Wars, Depression, and the Struggle for Industrial Democracy, 1914–1947

The years bounded by the two world wars constitute a watershed in U.S. labor history, a time of profound changes in almost every feature of working-class life. During these years, the structure of the economy was transformed by consolidation of a mass production economy and the emergence of its mass consumption counterpart. The composition of the U.S. working class was altered by dramatic changes in the racial composition of the industrial labor force. Paradoxically, these years also saw corporate industrial capitalism plunge from the zenith of its vast cultural and economic power in the 1920s to the nadir of its political influence and credibility in the 1930s. The Great Depression of the 1930s exacted an enormous human toll on working-class America and the frail community institutions upon which workers had traditionally relied during periods of economic hardship. The scale of the economic collapse was so vast that it triggered the sea change in American economic and labor policy ushered in by Franklin D. Roosevelt’s New Deal. Together with the political and social dynamics unleashed by U.S. participation in two world wars, the New Deal laid the basis for a policy of state intervention in the economy, a policy that directly benefited workers and their efforts to organize unions. Taking advantage of changing federal policy toward labor, union organizers orchestrated the most dramatic labor upsurge in American history during the 1930s, a departure best symbolized by the launching of the Committee for Industrial Organization (CIO) in 1935. By the end of World War II, roughly one-third of all U.S. workers were in unions, New Deal liberalism occupied the center ground of American politics, and working-class America was poised to experience a period of unprecedented stability, prosperity, and rising expectations. It would not be too much to say that the interwar years covered in this chapter led to the emancipation of working-class Americans from decades of economic uncertainty, political marginalization, and callous or paternalistic treatment at the hands of employers.

Few of these changes could have been anticipated when the United States plunged into World War I in 1917. That war occurred at a moment of
profound importance for American workers. The progressive movement that had been gathering momentum during the decade prior to the war had shaped President Woodrow Wilson’s reform-minded approach to labor policy. Wilson embraced the progressives’ demand that “industrial democracy” should replace the autocratic and oppressive practices of U.S. employers. This shift was welcome news for the AFL, which was in the process of trying to fight off the radical IWW by turning increasingly toward organizing mass production workers. During the war, the Wilson administration implemented reforms that strengthened the AFL (best illustrated by the creation of the National War Labor Board in 1918) even while it repressed the IWW. Workers responded to wartime reforms by organizing in large numbers. But their gains were short-lived. In 1919 and the decade that followed, employers drove labor organizations out of most of the industries where they had made headway during the war and Wilsonian progressivism collapsed under the wave of political reaction that swept the country once the armistice was signed.

With organized labor in retreat after World War I, it was corporate America that exerted the greatest influence over working-class life. During these years, corporate industrial capitalism instituted vast changes in the structure of the U.S. economy. The establishment of Henry Ford’s famous Highland Park assembly line in 1913 is perhaps the best-known milepost marking the emergence of the mass production economy. Lesser-known changes occurred almost simultaneously with Ford’s introduction of the assembly line. The more efficient open hearth process far outstripped the Bessemer process in steel production. Factories increasingly converted to electric-powered machinery between 1912 and 1929 and electricity became the dominant power source in industrial facilities. Chemical and electrical manufacturing industries soared, spurred especially by the defense demands of World War I. And the theories of such labor efficiency consultants as Frederick Winslow Taylor and Elton Mayo helped employers who sought to maximize the output of their workers.

The changes in manufacturing in turn influenced consumption patterns, providing the basis for an emerging mass-consumption economy in the 1920s. Radios, refrigerators, and automobiles led the way as that decade’s hottest consumer items. Radio production alone rose from $15 million in 1920 to $338 million in 1929. Nearly 2.8 million cars rolled off assembly lines in 1929 alone, and gasoline production quadrupled over the course of the 1920s in a desperate effort to keep up with rising consumer demand. Changing patterns of credit contributed to the consumption boom of the 1920s. Beginning in 1919, the General Motors Acceptance Corporation provided potential buyers with loans to help them buy GM cars. When they could afford them, most workers bought items such as radios and refrigerators on installment plans. Although not all working-class Americans enjoyed the fruits of the boom of the 1920s, the emergence of a mass-consumption economy for many workers dramatically transformed their daily leisure and living patterns, and perhaps even their desires.