by the sale of the mill to Scott Paper Corporation just months prior to the production workers' National Labor Relations Board (NLRB) vote was undoubtedly another. And, a growing number of experienced union leaders or strongly pronunion rank-and-file workers came into the mill from other locations and firms.

By the 1960s, resentment against these shop-floor abuses shifted the balance of worker's loyalties away from the company and toward the latest in many unionization attempts. The ticking time bomb of S. D. Warren's antiquated shop-floor management style finally erupted, and unionization triumphed after repeated past failures.

With the mill's unionization, S. D. Warren's long-lived nonunion regime came to abrupt end. In its wake, elements of "Mother" Warren's IR system were stood on their head. United Paperworkers' International Union Local

1069 and Warren's smaller craft union locals battled—through strikes, aggressive use of grievance procedures, and a fierce negotiating approach—to acquire seniority, bidding rights, and other protections. In the 1980s and 1990s, Local 1069 rejected Scott Paper's proposals for greater labor-management cooperation and work reorganization, proposals that were elsewhere embraced.<sup>5</sup> Increasingly, as a less stable and less committed corporate ownership began to downsize the Westbrook mill, workers resorted to using the Warren's legendary generosity, protection, and care as a yardstick against which to measure the performance of the mill's subsequent corporate owners. In many respects, these later owners have been found wanting.

## Notes

1. Available from the author upon request. See also Green (1989) and Scontras (1997).
2. These included the development of "Warren Standard" brands that were advertised nationally and distributed through a newly organized association of Warren merchants who agreed to offer standard prices and to not re-label Warren papers. The company also made extensive efforts to standardize production while expanding investments in new capital goods. These innovations could be described as "Chandlerian" (Chandler 1977).
3. This point is developed more fully in the longer paper.
4. On "grievances" under paternalistic owners, see Scranton (1984:237), and Hall, Korstad, and Deloudis (1986:255–257). The latter describe southern textile owners in the 1920s as "ever-present figures"; "workers had direct access to the owner and sometimes saw him as a buffer between themselves and supervisors, a 'force that could bring an arbitrary and unreasonable [overseer] back into line.'" For "vanguard" companies, see also Jacoby's description of grievance procedures at Kodak (1997:88, 92–93) and at Thompson (1997:160–61).
5. See Hillard (2002). On acceptance of these proposals by UPIU and craft union locals in other locations, see Getman and Marshall (1993:1855–60).

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