

II. LERA/URPE/LAWCHA — Labor Across the Boundaries

Capital's War of Position and the Destruction of the New Deal System

MICHAEL G. HILLARD

University of Southern Maine

It has been thirty years since President Ronald Reagan busted the Professional Air Traffic Controllers Organization (PATCO). Since then, the power of large employers has continued to grow while labor weakened, and the power imbalance between the two is as great as at any point since World War II. Barack Obama's 2008 election and a strong Democratic Congressional majority provided a brief window for significant labor law reform; however, for the third time since the 1970s, Democrats disappointed their union friends by failing to marshal the votes needed to pass the Employee Free Choice Act (EFCA), despite its potential benefits to workers and the Democratic Party itself.

Where does this leave labor scholars who have advocated for collective bargaining and for the important place of unions in a politically and economically balanced polity? Industrial relations (IR) scholars continue to support labor-management cooperation (a narrowing possibility), depict the assault on labor since PATCO, research the varying effectiveness of organizing strategies such as card-check, and work with allies in the broad labor community. But the failure of EFCA, Republican resurgence, and the current attack on public sector unions continue to auger poorly for the future of industrial relations scholarship and practice. This is yet another new chapter in the long-run decline of U.S. workers' fortunes, a decline that resulted from the ongoing destruction of the postwar union and non-union employment systems that began in the early 1980s (Mishel, Bernstein, & Scheirholz, 2009; Osterman, 1999). While LERA's new Employment Policy Research Network is a promising beginning to a new course for the IR tradition, such efforts can benefit from the perspectives offered by scholars of labor and working-class issues and radical political economists.

I will argue for two interrelated insights: (1) the Marxian scholar Antonio Gramsci's conception of the political and cultural struggle between capital and labor; and (2) the recent work of U.S. labor historians on the sustained war American employers have waged against organized labor and the New Deal state that began in the 1930s. The story of the post-1980 destruction of the New Deal "consensus" and IR system beginning in the 1970s is well known to IR scholars (Kochan, Katz, & McKersie, 1994). But labor historians' careful research into the "class agency" of American employers, especially during the New Deal era, and interpreting this analysis through a Gramscian lens, provides a deeper perspective on these historical contours and points the way for possible new directions in the labor and employment relations field. My argument will be controversial for IR scholars because it calls for re-examination of the field's core ideas about the employment relationship, in particular the need to recognize class conflict's harsher edges.

Gramsci and the War of Position

Like other industrial capitalist nations, radical movements challenged American business and the capitalist order in the early 1900s. While the Socialist Party and International Workers of the World didn't ultimately establish themselves on a scale comparable to European left movements, they were nonetheless integral to the militant "new unionism" of the 1910s (Montgomery, 1979). The expansion of welfare

capitalism in the 1920s and support for state repression of radicals during World War I defanged these challenges to unilateral business domination of the employment relationship.

The 1910s and 1920s set the terms for what Gramsci depicted as a “war of position” (Jones, 2006). Capital waged a broad cultural, ideological, and political contest vis-à-vis American worker movements in the following decades. Gramsci, trying to understand why Marx’s predictions of proletarian revolution proved wrong in the 1920s, sought to understand the forces limiting labor movements and radical parties from achieving revolutionary success in the advanced capitalist countries. He formulated a reinterpretation of Marxian thinking about class conflict. Naked class conflict in the forms of strikes and radical parties’ challenges to the traditional capitalist order had become supplemented if not superseded by movement of this struggle into the “superstructure” of cultural and ideological thought. He argued the new class conflict was embedded in developments like the ideology of working-class consumption, embodied in his famous analysis of American “Fordism.” It meant class conflict was more complex: not just the terms of employment but also that the ideological understanding about capital, labor, and the state become an “object of struggle” (Jones 2006). Winning this struggle meant a readiness and ability to fight a “war of position”—battling not only strikes, worker organizing, and management reform efforts, and not only in courts and halls of legislation, but also over the widely held views of the legitimacy of capitalism, unions, radical parties, and the state as an instrument of social and economic reform.

Throughout the earliest part of the 20th century, Capital sought to establish a subtle political and cultural hegemony over the newly emboldened working class.² This hegemony is reliant on dominant conceptions of the economic and political order; for example, at various times “industrial democracy,” “economic security,” or “free enterprise” have held sway in the United States. Hegemony is the creation of a coalition of various groups (powerful, not powerful), in which undisciplined, broadly held common sense thinking makes dominant ideology persuasive and gives it material force. This elicits consent, speaks to felt needs and desires of the less powerful, and makes ruling dominance more effective and powerful than naked coercion. Because hegemony means that cultural conceptions and forms shape how people think and act (e.g., believe society is legitimate, curb acts of rebellion), it can be said that these ideas gain “material force.”³ In turn, hegemony is always based on creating an uneasy alliance between various social groups (or even just members of these groups); this alliance is unstable, and the dominance of hegemonic ideals and culture must be constantly re-created.

Establishing and reproducing broad conventions with material force is the result of struggle. Ideological conventions regulate institutional and societal behavior, creating many possibilities, disciplining/proscribing others, and shaping the forms and objects of agency. The period from World War I through the late 1920s illustrates these processes. There was a powerful surge of unionism and labor radicalism that peaked in 1919. Wartime repression of the left was followed by the forceful 1919 defeat of an unprecedented uprising of one fifth of the American labor force. The less contested years from 1922 to 1929 saw American business radically expand paternalistic welfare programs, company unions, and an ideology of consumerism (Green, 1998; Lynd & Lynd, 1959). A chastened American Federation of Labor accepted the new order, and even John R. Commons conceded that company unions represented a legitimate form of industrial democracy. Consumption was particularly important to the fight for hegemony; throughout the first 60 years of the 20th century, business legitimacy was able to piggyback on a system that literally “delivered” the goods to workers (at least in good times). Capital was aided on this front by the shift in the American labor movement from the Knights of Labor’s radicalism to the AFL’s embrace of consumption, which defined labor’s role as achieving a “living wage” supportive of middle-class consumption (Glickman, 1997).

Nonetheless, the Great Depression and the failure of the first New Deal’s National Industrial Recovery Act to revive the economy opened the way to a profound challenge to capitalist hegemony. During the short years from 1934–37, the labor movement in the streets and liberal New Dealers in office produced a radical reconfiguration of American capitalism through the creation of social insurance, labor standards, worker organization rights, and the establishment of the CIO unions, culminating in the 1937 sitdown strike wave (Lichtenstein, 2002).

This successful challenge to capitalist hegemony ushered in a 40-year period now commonly known as the New Deal Era, with its New Deal industrial relations system. In the end, the New Deal order was not threatening to capitalism itself—even modest challenges to the “right to manage” were effectively turned

back in the late 1940s (Harris, 1982; Lichtenstein, 2002). But it also greatly circumscribed American businesses' control over both workplace and society.

American business could, arguably, have become content to accept the new institutional arrangements of this era, given that Rooseveltian liberalism "saved capitalism" and, post-Taft Hartley, radicalism was largely expunged from the labor movement. American capital could have accepted this new but attenuated hegemony, similar to one accepted if not embraced by western European employers (Jacoby, 1991). But the new liberal hegemony was unacceptable to large swaths of American business. It would be decades before business regained the political and ideological power to fully challenge the New Deal order and to effectively link with conservative politicians and their followers in order to dismantle it. During the interim, as historians show, Capital fought a long, patient, and effective "war of position" to discredit the New Deal order.⁴

The heart of this struggle was the construction of the ideology of "free enterprise."⁵ The tenets of free enterprise were/are

- The United States was formed on the basis of individual liberty.
- Laissez-faire capitalism is the only economic system that delivers both liberty and the good.
- The New Deal and rise of labor represented new elites that took away individual liberty and promised results that could not be sustainably realized without destroying the fabric of society.
- Unions were not to be trusted: they were outside "third parties" that stole from employees, provided no tangible improvement, and sparked needless and gratuitous violent conflict, with workers caught in the middle.
- The welfare and regulatory state, and unions, threatened the core of American values and way of life.
- During the Cold War with the Soviet Union, liberalism was a greater threat than communism to the United States.

This sharp response to the New Deal was formulated in 1940s, when the dominant conception was "economic security" that came with respect for the institutions providing it—namely, unions and the state (Klein, 2003). I turn now to describe the evolution of Capital's struggle to advance free enterprise ideology in its war of position.

Labor and Working Class History's Contribution

U.S. labor historians have increasingly turned to the question of the causes of the post-1970 declension of labor. They have focused on four factors: working class cultural divides (especially over race); the subtle but important divide between Democratic liberals and organized labor throughout the postwar era; the "solid [anti-union] South" leaving labor and liberalism confined, to use Nelson Lichtenstein's term, to an ever-eroding "archipelago"; and finally, the economic, political, and ideological agency of American employers"⁶ (Cowie & Salvatore, 2008; Lichtenstein, 2002; Sugrue, 1995).

The last can be interpreted as being a Gramscian war of position. Works by Elizabeth Fones-Wolf (1995), Colin Gordon (1994), Howell John Harris (1982), and Sanford Jacoby (1997) depict the rapidly formed response of large and midsized American employers to the New Deal. This response included a transformation of the National Association of Manufacturers into a more focused and mobilized ideological and political organization, the formative right-to-work movement that led to Taft-Hartley Act, various challenges to the National Labor Relations Board that led to curbs in its powers to protect workers' right to organize, and most importantly, the creation and dispersion of the new ideology of "free enterprise." Conservative employers supported right-wing think tanks, took advantage of employers' control of the workplace, and deployed economic resources to influence the media and politics.

Let me touch on the particulars of this scholarship. Ronald Story and Bruce Laurie (2007) and Kim Phillips-Fein (2009) further depict the genesis of the business anti-New Deal movement and its dense overlap with conservative ideologues and activists in the 1940s and 1950s. They show how anti-union, anti-state conservatism that lay outside this era's consensus liberal politics gained political currency beginning with

Goldwater's 1964 presidential candidacy, gaining momentum in the late 1960s' cultural wars, and achieving triumph in Reagan's election in 1980. While this is a familiar story in broad sketch, this new scholarship brings to light a wealth of new detail, especially in providing a picture of the movement's breadth and depth at a time when consensus thinking considered conservatism a marginal remnant of an earlier time (Bell, 1960; Kerr, Dunlop, Harbison, & Myers, 1960). Liberal hegemony hid this growing current just as the unionized IR system hid the burgeoning "non-union alternative" (Kochan, Katz, & McKersie, 1994). One accomplishment of this war of position virtually ensured that, over the long run, other forms of conservatism, such as "values" social/religious conservatives, would take free-enterprise tenets as articles of faith.

To illustrate further, Kim Phillips-Fein (2006, 2009) provides a compelling case study of the ideology-making and political organizing of notable "free enterprise" advocate Lemuel Boulware. General Electric (GE) hired Boulware, a sales and marketing maven, after its workers won a nationwide strike in 1946. Faced with the broad community solidarity of workers and local clergy, police, and courts, GE sought to regain the upper hand over the leftist United Electrical (UE) Workers. Boulware concocted a rigid, illegal "bargaining" strategy that bypassed the union and presented contracts "publicly" to the entire workforce, and then refused to further bargain. "The primary theory behind Boulwarism as a contract strategy was that the union should never be shown to win anything for the employees" (2006:255). Boulware's vision was that the "union was an interloper; real industrial democracy lay in the connection between the employer and the employees" (2006:256).

More importantly, Boulware constructed an overwhelming internal education campaign that espoused free enterprise ideals, made radical changes in management, and aggressively used capital flight. GE distributed a weekly publication, *GE News*, that constantly iterated Boulware's stark vision: employers such as GE, powerless in the face of national and global competition, had no room for collective bargaining to influence worker remuneration. The *GE News*, a textbook written by Boulware, and a two-day economics "course" required of all 190,000 workers, stressed the fundamental threat of creeping socialism from the state and unions that sought to undermine the free market.

Boulware understood society to be shaped by "thought leaders—people who exercised a "disproportionate amount of power over other people's lives and opinions," often in groups of eight to twelve people, but sometimes in much larger groups. The problem GE faced, in Boulware's eyes, was that union leaders had become GE's dominant thought leaders. To counter this, Boulware transformed the roles of frontline managers to create a dense affective network of relationships with employees to rival the union structure. Supervisors became "jobs salesmen"—armed with a detailed script on how to deploy free-market ideology. They were urged to read the *Wall Street Journal* editorial page, *The National Review*, and other right-wing journals. Those managers who didn't fall in line were expelled. GE then hired green and malleable new college graduates who were trained in Boulware's ideology.

GE got systematically involved in local Rotary Clubs, Community Chests, Red Cross, and other civic organizations, especially targeting local clergy who were given plant tours and education. The goal was to ensure that community "thought leaders" were "offered the same initial and corrective information as was offered to the employee" (Phillips-Fein, 2006:259).

GE under Boulware's guidance used capital flight, speed-up in old plants, and new parallel plants in right-to-work states to increase the company's leverage in union negotiations. GE developed "business climate" evaluation instruments and supported right-to-work referenda in other states. GE could and did shut down lines in older factories with union militants and moved them to greenfield plants with compliant, non-union workforces.

Boulware helped forge an extreme view of New Deal liberalism echoed in today's "Tea Party": GE's unions, not the Communist Party, were the real enemy. "The welfare state and the power of labor" and not the Soviet Union, were the "greatest political threat facing the United States" (Phillips-Fein, 2006:263). Boulware's message successfully reached a national audience including Congress and the major media. A widely distributed Boulware speech advocating business activism on behalf of free enterprise principles prompted *Fortune* to publish an editorial arguing that corporations were "re-discovering politics." Boulware also led GE in heavily supporting Goldwater's 1964 presidential bid. Finally, Boulware's GE was the crucible on which Ronald Reagan completed his journey from a pro-New Deal actor and union president the nation's leading conservative political figure.

Other studies examining individual labor struggles and ideological developments enrich our understanding the ideological war of position. Rick Perlstein shows how Goldwater and then Nixon harnessed this movement to bring economic conservatism back to the mainstream (2001, 2008). Bethany Moreton reveals how WalMart's cultural origins and practices harnessed the social conservatism of Arkansas workers in service of its low-wage, non-union model (2009). Founder Sam Walton transformed the region's populist disdain for corporate barons into support for his down-home paternalism. WalMart also became the chief sponsor of "Students in Free Enterprise" (SIFE). SIFE has since implanted a program engaging thousands of students in free enterprise ideology in undergraduate business programs across the country.

Phillips-Fein and others depict the creation of "thought factories" that leveraged the popular work of Friedrich Von Hayak and other right-wing intellectuals. These included the Mont Pelerin Society, the American Enterprise Institute, and the Foundation for Economic Education. National radio programs, the new National Review, and the enhanced mobilization of traditional business groups such as the National Association of Manufactures added to this movement. David Witwer describes a singular campaign to discredit unionism: the ideological campaign promoting the fiction that all trade unions were dominated by union bosses engaging in racketeering (2009). While the 1957 McCarran hearings made Jimmy Hoffa the face of labor, it followed columnist Westbrook Pegler's two-decade crusade to largely invent an image of union corruption. Pegler used his daily perch in millions of newspapers to conduct a fusillade of false or exaggerated descriptions of union corruption, delivered in purple prose. This campaign was crucial to the effort to discredit labor, complementing the repression of left-wing unionists in CIO unions with an assault aimed at conservative AFL unions not vulnerable to Red baiting. Surveys showed a broadening acceptance of the "racketeer menace" among working-class American in the early 1960s, including union households. Jacoby (1997), Phillip-Fein (2008), and Anderson (2008), among others, depict how 1950s state to right-to-work campaigns, national labor law contests, and strikes (Perfect Circle and Kohler) also created vehicles for propagandizing these free enterprise ideas.

Finally, Capital's war of position reached a new stage in the formation of the Business Roundtable in 1972 and the increased anti-union intensity of the National Chamber of Commerce in the 1970s. Working-class disaffection with Democrats, piggybacked on the growing viability of free enterprise thinking to lay the conditions for the post-1980 deconstruction of New Deal system, ensured rapid decline of organized labor and weakening of social insurance and middle-class job structures.

Is this perspective useful to IR scholars? LERA scholars' expert status as dispassionate employment relations analysts has long been based on its advocacy of labor-management cooperation and a more-recent embrace of human resource analysis and practice. But the political and policy success of anti-labor business forces established a new hegemony in the 1980s that has continued to deepen. The success of Capital in redefining the terms of the employment relations system to be a one-sided form of domination has narrowed the scope for high-performance work systems and reduced opportunities for labor-management cooperation. The continuing assault on unions has reached a dénouement. It is essential to acknowledge the historical and political context for labor and employment relations, one in which long-term political and ideological forces have eroded the areas where IR scholars and practitioners can practice. While retaining their values and principles, LERA scholars should recognize that an increasing part of their work should be to wage a counter-war of position in opposition to "free enterprise." There are many signs that IR has shifted to engage this task in past 15 years. Given recent developments, the urgency and clarity of engaging in the long-term battle over the public's understanding of labor. radical concepts and the work of labor historians will be important tools in this effort.

Endnotes

¹ This essay was a response to Nelson Lichtenstein, "Labor, Liberalism, and the Democratic Party: A Fruitful but Vexed Alliance," presented at "Labor Across the Boundaries," Labor and Employment Relations Meetings, Denver, CO, January 6, 2011.

² I will use the term "Capital" in very general terms to denote employers per se. At the same time, I recognize that generalizations made about "Capital" oversimplify the deep complexity of employers, especially their political orientation and views and actions on "class" issues.

³ Material force simply means where ideas shape behavior and constitute (partially) institutions and other social structures. This Marxian concept shares much with Common's notion of "convention."

⁴ The author has written on this campaign as a form of "capitalist class agency" (Hillard and McIntyre 2009).

⁵ See the references section in this paper.

⁶ A handy source on this scholarship is found in a special (Fall 2008) issue of *International Labor and Working Class History* in which scholars debated both the rise and fall of the New Deal and the "conservative turn" in working-class politics.

References

- Anderson, D. (2008). Things are different down here: The 1955 Perfect Circle strike, conservative civic identity, and the roots of the New Right in the 1950's industrial heartland. *International Labor and Working Class History* 74 (Fall), 101–123.
- Bell, D. 1960. *The end of ideology: On the exhaustion of political ideas in the 1950s*. Glencoe, IL: The Free Press.
- Cowie, J., & Salvatore, N. (2008). The long exception: Rethinking the place of the New Deal in American history. *International Labor and Working Class History* 74 (Fall), 3–32.
- Fones-Wolf, E. (1995). *Selling free enterprise: The business assault on labor and liberalism: 1945–1960*. Urbana IL: University of Illinois Press.
- Gordon, Colin. (1994). *New Deals: Business, labor, and politics in America, 1920–1935*. Cambridge, MA: Cambridge University Press.
- Glickman, Lawrence. (1997). *A living wage: American workers and the making of consumer society*. Ithaca, NY: ILR/Cornell University Press.
- Green, J. (1998). *The world of the worker: Labor in the twentieth century*. Champaign, IL: University of Illinois Press.
- Harris, H.J. (1982). *The right to manage: The industrial relations policies of American business in the 1940s*. Madison, WI: University of Wisconsin Press.
- Hillard, M., & McIntyre, R. (2009). Historically contingent, institutionally specific: Class struggles and American employer exceptionalism in the age of neoliberal globalization. In *Heterodox macroeconomics: Keynes, Marx, and globalization*. J. Goldstein & Hillard, M. (eds.), 189–199. New York, NY: Routledge.
- Jacoby, S. (1991). American exceptionalism revisited: The importance of management. In *Masters to managers: Historical and comparative perspectives on American employers*. S. Jacoby (ed.), 173–200. New York, NY: Columbia University Press.
- Jacoby, S. (1997). *Modern manners: Welfare capitalism since the New Deal*. Princeton, NJ: Princeton University Press.
- Jones, S. (2006). *Antonio Gramsci*. New York, NY: Routledge.
- Kerr, C., Dunlop, J., Harbison, F., & Myers, C. (1960). *Industrialism and industrial man*. New York, NY: Harvard University Press.
- Klein, J. (2003). *For all these rights*. Princeton, NJ: Princeton University Press.
- Kochan, T., Katz, H. & McKersie, R. (1994). *The transformation of American industrial relations*. Ithaca, NY: ILR/Cornell University Press.
- Lichtenstein, N. (2002). *State of the union: A century of American labor*. Princeton: NJ: Princeton University Press.
- Lynd, R., & Lynd, H. (1959). *Middletown: A study of American culture*. New York, NY: Harcourt Brace Jovanovich.
- Mishel, L., Bernstein, J., & Scheirholz, H. (2009). *State of working America: 2008/2009*. Ithaca, NY: Cornell University Press.
- Montgomery, D. (1979). *Workers' control in America*. Cambridge, Ma: Cambridge University Press.
- Moreton, B. (2009). *To serve God and Wal-Mart: The making of Christian free enterprise*. Cambridge, MA: Harvard University Press.
- Osterman, P. (1999). *Securing prosperity—The American labor market: How it has changed and what to do about it*. Princeton, NJ: Princeton University Press.
- Perlstein, R. (2001). *Before the storm: Barry Goldwater and the unmaking of the American consensus*. New York, NY: Hill and Wang.
- Perlstein, R. (2008). *Nixonland: The rise of a president and the fracturing of America*. New York, NY: Scribner.

- Phillips-Fein, K. (2006). American counterrevolutionary: Lemuel Ricketts Boulware and General Electric, 1950–1960. In *American capitalism: Social thought and political economy in the twentieth century*. Lichtenstein, N. (ed.), 249–272. Philadelphia, PA: University of Pennsylvania Press.
- Phillips-Fein, K. (2009). *Invisible hands: The making of the conservative movement from the New Deal to Reagan*. New York, NY: W.W. Norton.
- Story, R., & Laurie, B. (2007). *The rise of conservatism 1945–2000: A short history with documents*. New York, NY: Bedford/St. Martin's Press.
- Sugrue, T. (2005). *The origins of the urban crisis: Race and inequality in postwar Detroit*. Princeton, NJ: Princeton University Press.
- Witner, D. (2008). The racketeer menace and anti-unionism in the mid-twentieth century US. *International Labor and Working Class History* 74(Fall), 124–147.