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A HISTORY OF THE ILLINOIS MANUFACTURERS' ASSOCIATION

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CHAPTER I

INTRODUCTION

Organizations of employers and manufacturers in the United States first appeared on a more or less local and informal scale about the year 1850. By that date the early industrial development of the United States had proceeded so far as to create a definite "labor problem" in many centers of industry. Local unions in New York, Philadelphia, and other eastern cities were making demands for better wages, shorter hours, and improved working conditions, and employers who adjusted these matters individually with their employees or with the union often found the latter to be well organized, disciplined, and clear as to their objectives.[1] Not infrequently the unions set forth demands that the employer felt to be "utterly unreasonable, coercive," or an actual threat to the ownership and control of his own plant, and he refused absolutely to meet them. The obvious answer to the superior organization of labor was a corresponding organization of producers, which could either negotiate with the union on an equal basis, or, if the union proved "unreasonable," could better resist its demands. By the 1850's the textile manufacturers of some New England towns had informal associations which settled the labor problems of their members on a common basis, while the master tailors of New York, the bakers of Philadelphia, and the printers of Boston were similarly organized.[2] During the Civil War these groups multiplied in numbers and strength, and developed effective tactics for handling "the labor problem." For example, in 1864, a Detroit group known as the Employers' General Association of Michigan and organized as a central organization of various affiliated industrial and commercial groups, was announcing that "labor is being disrupted and cannot work freely" because of the few labor leaders

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[1] John R. Commons and Associates, History of Labor in the United States (New York, 1918), I, 601-607.

[2] Ibid., pp. 606-607; New England Cotton Manufacturers' Association, Report No. I (Boston, 1872), p. 1.

whose spirits "are pregnant with the leaven of discontent." The Association called upon all its members to combine against the agitator, "whose words constantly dropping are full of the seeds of trouble."[3] A year prior to this event, an association of engineering firms resorted to a secret agreement not to raise wages, and drew up a black-list of troublesome men whom the member firms agreed not to employ.[4] In 1865 also, a group of iron founders from Louisville, Kentucky; New Albany, Ohio; and Jeffersonville, Ohio formed "The Iron Founders' and Machine Builders' Association of the Falls of Ohio," and announced the intention of resisting firmly the efforts of the iron founders' union to control wages or set up the closed shop.[5]

Frequently the employers' association, once organized, found a number of other problems within its range of interest. Standardization of the product might be effected to the benefit of all, and understandings upon price and quality might also be advantageous. Under these circumstances, however, it became worth while to attempt organization of an industry upon a regional or even a national scale if the full benefits of co-operation were to be secured. Thus, the Hampton County Massachusetts Spinners' Association, first organized in 1854 became, in 1865, the New England Cotton Manufacturers' Association, and set out to deal with the problems of the industry in the national arena. Eventually this organization became the National Association of Cotton Manufacturers.[6] A similar development occurred within the iron industry, when a number of local Pennsylvania ironmasters combined in 1855 to form the American Iron Association. The latter took on national form in 1864 as the American Iron and Steel Association.[7] Similar developments occurred shortly in a number of important American industries. The American Wool Manufacturers' Association was formed during the Civil War, as was the Writing Paper Manu-

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[3] Detroit Tribune, July 25, 1864, p. 1.

[4] Commons, op. cit., II, 56-57.

[5] Fincher's Trade Review, October 3, 1863.

[6] New England Cotton Manufacturers' Association, loc. cit., pp. 1-3.

[7] National Industrial Conference Board, Trade Associations, Their Economic Significance and Legal Status (New York, 1925), pp. 327 ff.

facturers' Association. The movement gained a decided impetus in the seventies, and continued without interruption until 1919, when practically all industries of consequence were organized nationally.[8]

The trade association, as the combination of this variety was known, differed from later state and national manufacturers' associations in several essential respects. First, membership was confined to firms within a single industry, and the association was peculiarly interested in the problems of its own members rather than those of manufacturers or employers generally as a class. The main concern of the trade association was with the market, and above all, with the problems of price. Primarily the organization was a device for the elimination of destructive competition through understandings regulating price, the volume of production, and marketing conditions. The formation of trade associations in reality, therefore, represented a mild variety of horizontal integration, in a day when the movement toward industrial combinations was characteristic of all industry. The truth of this assertion is demonstrated by the fact that there was a marked increase in the number and strength of trade associations after the passage of the Sherman Anti-Trust Law, and after every serious decline in the price level.[9]

There were, nevertheless, certain features of the trade association that make it clear that this form of industrial combination made important contributions to the structure of later manufacturers' associations. Thus the trade association (just as

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[8]The dates of the formation of some of the more important national associations are as follows: Writing Paper Manufacturers' Association, 1861; American Wool Manufacturers' Association, 1864; National Bottle Manufacturers' Association, 1876; National Wagon Manufacturers' Association, 1879; American Window Glass Manufacturers' Association, 1880; National Electric Light Association, 1885; National Brick Manufacturers' Association, 1886; National Association of Brass Manufacturers, 1886; National Typothetae, 1887; American Newspapers' Association, 1887; National Industrial Conference Board, op. cit., pp. 327-328; Clarence E. Bonnett, Employers' Associations in the United States (New York, 1922), p. 217; Emmet Hay Naylor, "History of Trade Associations in America," Trade Association Activities (Washington, 1925), pp. 301-305; F. Stuart Fitzpatrick, How the Trade Association Works (Washington, 1925), pp. 1-3.

[9]National Industrial Conference Board, op. cit., p. 7; Naylor, op. cit., p. 21; Emmet Hay Naylor, The Value of Trade Associations (New York, 1918), p. 21.

was the later group) was, as a rule, actively involved in the legislative halls of many a state capital and the national government. There it lobbied vigorously for the passage of favorable tax legislation or attacked restrictive regulations which government would have imposed upon industry. Of especial concern in national affairs was the tariff. As early as 1867 the American Wool Manufacturers' Association played a vital part in the enactment of a tariff bill, and from that time forth no tariff measure ever received consideration without serious attention being paid to the attitude of a great many industrial interests as represented in the halls of Congress through the lobbying activities of the trade association.[10]

Occasionally, also, the association considered problems of labor relationships common to the entire industry, although there was not as much activity in this field as might have been expected in view of the early history of most local organizations. The Glass Bottle Manufacturers' Association had, after 1885, a number of agreements with various labor unions, which it negotiated on an annual basis,[11] and the United States Potters' Association had also an arbitration agreement with the National Brotherhood of Operative Potters for many years after 1890.[12] Of more significance from the standpoint of this study was the Stove-Founders' National Defense Association, organized in 1887 principally to fight the labor battles of the stove manufacturers who became its members. Between 1887 and 1891 it waged a number of very bitter labor "wars" with the International Iron Workers' Union, although the organization eventually abandoned open assault upon organized labor and turned to the negotiation of collective agreements.[13]

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[10] F. W. Taussig, The Tariff History of the United States (New York, 1931), p. 183; U. S. Department of Commerce, Trade Association Activities (Washington, 1923), p. 44; E. E. Schattschneider, Politics, Pressure, and the Tariff (New York, 1935), pp. 186-201.

[11] John A. Voll, "Collective Bargaining in the Glass Bottle Industry," Annals of the American Academy of Political and Social Science, XC (July, 1920), 550-551.

[12] National Industrial Conference Board, op. cit., p. 265.

[13] Selig Perlman, History of Labor in the United States (New York, 1927), p. 144; Bonnett, op. cit., p. 40.

For the most part, however, early trade associations did not attempt to control the policies of their industries in labor matters, for the organization was not a satisfactory one either for fighting or bargaining with labor unions. The explanation lay in the fact that the typical trade association was composed of a number of members having widely varying attitudes toward labor, and while one portion of the member-firms might desire outright conflict, others preferred negotiation, so that no single policy was satisfactory to every-one. What was needed, therefore, if organized labor were to be resisted effectively, was an association, the main purpose of which would be resistance to the demands of union labor as a common objective of all employers and property owners. Such a group might be much more effectively organized on an inter-industrial basis, rather than within the lines of a single industry. What was essential was that the members be firmly united in their determination to defend their interests against the pretensions of labor unions both in industrial strife and in the legislative halls. The members must be convinced that the union labor movement represented a genuine threat to the traditional position of private property, and that united action was necessary if the "industrial rights" of employers and property owners were to be preserved. Before 1890, however, there was no widespread and deep-seated conviction among industrial leaders that the labor union represented any dangerous assault upon what they were later to call "the American way of life," and without such a conviction, a strong employers association, acting in concert against organized labor, was an impossibility.[14]

Powerful forces were already at work in the eighties, however, to create a spirit of class solidarity among employers which would impel them toward organization. The Knights of Labor enjoyed phenomenal growth between 1880 and 1887, and by the latter date they counted a membership of over seven hundred thousand enlisted among the nation's major industries.[15] Beginning in 1885 a series

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[14]There are occasional instances of such a spirit on a local scale before the eighties. Thus in 1864 the Chicago Iron Founders' Association asserted, "But when employes seek to enter the sphere of employers, and to dictate to them in the management of their business, it becomes not only the right, but the duty of employers to check and suppress such movements by any lawful means." Reprinted in Frank T. Carleton, History and Problems of Organized Labor (Boston, 1911), p. 74.

[15]Perlman, op. cit., p. 24.

of great strikes under the aegis of the Knights swept the country; and while not all of them were successful, they created much industrial unrest, class consciousness, and resentment among the owners of property. Several thousand telegraphers struck against the Western Union Company in 1883, demanding an eight hour day and a fifteen per cent raise, and while the strike was a failure, it attracted much public attention.[16] Two years later a strike completely tied up the Gould railway system. In it the boycott was used successfully as a labor weapon for the first time, and the strikers also won a settlement negotiated in a conference on an equal footing with the employers.[17] The strike of 1886, which the Knights attempted, called out several hundred thousand in Chicago alone, and led directly to the Haymarket riots. The result of this tragedy was the rise of a powerful class hatred among the owners of industry, and a growing feeling that the "radicals and anarchists" must be resisted with all the strength that intelligent conservatism could muster.[18] Many manufacturers formerly friendly to organized labor now refused to have anything to do with trade unions and declined all offers of arbitration in disputes with their employees.[19] While the Knights of Labor declined after the failures of 1887, the labor movement did not, for craft unionism was already on the rise. A number of national craft unions were organized in 1887, and by 1890, the infant American Federation of Labor already had one hundred ninety thousand members, and was wresting control of the labor movement from the disintegrating Knights.[20]

In Illinois, as elsewhere, organized labor was extremely aggressive in its fight for power, and aroused great resentment among employing interests. What was more to be feared, labor had definite economic and social objectives toward which it was driv-

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[16] Ibid., pp. 81-84. [17] Ibid., pp. 84-87.

[18] This feeling was especially strong among employers in the Chicago area. See Graham Taylor, Chicago Commons Through Forty Years (Chicago, 1926), pp. 124-125.

[19] Of seventy-six offers of arbitration by the Illinois Bureau of Labor, eight offers were rejected by labor and thirty-two by capital. Illinois Bureau of Labor, Reports, 1886, p. 419.

[20] Leo Wellman, Growth of Trade Unions, 1880-1923 (New York, 1924), pp. 31 ff.; John R. Commons and Associates, History, loc. cit., II, 396 ff.; Carleton, op. cit., p. 74.

ing. The Chicago Typographical Union, in 1879, began a campaign for the eight hour day, a campaign largely managed by the Socialist Labor Party. As early as 1878 this party cast over one seventh of the votes in an aldermanic election and sent two men to the Common Council. In their demand for the eight hour day the socialists had the support of over twenty labor unions,[21] and the movement eventually became so "menacing" that the Chicago Typothetae Association was organized in 1887 among Chicago printing houses for the specific purpose of resistance. Conflict between the two groups continued without interruption until 1899.[22] A similar development occurred in the meat packing industry, where pressure from the Knights of Labor forced the packers to do away with the ten hour day for a time in 1886, a misstep which the latter remedied in the same year by the formation of a packers' employers' association, which successfully undertook a drive against the Knights and for the restoration of the former working schedule.[23] The formation of a union labor working council in the Chicago building industry in 1888 for the purpose of working for the eight hour day and union recognition led to close alliance between employers in the various building trades, and the eventual formation of the Building Contractors' Council in 1889.[24] Everywhere, it appeared, employers were organizing to resist the demands of of their employees; everywhere throughout the ranks of the property owning classes a deep-seated antagonism to the objectives of organized labor was finding expression, a bitter class consciousness that saw in union labor and its objectives an assault upon the traditional and recognized institution of private property.[25]

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[21] Commons, op. cit., II, 282.

[22] Emily Clark Brown, Book and Job Printing in Chicago (Chicago, 1931), pp. 34-75; Leona M. Powell, The History of the United Typothetae (Chicago, 1926), pp. 18-19; Bonnett, op. cit., p. 235.

[23] Perlman, op. cit., pp. 97-98.

[24] Royal E. Montgomery, Industrial Relations in the Chicago Buildings (Chicago, 1927), pp. 14-28.

[25] In Massachusetts, for instance, there was activity very similar to that in Illinois. The textile manufacturers of the state formed the Arkwright Club, for the specific purpose of fighting the State Federation of Labor and the Knights of Labor. Labor and capital organizations battled steadily between 1890 and 1892 over the proposed state eight hour law for women. Commis-

This feeling in Illinois and throughout the United States was undoubtedly intensified by the development of a Marxian Socialist Party within the ranks of the American Federation of Labor in the early nineties. This movement, led by Daniel De Leonard and Hugo Vogt, took the position that compromise with the existing social order was futile, and that the trade unions should support socialism and work for the overthrow of the system of private property. For a time this group actually threatened to capture control of the craft unions.[26] In 1893, the American Federation of Labor held a convention at Chicago, in which Illinois labor leaders, including the outspoken Socialist Thomas J. Morgan played a prominent part. The convention adopted a resolution calling, among other things, for legislation establishing the eight hour day, factory and safety inspection, employers' liability, and the abolition of the sweat shop. But what was more significant than the mere alleviatory measures recommended, the convention called for the nationalization of railroads, telegraph and telephone lines, mines, and "the collective ownership of all the means of production and distribution."[27] The work of the convention was, furthermore, declared to be merely preliminary to that of a second and greater convention of farmer, labor, and socialist parties to be held in 1894.

Chicago employers were soon presented with direct evidence that Morgan and other leaders of Illinois labor were not engaged in merely idle talk, but actually intended to enact at least a part of their program into immediate legislation. In 1891, inquiry into conditions in Chicago sweat shops convinced Jane Addams and Florence Kelley of Hull House that an Illinois factory

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sioner of Labor, "Strikes and Lockouts," Report of the Commissioner of Labor, 1896(Washington, 1896), pp. 256-258; Women's Bureau, U. S. Department of Labor, Bulletin No. 66 (Washington, 1929), Part I, pp. 28-31. On the attitude of industrialists and business men toward the efforts of labor see also Graham Taylor, Pioneering on Social Frontiers (Chicago, 1930), pp. 117-130.

[26] Taylor, Commons, loc. cit., pp. 134-137; Lewis I. Lorwin, The American Federation of Labor (Washington, 1933), p. 39.

[27] Eight Hour Herald, May 10, 1894, p. 1; Chicago Tribune, May 29, 1894, p. 1. It should also be recalled that the great Pullman strike was threatening Illinois industry at this time, although the strike had not yet actually been precipitated. Samuel Gompers, "The Railway Strike," American Federationist, I (1894), 121.

inspection law was a badly needed piece of legislation. The Illinois Federation of Labor took up the struggle for a bill,[28] which became law in June, 1893. As enacted, the statute contained a provision establishing the eight hour day for women and children in Illinois industry.[29] This "bold and menacing move"[30] was the last straw. The manufacturers of Illinois drew together for resistance.

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[28]Eugene Staley, History of the Illinois State Federation of Labor (Chicago, 1930), pp. 154-157.

[29]State of Illinois, Laws of Illinois, 1893 (Springfield, 1893), p. 101.

[30]So called by the Illinois Manufacturers' Association in its Directory, 1920, p. xvii.

CHAPTER II

THE ORGANIZATION OF THE ILLINOIS MANUFACTURERS' ASSOCIATION

August 24, 1893, a group of business men and manufacturers met in a small room in the old Medinah Temple on Wells Street in Chicago. In their number were included some of the well known and prominent manufacturers of the state of Illinois, including J. E. Tilt, president of J. E. Tilt and Company, one of the largest shoe manufacturers in the state; August Kuh and Harry Jacobson, leading clothing manufacturers; George E. P. Dodge, of the company bearing that name, and half a dozen other manufacturers of some prominence in the state.[1]

The meeting had been called to protest against a piece of legislation passed at the last session of the General Assembly which the industrialists of the state considered to be a violation of the rights of manufacturers and working people alike, and a piece of dangerous radicalism.[2] The act to which objection was made was that section of the Sweat-Shop Law of 1893 which prohibited women and children from working more than eight hours in any one day in any industrial establishment in the state. In the minds of these manufacturers, the law was an infringement of the freedom of the working man; indeed, it was thoroughly pernicious. They felt it to be, furthermore, only the latest in a long series of incidents which actively menaced the position of the Illinois manufacturer and the interests of his customer, the general public. And they were sufficiently aroused to resist enforcement of the statute.[3]

Most of those present believed that the women's eight

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[1] Illinois Manufacturers' Association, Minutes of Meetings, 1893-1894, p. 1. Other men present were not named.

[2] The act had been passed in June 1893. See State of Illinois, Laws of Illinois, 1893, p. 101.

[3] John M. Glenn, "Early History of the Illinois Manufacturers' Association" (MS, Chicago, 1925), chap.1, p. 12.

hour law, as it was commonly known, was unconstitutional in that it was an arbitrary infringement of the right of free contract. They also held that the act could be defeated in the courts. To indicate their harmony of thought in such matters, a motion was made from the floor that the persons assembled bind themselves together in a permanent organization, not only to test the constitutionality of the eight hour law, but also for the purpose of securing adequate protection for the manufacturing interests of the state. After further discussion of the so-called iniquities of the eight hour law, the group adopted the name, "Illinois Manufacturers' Protective Association." They next proceeded to set a membership fee of ten dollars and appoint a committee to solicit members among the manufacturers of the state. Five days later they met again and decided to incorporate their body as the Illinois Manufacturers' Association. What was to become the strongest, the most closely knit, and most active organization of its kind in the United States had been fairly launched.[4]

No further meetings of the Association were held until February 7, 1894, when a general meeting was called. Fifty-four members were present. William B. Conkey, who was rapidly assuming a position of leadership in the new group, addressed the gathering, outlining the purpose of the organization and explaining that concerted action was necessary if the obnoxious statute were to be defeated in the courts.[5] A few days later at a meeting in the Grand Pacific Hotel, by-laws were adopted and a committee appointed to bring in nominations for officers and directors. The officers, when chosen, were authorized to incur expenses to the extent of one thousand dollars for legal assistance in the coming fight. Very shortly a temporary secretary was appointed; he was allowed one hundred dollars a year for an accountant and given the right to levy upon the members for such funds above the regular dues as might be necessary in the coming attack upon the eight hour law.[6] On February 21st the new organization elected its permanent officers. William B. Conkey was chosen President, and

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[4]Illinois Manufacturers' Association, Minutes, loc.cit., p. 1; Glenn, op. cit., chap. i, p. 13.

[5]Glenn, op. cit., chap. i, p. 13.

[6]Illinois Manufacturers' Association, Minutes, loc. cit., p. 5; Glenn, op. cit., chap. i, p. 14.

Levy Mayer, already a prominent corporation counsel in Chicago, was retained on a part-time basis as attorney.[7]

Meanwhile the new Association had begun its campaign to organize manufacturers against the eight hour law and to win public opinion to its side in the struggle. The Association took a position that was to prove very advantageous in similar legislative battles in the future. The eight hour law, it contended, was not merely contrary to the interests of the manufacturers, but it was an outrageous violation of the rights of the working women of the state and a serious attack upon the welfare of the consuming public at large.[8] The attitude, here adopted for the first time, was consistently maintained by the Association for the next forty years. The officers of the Association always said that the stand that they took upon any piece of legislation was motivated primarily by the interests of the general public and of the employee as well as by the protection of their own investments. The justification for this assertion was based upon the assumption, frequently insisted upon, that the interests of all three groups, the public, the employee, and the manufacturer, were so intimately associated that legislation damaging to one must be damaging to the others.

With this philosophy, the Association rallied manufacturers to its side through bulletins, circulars, and mass meetings, devices soon to become familiar enough to officers and members.[9] The attack upon the law did not proceed, however, without arousing considerable opposition among those groups that had supported the passage of the act. The Chicago Federation of Labor very soon announced its intention of defending the eight hour law. The leaders of labor challenged the sincerity of the Association in attacking the features of the act limiting hours of labor, and asserted that the actual intention of the manufacturers was to

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[7] Eight Hour Herald, February 25, 1894, p. 1. The following officers were elected; President, William B. Conkey; First Vice-President, August Kuh; Second Vice-President, A. M. Thompson; Treasurer, George E. P. Dodge; Secretary, J. E. Tilt; Directors, P. B. Palmer, G. M. Powell, W. E. Ritchie, M. B. Mayne, and Joseph Beifield.

This same paper noted that the new Association claimed three thousand members. This claim, if made at this time, was undoubtedly an exaggeration.

[8] Glenn, op. cit., chap. 1, pp. 14-15.

[9] Eight Hour Herald, February 25, 1894, p. 1.

invalidate the entire statute. What the manufacturers really sought, organized labor contended, was the right to make little children work as long as they liked and under any conditions whatever. The Federation went on to warn workers that it would be fatal to underestimate the strength of the new group, which would be able to retain clever counsel and flatter the public into the conviction that it was acting in the interests of the general welfare. The Working Girls' Eight Hour Club of Chicago, organized at the same time to defend the law, also adopted resolutions condemning the Illinois Manufacturers' Association, and called upon all law-abiding citizens of the state to defend the statute.[10] On March 10th, the Women's Federal Labor Union of Chicago adopted a resolution urging support from the Illinois Women's Alliance (a federation of women's trade unions). Mrs. Thomas J. Morgan, author of the resolution, also suggested that the Women's Federal Labor Union, the Illinois Women's Alliance, and the Women's Trades Assembly co-operate in a series of meetings with representatives of the Illinois Manufacturers' Association in an effort to reach some better understanding and compromise among proponents and opponents of the measure.[11] Very shortly the Women's Alliance adopted the suggestion and extended an invitation to the Illinois Manufacturers' Association, through Mrs. Morgan, for public discussion and debate. J. E. Lieb, now secretary of the Illinois Manufacturers' Association, replied to the suggestion in the following letter:

> We will not enter into the question of the constitutionality of the law, as that will be argued by our attorneys before the Supreme Court, but we do not think that such an outrage upon the liberties of the working women of this state, which at once deprives them of the liberty of making a contract, and robs them of one-fifth of their earnings, will be upheld. And we have no doubt that when this is thoroughly understood by the different labor unions, they will gladly unite in an earnest effort to have such a pernicious law repealed.[12]

Although the manufacturers refused, organized labor decided to stage a public discussion of the enactment anyhow, and April 22nd an open forum was held in Kimball Hall to arouse public sentiment

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[10] Ibid., February 25, 1894, p. 1.

[11] Ibid., March 10, 1894, p. 1.

[12] Letter of J. E. Lieb to Mrs. Thomas J. Morgan, April 18, 1894, "Thomas J. Morgan Scrap-Book" (MS, University of Chicago Library).

in favor of enforcement. Mrs. Charles Henrotin, Dr. E. G. Hirsch, William C. Pomeroy, Bert Stewart, and Thomas J. Morgan, all prominent in labor union circles, spoke in favor of the law. There were no manufacturers present.[13]

Meanwhile the Illinois Manufacturers' Association decided that the best way to force a rapid test of the constitutionality of the eight hour statute was to refuse to obey the act, invite prosecution, and thereby precipitate a test case. Many members, therefore, paid no regard to the statute, and the state factory inspector, Mrs. Florence Kelley, immediately began a series of prosecutions for violation of the act. By agreement between Levy Mayer, counsel for the Manufacturers' Association, and States attorneys John W. Ela and Andrew A. Bruce, thirteen cases were set aside in Judge Gear's County Court for immediate appeal to the Southern Grand Division of the Supreme Court of Illinois, sitting at Mount Vernon the first Tuesday in May.[14]

In arguments before the Supreme Court, Mayer contended that the law was arbitrary, unreasonable, and a violation of the right of free contract. As such it was contrary to the due process of law clauses in the Fourteenth Amendment to the Constitution of the United States and in the Illinois State Constitution. He therefore asked that the court declare the law unconstitutional. His plea was successful. A few weeks later, the court handed down a decision asserting that that section of the Sweat-Shop Act of 1893 which established eight hours as the maximum legal working day for women was in violation of due process and was unconstitutional.[15]

The Illinois Manufacturers' Association had won its point. Very shortly, in order to show their sincerity the officers and directors adopted a resolution upholding the remainder of the law and promising to obey it.[16]

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[13] Eight Hour Herald, April 25, 1894, p. 1.

[14] Eight Hour Herald, April 25, 1894, p. 1; Glenn, op. cit., pp. 15-16.

[15] Ritchie v. People, 115 Illinois, 98. See also, Official Annual Labor Gazette, 1895, p. 131.

[16] The resolution adopted read: "Resolved, that it is the sense of this meeting that the law passed by the legislature of this state, approved June 17, 1893, entitled, "An Act to Regulate the Manufacture of Clothing, etc.," in this state, with the excep-

sic 1895

The victory of the new organization had given the Association, temporarily at least, considerable solidarity and strength. By February 14, 1895, when the Association was a year old, it had a membership of two hundred seven. Its secretary was chosen from the regular membership, and temporary headquarters were established at the Great Northern Hotel. Annual dues had mounted to $25. Soon a group of the directors, headed by William B. Conkey, who was the guiding force of the Association in the next few years, established a legislative committee, whose duty it became to observe carefully the work of the legislature and furnish all members of the Illinois Manufacturers' Association with copies of bills which were of interest to the Association.[17] This inaugurated the direct legislative activity of the Association which has been carried on ever since. The theory of the Association in conducting legislative activity was stated by Conkey at this time, a statement often quoted by the Association as indicative of its attitude:

> The Association has proceeded upon the theory that there are enough honest men always in the legislature to prevent the passage of any unjust or vicious measure, providing the unfavorable or vicious features of a bill are properly brought to their attention. Harmful bills very often drift through unnoticed because apparently they are all right but when examined are found to be exceedingly dangerous. Our mission seems to be to watch for these bills and whenever one is found to properly point out its weak and vicious features.[18]

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tion of that portion which recently had been declared unconstitutional by our Supreme Court meet with the hearty approval of this Association. That we are in full accord with the legislation regulating the sanitary conditions of factories, shops, etc., the preservation of health of employes, and the prohibition of child labor, and that the officers of this state, under this act, be upheld and assisted by us in their labor toward these ends." Illinois Manufacturers' Association, Resolution on Eight Hour Law, 1894 (Typewritten copy in Illinois Manufacturers' Association Office, Chicago). SIC 1895

[17]Glenn, op. cit., chap. i, p. 16.

[18]Reprinted in Illinois Manufacturers' Association, Directory, 1920, p. xvii. It is thus important to notice that the Illinois Manufacturers' Association has denied from the beginning that it is a lobbying organization. The Association has insisted always that their body "never opposes any legislation which is in the interests of the people of Illinois; it never supports any legislation which is not in such interest." Its offices would define a lobby as a group of men attempting to influence the legislature for a secret and selfish purpose. The Association, on the other hand, seeks to influence legislation for a purpose defined

In spite of new legislative activity, victory in the fight against the eight hour law left the Association without an issue. Without a new rallying point the Association lost vitality. Between 1895 and 1898 labor unrest declined, and with it the necessity for concerted action on the part of manufacturers. By the fall of 1895 the Association had become dormant; by 1897 it had but fifty paying members. What the Association needed was two things: first, a permanent central organization in the hands of a man who could bring forward living issues; second, a growing conviction that permanent organization was necessary for the protection of the manufacturers' interests if the industrial system, as the producer saw it, were to survive. Both of these developments lay in the future.

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as public; the welfare of Illinois manufacturing which is intimately bound up with the welfare of both worker and consumer. Therein lies the distinction. Interview with Charles Livingston, publicity director, Illinois Manufacturers' Association, 1936.

CHAPTER III

A NEW PERIOD OF GROWTH

The Association which had thus almost ceased to exist early in 1897, came abruptly back to life in that year. The occasion was a fight over the recently enacted state fire escape law, an amendment to the act passed about ten years before. In 1885, the state legislature had passed a law requiring all buildings in the state of four or more stories in height, except private residences, not including apartments, to be provided with one or more metallic ladders or stair fire escapes. The law also required that all buildings of two or more stories in height be supported with one metallic ladder or stair fire escape for every fifty persons for whom working, living or sleeping accommodations were provided above the second story. Enforcement was left in the hands of local authorities. In June, 1897, this law was repealed and was replaced by one similar in its provisions to the statute of 1885, except that the act was to be enforced by the state factory inspectors appointed under the Sweat-Shop Act of 1893. The new law set up the old requirements for buildings of two or more stories, but it contained the additional stipulation that buildings of two or more stories have at least one ladder fire escape for every fifty persons, and, where working, sleeping, or living accommodations were furnished above the second story, one automatic metallic fire escape or other device for every twenty-five persons.[1]

It was this section providing for automatic metallic fire escapes in certain instances which aroused resentment among manufacturers. Conkey and Levy Mayer were of the opinion that the provision had been lobbied through the legislature and into the

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[1] This material is taken largely from Earl R. Beckner, History of Illinois State Labor Legislation (Chicago, 1927), pp. 224-226. The law may be found in State of Illinois, Laws of Illinois, 1897, p. 222. The provision for "automatic metallic fire escapes" is sufficiently specific to give rise to the suspicion that the Association was correct in its contention that the measure was the result of favoritism to a particular manufacturer.

law by a "ring" headed by one Gus Nohe, president of a company recently organized to manufacture a patented rachet-and-chain fire escape device. They further charged that Nohe and his associates had handed out generous blocks of stock in the new corporation to members of the state legislature to obtain passage of the act in question. The mechanism had also been demonstrated several times before members of the Illinois Manufacturers' Association, who declared that the invention was utterly worthless. On one occasion, they asserted, the regulating device failed to hold and it dropped the demonstrator two stories to the street and broke his leg; on another occasion it left its passenger dangling by the legs in mid-air until he could be rescued. Furthermore, the price of the fire escape was two hundred dollars, while the apparent cost of manufacture was far less.[2] The proponents of the law denied these charges and asserted that the entire statute was drafted at the insistence of fire insurance underwriters, who had recently lost large sums of money in premiums, and who insisted upon facilities by which firemen would be able to carry on their work of rescue and fire-fighting with greater safety.[3] Nevertheless, it was the opinion of the Illinois Manufacturers' Association that the rachet-device was a racket-device, and the officers determined to resist the law.[4]

The reviving organization accordingly determined upon several lines of resistance to the new act. First, all manufacturers in the state were urged to ignore the act and invite prosecution, if the state factory inspector, to whom enforcement was entrusted, cared to impose the objectionable provisions. If prosecutions were commenced, Levy Mayer would act as counsel for the accused manufacturer, and seek to offer the unconstitutionality of the act as a defense. At the same time a campaign for repeal was inaugurated in the state legislature.[5]

This three-fold attack upon the law was rewarded by success. Resistance became so widespread among manufacturers that the state factory inspector in 1898 reported enforcement to be practically impossible, and laid the responsibility directly upon

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[2]Glenn, op. cit., chap. i, p. 2. [3]Beckner, op. cit., p.225.

[4]Illinois Manufacturers' Association, Annual Reports, 1898 (Chicago, 1898), p. 3.

[5]Ibid., p. 4.

the door-step of the Association.[6] The determined opposition of the Association to the law was strengthened by the contention of John M. Glenn, newly appointed Illinois Manufacturers' Association secretary, Levy Mayer and W. S. Conkey, that the incumbent of the office of state factory inspector, Florence Kelley, was in fact a "nonentity." The man who pulled the strings on this "puppet appointee of Governor Tanner" was, Glenn said, George Harris, manager of William Lorimer's political fortunes. Harris was, according to Glenn, an excellent salesman for patent fire escapes.[7]

Meanwhile Mayer, as a second line of attack, had undertaken the defense of a whole series of prosecutions for violation of the law, initiated by the state factory inspector. He argued that the statute was discriminatory and therefore unconstitutional. In this appeal, however, he was unsuccessful, for in 1901 the cases reached the Illinois Supreme Court, which held that the act was constitutional.[8] The decision, however, was meaningless, for in 1899 the legislature repealed the law and replaced it with one which did not contain the obnoxious rachet-and-chain provision.[9]

This victory was the direct result of a drive for repeal on the floor of the General Assembly. That it was successful is no doubt due to the legislative skill and persuasive efforts of John M. Glenn, the new permanent secretary of the Illinois Manufacturers' Association. Perhaps the most valuable result for the Association in the whole struggle over the fire escape law was the acquisition of Glenn himself, for the new period of activity might have amounted to as little as the first except for this extraordinary man. It was he who was to build up a powerful,

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[6] Illinois State Factory Inspector, Annual Reports, 1898 (Springfield, 1898), p. 6. The Association, in a bulletin issued in 1902, lent strength to the inspector's contention with the boast that its officers had "made the law absolutely unenforceable in Illinois." Illinois Manufacturers' Association, Bulletin: The Value of Organization (May, 1902); also Ernest L. Bogart and John M. Mathews, Centennial History of Illinois (Chicago, 1919), V, 182-183.

[7] Glenn, op. cit., chap. ii, p. 2. In view of Florence Kelley's long activity in Illinois social service it was hardly correct to describe her as a "nonentity."

[8] Ames v. Ayer, 192 Illinois 601.

[9] State of Illinois, Laws of Illinois, 1899, p. 220. This act contained the same provisions except that it eliminated the section on automatic metallic fire escapes.

closely knit organization of thousands of manufacturers in the state. It was he also who was to set the pattern for the methods, ideals, and achievements of the Association for the next thirty years. It is not attributing undue power to Glenn to state that, up to his death in 1928, he was the moving spirit of the Illinois Manufacturers' Association, the embodiment of its spirit and the leader of all its activities. Because of this influence he deserves special consideration in a study of the activities of the group whose spokesman he became.[10]

He was no manufacturer, but he early acquired what he was fond of referring to as "the manufacturers' way of thinking and the manufacturers' point of view." According to his own account he had already played some part in the labor troubles of 1886 and 1894, although it is not clear in what capacity he had acted; perhaps it was only as a reporter. At any rate he had come to believe ardently in the manufacturers' cause; and he believed also that the "radicals," of whom he later had so much to say, were a menace to American industry and the public at large.[11]

His decision to become permanent secretary of the Illinois Manufacturers' Association Glenn later attributed to the persuasiveness of Levy Mayer, who painted for him a glowing picture of the new organization, the size of its membership, and its importance in Illinois legislation. When he signed the contract in-

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[10] Glenn was born at Fort Wayne, Indiana, November 14, 1859, the son of Judge and Mrs. John M. Glenn. His father was an attorney of some local prominence. Young Glenn was educated at Monmouth College, whence he graduated in 1883. Shortly thereafter he became editor of the Monmouth Daily Atlas, a position he held for three years. In 1886 he went to Springfield, Illinois, where he and his brother William Glenn purchased and operated the Illinois State Journal for a year. He then went to Chicago, where he obtained a position on the Chicago Inter Ocean. In the next few years he served as a reporter for the Chicago Times, the Chicago Herald, and finally for the Chicago Tribune, working for a time as the Tribune's New York correspondent. In 1897, he became secretary of the Chicago Civil Service Commission; he was in that position when Levy Mayer, casting about anxiously for a satisfactory permanent director for the affairs of the Illinois Manufacturers' Association, discovered him and induced him to take the job. See Glenn's obituary in Chicago Journal of Commerce, April 24, 1928, p. 1; Illinois Manufacturers' Association, Bulletin: John McGaw Glenn (Chicago, 1928).

[11] See Glenn's testimony to this effect in U. S. Senate, 64th Congress, 1st Session, Report of the Industrial Relations Commission, Senate Document No. 415 (Washington, 1914), IV, 3303-3304.

stalling him as permanent secretary at a salary of $200 a month, and took over the dingy offices of the Association in February, 1898, he was both disappointed and disgusted. He found the new organization had only forty-three members, most of whom had not paid their dues for a year or so, there were no new applications for membership, and the treasury was empty. Nor had the new organization a program, and a meeting had not been held for months. But because of his contract, Glenn felt that he could not well back out; in fact he had become interested enough so that he did not want to retire.[12]

The situation challenged this man, who had qualities which were exactly what the office needed, an ability to sell and a knowledge of how to publicize any scheme with which he was connected. He decided that the first requirement of the Association was an impressive addition to the membership rolls, and he started out to obtain it. The first convert was J. Ogden Armour, the packer, who soon became closely affiliated with the new body as a director, and who remained an ardent supporter until his death. Within three years Glenn had built the membership of the once dormant organization from forty-three up to two hundred and fifty of the biggest manufacturers in Illinois, all but seventy-five of whom were located in the Chicago area. So successful a membership salesman was he that few men could resist his blandishments, once he came in contact with them.[13]

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[12] Glenn, op. cit., chap. ii, pp. 4-5.

[13] Ibid., chap. iii, pp. 5-7. Glenn's technique as a salesman of Association membership is worthy of some analysis. He had reduced the procedure to a fine art. Later, when the Association had become much larger, regular full time salesmen were employed as solicitors of memberships, and Glenn wrote down for them to follow the procedure he used so successfully in obtaining memberships:

"After making the request at the wicket, if Mr. Jones is in the operator asks 'who's calling?' Here is a chance to collect important information in rapid fire questions, 'Oh, a personal matter. What is your line here? Business good? How many do you employ here and what are Mr. Jones' initials?' By this time Mr. Jones appears and on no account explain the nature of your business there. Wait until you get inside his office and this is how it can be done. Place your left hand on his shoulder, still shaking hands with the right, give him a little push, and say at the same time, 'Mr. Jones, I want to see you in your office.' He will then unlock the door and apologize for his want of courtesy. 'Oh sure, come right along.' Now start right in with the information you got at the desk. 'I see, Mr. Jones (glancing at the

John M. Glenn had one main formula for building up the organization of which he was now in charge: Always have an issue. The slogan became the watchword upon which the Association functioned.[14] Glenn did not sit and wait for things to happen; he started things happening. It was his conviction that the vitality of the organization rested upon a belief in the minds of the members that the Association was indispensable to them. Life for Glenn became simply one legislative crisis after another. It was his battle cry that industry was in danger that kept the membership rolls filled and the organization functioning. It was incon-

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time-clock cards) you're employing about 38 people now, and by the way the Illinois Manufacturers' Association, which I represent is composed of about 3000 people like you. So this is a special message. You are a manufacturer, we a manufacturers' association, two essentials that ought to go together. I want to prove in dollars and cents, and by the way Mr. Jones, that's how you run this business, how it pays to belong to this powerful organization, for the service it gives and the protection you receive.'

"Change of Tactics if Necessary

"Then follows the usual selling talk and apparently there seems to be no response. Now start in from the emotional standpoint, something like this. 'We must get our support from men like you, Mr. Jones. Somebody must do this work. Our directors serve without compensation. If we are right, we should be encouraged. If we are wrong, we should be forgotten. We cannot go to an ice cream parlor, because it is not in line with our service or policies, because the owner is not a manufacturer, and we are an association for manufacturers. Everybody receives the benefit of our work, directly or indirectly, and if I have you right, Mr. Jones, knowing you as I do, you are too big a man to let George do it. You are not going to receive any benefit without subscribing to that source that makes all these things possible.' (Now play up the final points.) 'It is an honor to be invited to membership in this organization, Mr. Jones, and you will have no regrets. It is powerful. It is what 3,000 men like you have made it today. It will give you all that you need. You say, Mr. Jones, there is too much duplication of effort, that it's $50 here and $100 there and costs you altogether around $500 per year. That is what I want to explain. If you have something that will give you all the service you require and the protection you should have, then why should YOU duplicate the service by taking in others. What you should do is, to find out which gives you the most for the least. Remember we are not a civic proposition. We are a clearing house for industrial problems. You may be strong for Chicago boulevards and parks, but as a manufacturer, I think you are stronger for contracts and tariffs and matters that concern you in the dollar and cent making at a profit, which is business and expected return upon your investment. I think, Mr. Jones, you are more interested in a spur track at your back door than a boulevard at your front door. It may seem selfish, but it's true." John M. Glenn, Some Suggestions on How to Secure Members and Their Interest (Chicago, 1925).

[14] John M. Glenn, "Membership" (MS, Chicago, 1925), p. 1.

ceivable to him that his organization should be left without a task to perform for the industries of Illinois. It was a matter of personal satisfaction to him that labor constantly created new issues in which the Association might become involved.[15]

That these issues for the most part rose in the legislative halls at Springfield was part of the game. That meant playing politics. This he knew and said so:

> It may be suggested that I am getting into politics. I am. But I contend that manufacturing and politics go hand in hand and the sooner the manufacturers realize this fact and take off their coats and use their influence to improve the personnel of the legislative bodies so that statesmen will recognize that their chief purpose should be legislation for the general good, the better it will be for the entire country.[16]

And so Glenn took the Association into politics; into a struggle which he believed to be one of hard, relentless, and bitter partisanship. Some years later William Butterworth, of Deere and Company, for many years an outstanding officer of the Illinois Manufacturers' Association, remarked that upon first coming in contact with the Illinois Manufacturers' Association he had learned that the organization as Glenn ran it was "not at all defensive, but was in fact militantly aggressive in the manufacturers' interest." Glenn's attitude toward the Illinois Manufacturers' Association could be summed up, Butterworth said, in a paraphrase of Stephen Decatur's famous toast: "The Illinois Manufacturer; in his struggles with other interests may he always be right, but the Illinois Manufacturer, right or wrong."[17]

The defense of this philosophy lay in the belief that whatever was of benefit to the Illinois Manufacturers' Association was also of benefit to the general public and the state of Illinois. Furthermore, since the ends which the Association sought were held eminently honorable, the officers did not need to have recourse to methods that would not bear the light of day. Indeed, the Association always contended that its methods were clean and open, and that it had no secrets from the general public. Glenn con-

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[15] Ibid., p. 2.

[16] John M. Glenn, Remarks at the Semi-Annual Conference of the National Industrial Council St. Louis, October 24, 1925 (Chicago, 1925).

[17] Manufacturers' News, February 23, 1924, p. 5.

tinually insisted upon the importance of preserving the Association's good name. No entangling alliances were to be made with politicians, and it was even extremely foolish, he held, to place in writing any communication that might embarrass the Association were it made public.[18]

Glenn's proposition that the Association which he headed must always have an issue proved a sound one. Even before the fight over the fire escape law was ended in 1898, he proceeded to put the rule into effect. Within the next two or three years, The Illinois Manufacturers' Association reached out in half a dozen different directions for new fields of interest and expression. But there was always one limitation, one difficulty. Glenn, Conkey, Ritchie, and the other officials realized full well that an issue was of prime importance; what they had not developed was any adequate understanding of what sort would best serve the organization. There was no comprehensive philosophy governing their selection. Consequently, "issues" might involve questions of genuine concern to the Association in which Glenn and the other officers might find a sustained field of activity for some time; or, as sometimes occurred, issues might amount to nothing more than a mere expression of interest on the part of the officers of the organization, questions in which the Association could not, by the very nature of things, however, play any decisive or even any considerable part. Such "issues" were of comparatively small value in convincing the prospective dues-paying members, whom Glenn was seeking so ambitiously, that the new organization was prepared to perform a service of any great consequence for them. Most of the issues of this early period were of the latter variety. For instance, in the spring of 1898 the Association adopted resolutions supporting the war against Spain and pledging the support of Illinois manufacturers to the president and Congress.[19] The expression of opinion may have been laudable, but it could hardly serve as a rallying point to win membership.

The termination of the war led, however, to an event in which the Association played some small part. In August the

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[18] John M. Glenn, "Duties of a Secretary to a Manufacturers' Association" (MS, Chicago, 1920).

[19] Illinois Manufacturers' Association, Resolution on the War with Spain (Chicago, 1898); Glenn, "Early History of the Illinois Manufacturers' Association," chap. iii, p. 21.

Association's officers were advised from Washington that President McKinley was desirous of obtaining some expression of opinion from the manufacturers and business men of the country upon the territorial and commercial features of the final treaty of peace with Spain, then in the offing. The directors of the Association immediately wired to the president a strongly worded resolution favoring "an open door" to American commerce in the Orient. As a result of this wire Charles G. Dawes, then Comptroller of the Currency, was sent to Chicago to confer with officials of the Association, and at his behest, on September 29, 1898, Secretary Glenn and President Conkey called a meeting at the Union League Club to discuss the questions involved. Seventy-five of the most prominent manufacturers of the state attended. President Conkey opened the meeting with a speech referring to the tremendous importance of the territorial provisions of the treaty with reference to American manufacturers and business men and asserted that President McKinley was anxious to obtain information as to the state of opinion among business men in the country at large. An open debate followed in which most of the men present advocated a policy of territorial development and expansion. The title of the address, "This Country's Duties to the Islands Lately Acquired and Its Commercial Interests," given by E. W. Blatchford, of the firm of that name, revealed the attitude of nearly everyone present. Edgar A. Bancroft, counsel for the Chicago and Western Indiana Railroad, also spoke in favor of expansion, while James H. Eckels, president of the Commercial National Bank, opposed it. Finally the meeting appointed a committee of officers and directors to draft resolutions.[20] The resolutions as adopted represented a compromise between those who favored expansion and those who opposed it, but there was unanimity in defending American commercial interests in the Orient, as well as implied endorsement of expansion.[21] Later officers of the Illinois Manufacturers' Asso-

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[20] The men on the committee were: J. E. Tilt, of the shoe firm of that name and one of the original founders of the Association; John V. Farwell, of the John V. Farwell Company; Levy Mayer, general counsel for the Illinois Manufacturers' Association; J. M. Cutler, vice-president of the Elgin Watch Company; and John M.Glenn.

[21] Illinois Manufacturers' Association, "John M. Glenn" (MS, Release to Associated Press, August 2, 1928); Illinois Manufacturers' Association, Annual Reports, 1898, p. 6; Elliot Durand, Defensive Alliance With England (Chicago, 1902); Manufacturers' News, August 15, 1925, p. 30.

ciation arrogated to themselves the distinction of being among the earliest proponents of the open door and proudly asserted that they played an important part in bringing the administration to insist upon territorial provisions favorable to American business interests.[22]

Somewhat closer to the immediate interests of the members of the Association was the litigation which Counsel Mayer began about this time with the Chicago Telephone Company at the request of the officers of the Association. In 1889 a city ordinance had established the sum of $125 per year as the legal rate for the highest class of service in the city. The telephone company, however, ignored the ordinance. Rates were steadily raised between 1889 and 1901, and in the latter year stood at $175; the telephone company justified this charge by the statement that the service and equipment furnished in 1901 was of a higher and more expensive kind than that furnished in 1889. During 1899 and 1900 Glenn, Mayer, and Conkey, nevertheless, protested several times to the telephone company that its rates were excessive. Since protest accomplished nothing, Mayer, on October 2, 1901, opened legal proceedings against the telephone company in the Cook County Courts. January 7, 1902 Judge Henry Tuley rendered an opinion upholding the contention of the Association that the rates were illegal, and issued an injunction against the telephone company to restrain it from charging more than the fee stipulated in the ordinance for this service class.[23] The case was eventually appealed to the Appellate Court and finally to the State Supreme Court, which in 1903 rendered a decision once more upholding the Association in its opinion.[24] Meanwhile the Association filed back claims to recover the difference between the amounts paid to the 'phone company and the legal rate. This claim, involving some forty-six thousand dollars was also allowed by Judge Tuley, and the Association closed its books on the case in 1903 with the

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[22] Editorial by Secretary Glenn in Manufacturers' News, August 15, 1925, p. 12.

[23] Illinois Manufacturers' Association, Annual Reports, 1902 (Chicago, 1902), pp. 12-13; Illinois Manufacturers' Association, Bulletin, Telephone Litigation (Chicago, May, 1902); Chicago Tribune, January 8, 1902, p. 3.

[24] Illinois Manufacturers' Association, Annual Reports, 1903 (Chicago, 1903), p. 7.

assertion that it had won a substantial victory for the members.[25]

Somewhat similar, but less definite in character, was the successful campaign the Association carried on between 1900 and 1905 to lower fire insurance rates in Illinois. W. W. Willetts, of Adams and Westlake Company, was put in charge of an insurance committee by the Association, and after canvassing the situation carefully, he began to release publicity directed against excess rates.[26] He also invited two insurance experts from the east, Edward Atkinson of Boston, and John B. Waters of New York, to come to Chicago and assist the committee. It was the opinion of the directors that the agitation was of some service in securing lessened fire insurance rates for Illinois business.[27]

Between 1898 and 1902 Levy Mayer busied himself at the request of the Association in an attack upon the Illinois Anti-Trust Law. This law had been passed in 1891 in imitation of the federal statute. It prohibited corporations from entering into any pool, trust, or agreement to regulate price or limit the quantity of any article manufactured, mined, or produced or sold in Illinois. This enactment presumably operated to prevent trade agreements between labor unions and employers, and, for that reason, the statute was modified in 1897 to except "joint arrangements of any sort in the mining, manufacture, or production of articles of merchandise in Illinois, the cost of which was mainly made up of wages, if the principle object or effect of such arrangement was to maintain or increase wages."[28]

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[25] Illinois Manufacturers' Association, Annual Reports, 1905, p. 15. An interesting aftermath of this litigation occurred in 1906. In that year the telephone company opened negotiations with the city council for the passage of an ordinance to establish rates even higher than those in effect prior to the Supreme Court's decision. The officers of the Illinois Manufacturers' Association decided that the most effective way to meet this was through a threat of new competition; they therefore warned the telephone company that unless the company lowered its proposed schedule of rates, the members would organize a new company. The telephone company eventually submitted a compromise ordinance which the Association accepted. The rates were then enacted as an agreed ordinance. The Illinois Manufacturers' Association, Annual Reports, 1906 (Chicago, 1906), p. 10.

[26] Illinois Manufacturers' Association, Bulletin; Lower Insurance Rates for Chicago (Chicago, 1902).

[27] Illinois Manufacturers' Association, Annual Reports, 1902, p. 8.

[28] State of Illinois, Laws of Illinois, 1891, p. 100; Beckner, op. cit., pp. 26-27.

CHAPTER IV

"THE ISSUE": THE LABOR UNION

The spirit of antagonism toward organized labor which had inspired the rise of the Illinois Manufacturers' Association dwindled and disappeared in the years before the turn of the century. After 1894 no major issues arose in Illinois to disturb the good relations of organized capital and labor, and the interest of the Association in fighting the labor union, created out of a single crisis, died a speedy death. What was true in Illinois was also true elsewhere throughout the United States. The National Metal Trades Association, the United Typothetae, and the National Founders' Association, all bargained collectively with organized labor during this time. Certain national associations even accepted the closed shop with very good grace.[1] The National Association of Manufacturers, established in 1895, was apparently organized merely to work for the protective tariff, almost its exclusive interest in the first years of its life. In fact this group, composed as it was of many conflicting industrial interests, did not seem particularly fitted either to bargain or to fight with labor unions.[2]

The explanation for this lapse from a former attitude of hostility in the ranks of organized capital toward union labor is undoubtedly economic. A comparative measure of prosperity returned to the United States after 1896. Real wages rose, unemployment lessened. Labor unrest, strikes, and industrial disorders declined.[3] At the same time, the American Federation of Labor, now master of its own sphere, became steadily more conserv-

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[1] Bonnett, op. cit., pp. 21-22.

[2] A. G. Taylor, Labor Policy of the National Association of Manufacturers (Urbana, 1927), pp. 14-16; National Association of Manufacturers, Proceedings of Annual Convention, 1901 (Washington, 1901), pp. 10-16.

[3] Paul F. Douglas, Real Wages in the United States, 1896-1932 (New York, 1933), pp. 3-27.

To Levy Mayer and the officers of the Association the entire law worked considerable hardship upon Illinois manufacturers, and they accordingly advised members to disobey that section of the act which required corporations to file affidavits certifying that they had complied with all its provisions. As a result, the state began prosecutions against several member-corporations, who were defended in the courts by counsel furnished by the Association. The defense offered by the Association was that the Illinois act was discriminatory inasmuch as it made an arbitrary exception in favor of certain forms of agreement in restraint of trade, and that it was unreasonable to interpret every trade agreement as a monopoly. The court, they said, should consider the reasonableness of such agreements. In a large number of cases in the circuit courts Mayer won verdicts for members of the Illinois Manufacturers' Association on charges of failure to file.[29] In 1903 the Supreme Court of Illinois declared the amendment of 1897 unconstitutional as being a patent discrimination in favor of those persons exempted from the operation of the law.[30]

All these were successful enough issues; undoubtedly they enhanced the prestige of the Association and led to some increase in membership. But as a permanent program they were unsatisfactory. The Association was, figuratively, "living from hand to mouth." There was no single, binding purpose which motivated the officers in their search for issues. They merely cast about for questions in which the manufacturer was concerned, and then did their best to defend his interests. The Association had little more than an ad hoc existence. More than ever was needed an issue which would permanently awaken the manufacturers of Illinois to strong and steady support of the Association, one which would supply the Association with a steady program of activity and give it a continuity and a permanency of purpose which it had heretofore lacked.

By 1903 the Association, under the leadership of John M. Glenn, had discovered that issue. The new issue was "the menace of the labor union," and in its attitude toward organized labor the Association now grew steadily more aggressive.

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[29] Illinois Manufacturers' Association, The Illinois Anti-Trust Law (Chicago, May 1902).

[30] People v. Butler Street Foundry, 201 Illinois, 236 (1903).

ative in its attitude toward the existing social order. Labor leaders no longer questioned the fundamental validity of the status quo; they sought merely to gain a larger share of the returns of capitalist industry for themselves. This they felt confident of achieving through friendly collective bargaining and co-operation with capital.[4] Organized labor, in short, no longer inspired organized capital with fear.

About 1900, however, a second change occurred in the character of both local and national employers' associations, and eventually that of the National Association of Manufacturers also. All began to be distinctly hostile in their attitude toward labor unions. The National Metal Trades Association, for instance, which had been friendly toward union labor in the late nineties, became belligerent in 1901: it refused thenceforth to co-operate with the unions and resorted to attempts to destroy union influence within the industry entirely. The United Typothetae became of like mind in 1903, the National Erectors' Association in 1905, the National Founders' Association in 1904.[5] Local and national associations directed almost exclusively against labor union activities also began to spring up. Nearly every industrial center in the early 1900's had its "citizens' alliance," which, in reality, was an employers' association organized to fight the trade unions in the city.[6] In 1902 the American Anti-Boycott Association was organized; its primary and avowed purpose was to attack the strike and its concomitants, the sympathetic strike, picketing, and the boycotting activities of labor unions.[7] The Citizen's Industrial Association of America was formed in 1902 for the same purpose. The latter body was, in the main, an offshoot

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[4] Lorwin, op. cit., pp. 76-95.

[5] Ibid., p. 79; Bonnett, op. cit., p. 24.

[6] John R. Commons and Associates, op. cit., IV, 139-141; Isaac Marcosson, "The Fight for the Open Shop," World's Work, XIX (December, 1905), 6951-6959. There were strong local employers' associations, or citizens' alliances as they were frequently called, in Kansas City, Missouri; Joplin, Missouri; Springfield, Illinois; Pittsburgh, Pennsylvania; Columbus, Ohio; and in Omaha, Nebraska, Boston, San Francisco, and Chicago, to mention but a few.

[7] Bonnett, op. cit., pp. 26-27; Lorwin, op. cit., p. 77; Walter Gordon Merritt, History of the League for Industrial Rights (New York, 1930), p. 56.

of the National Association of Manufacturers, which at the time was not considered suitable in organization for a conflict with labor. David M. Parry, for many years president of the latter, at first served as head of the new organization, and there was thus an intimate connection between the two bodies.[8] The organization later became the medium by which the parent association began to affiliate itself with state and local manufacturers' associations in the form of a nation-wide network of groups hostile toward union labor. The National Association of Manufacturers itself became openly opposed to union labor in 1903; hereafter it found its principal objective in the common anti-union sentiment animating most of its members.[9]

It is somewhat difficult at first to account for this sudden new growth of hostility toward union labor in a period of comparative peace and industrial prosperity. In part, the explanation seems to lie in the fact that the individual employer found the experiment of collective bargaining a failure when he attempted as a separate individual to deal with a well organized labor group. The union, even when it had to contend with an unfriendly police and a hostile populace, could disrupt completely the activities of an individual manufacturer, if it were determined to do so. The small manufacturer, especially, felt himself at a hopeless disadvantage in bargaining over hours, wages, and working conditions. He was not prepared to withstand a prolonged strike-siege, with the accompanying loss of business, damage to property, and loss of good will. Organization of an aggressive employers' association was thus the answer to his problem. It put him again on a par with the labor union in bargaining over hours and wages, and it gave him an effective instrument to meet the legislative program of the labor lobby, which was appearing in force in the state capitals with demands for legislation limiting the hours of labor, altering working conditions, and setting minimum wage standards. Organization of manufacturers' associations was thus

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[8] Taylor, op. cit., pp. 26-27. C. W. Post of Battle Creek, Michigan, later became president of the Citizen's Industrial Association.

[9] National Association of Manufacturers, Proceedings of Eighth Annual Convention, 1903 (Washington, 1903), pp. 52-53; Philip G. Wright, "Organized Labor and Organized Business," Quarterly Journal of Economics, XXIX (February, 1915), 235-250.

counter-organization; it was the most effective method available to meet the demands of the labor unions, now grown strong.[10]

The growth of organization was no doubt stimulated by an increasing conviction among manufacturers in the United States that the labor unions were growing more and more radical, and that they were seeking to alter fundamentally the whole institution of private property. To the mind of many an employer then as in a later day, the demands of organized labor for the right to bargain collectively, to set minimum wage standards by law, to set up state interference with conditions of employment, etc., seemed to constitute a threat to the very existence of private property itself. And the average property-owner under such a conviction was determined to fight back. The pronouncement of a Chicago manufacturer in 1904 undoubtedly represented the opinion of his fellow-employers:

> The property interests of the city are not going to sit calmly by while they are surrendered into the hands of the labor unions. There is a radical spirit growing within the labor unions and conflict with them is inevitable.[11]

Organization in the manufacturers' association appeared, then, the most promising procedure for coping with the inevitable conflict.

It was in the midst of such an atmosphere that the Illinois Manufacturers' Association itself began to develop symptoms of belligerency. In a sense this was a reversion to the original spirit of the organization, for the Association of 1894 had been organized to combat a specific piece of legislation strongly supported by the labor union organizations. The original spirit of the Illinois Manufacturers' Association reappeared this time, however, supported by more comprehensive and positive expressions of philosophy toward the unions than had existed prior to 1900. That the Association was definitely paying attention to the labor problem first appears clearly in the Annual Reports for 1901, when Charles H. Deere, then president of the Association expressed himself as follows:

> It is my judgment that the labor union will not long en-

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[10] W. W. Willoughby, "Employers' Association in the United States," Quarterly Journal of Economics, XX (November, 1905), 110-112; Bonnett, op. cit., pp. 16-22.

[11] William English Walling, "Can Labor Unions Be Destroyed?" World's Work, VIII (May, 1904), 4755-4758.

> dure that takes an unfair advantage of capital or secures legislation that will operate to the disadvantage of those who have invested their money. Neither will capital prosper or increase if it seeks to oppress or grind under its heel the wage-earner. Every man has a right to earn his living whether he belongs to a union or not, and I believe any set of men have a right to associate themselves together in an organization for their mutual good, but this does not give them the right to interfere with the convenience, prosperity, or efforts of a man who desires to pursue his vocation as an individual. Every employer of labor is entitled to an honest day's work from each of his employes, and if this condition uniformly prevailed I do not believe there would be nearly the objection to unionism that now prevails. On the other hand capital should be humane and I believe the trend of the times is very strong in that direction. More or less has been said recently about the cost of living, but it is my judgment the advance in wages has been in a greater proportion.[12]

This was a relatively mild declaration and one which emphasized the obligation of the employer almost as much as the obligation of the employee; nevertheless it contained a specific expression of open-shop philosophy, and it was clear from that time on that the Association would be directly opposed to any attempts of labor unions to develop the closed shop among its members.

In 1903 the Association went on record during a strike against the Kellogg Switchboard Company, a leading manufacturer of telephonic equipment. About ninety per cent of the workers in the firm's plants were unionized, and the company up to then apparently had never experienced any particular difficulty with either its union or non-union employees in regard to wages, hours of labor, or working conditions. In May 1903, however, employees inside the plant struck in a demand for a completely closed shop, asking the exclusion of all non-union men from the plants of the company. The firm refused their demands.[13] At this juncture, the Chicago Teamsters' Union and a number of other unions in no way directly concerned with the trouble inside the plant went on a sympathetic strike against the Kellogg Company, and refused to perform any service for it, or for any concern having direct dealings with it.[14] Striking girl workers picketed the plant, as did

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[12] Illinois Manufacturers' Association, Annual Reports, 1902, p. 7.

[13] Chicago Record-Herald, May 20, 1903, p. 2.

[14] Ibid., May 21, 1903, p. 2; June 10, 1903, p. 3.

some of the teamsters. When the company attempted to resume operations, rioting and violence occurred, in which the strike-breakers were attacked and beaten. To restore order, the firm obtained a temporary injunction against the picketers, and when interference with the plant continued, several of the pickets were arrested and fined for contempt.[15] The effect of this was to induce further violence; other teamsters refused to perform services for the company, resulting, for example, in complete paralysis of the activities of the Arrow Teaming Company which performed most of Kellogg's trucking service.[16] At this stage the Chicago Employers' Association and the Illinois Manufacturers' Association interfered in the affair.[17]

The Chicago Employers' Association had been organized in 1902 among business men, manufacturers, and other employers for the specific purpose of resisting the demands of labor unions, of fighting the closed shop, and combating the growing strength of organized labor. The two guiding spirits in the organization were President John G. Shedd of Marshall Field and Company, and Frederick W. Job, late of the Illinois State Board of Arbitration and presently to be associated with the anti-union activities of the National Alliance. The Chicago Employers' Association at this time represented about one thousand members and about one hundred twenty-five thousand employees; it was thus definitely a more powerful organization numerically than the Illinois Manufacturers' Association.[18]

The two associations now went to work definitely to break the strike. The police department was asked for guards for non-union truckers who wished to move their products; and police protection and escort was also demanded for the non-union strike-

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[15] Ibid., June 24, 1903, p. 3.

[16] Ibid., July 1, 1903, p. 1; July 7, 1903, p. 13.

[17] Isaac F. Marcosson, "Labor Met By Its Own Methods," World's Work, VII (January, 1904), 4309-4311; Illinois Manufacturers' Association, Annual Reports, 1903, p. 3; Manufacturers' News, December 14, 1922, p. 30.

[18] Marcosson, "Labor Met By Its Own Methods," loc. cit., pp. 4311-4312; Ray Stannard Baker, "Labor and Capital Hunt Together in Chicago," McClure's Magazine, XXI (September, 1903), 462-463; Ray Stannard Baker, "Organized Capital Challenges Organized Labor," McClure's Magazine, XXIII (July, 1904) 279-292.

breakers in the Kellogg Plant itself. These requests Mayor Carter Harrison and Police Commissioner Daniel Shea granted.[19] With this assistance the two organizations undertook to move Kellogg freight to and from the plant to the Terminal Transfer freight station. The result was more violence and rioting between the strikers and police escorts. From July 14th to 17th there were several outbreaks, many were hurt, and disorder was general.[20]

The Illinois Manufacturers' Association, acting through Secretary Glenn, now took even more positive action. Glenn with President Eckhart bombarded the city administration with demands that violence be subdued and order restored at all costs. Several other member firms of the Association did likewise at Glenn's request. Letters to the mayor from Association members also insisted upon arrest of the rioters; it was even suggested that they be tried for conspiracy and inciting to riot. In these letters the city administration was reminded that it was under obligation to keep the streets open at all times and the city was urged to protect the right of employers and employees to make and enforce contracts both within and without labor unions.[21]

While its membership was thus petitioning the city, the board of directors of the Association, including John E. Wilder, Fred W. Upham, Martin Madden, and W. C. Ritchie met and decided to make available the trucking services of its own members for the Kellogg Company. Letters were sent out to member firms to hold their own teams in readiness for service to the company upon demand.[22] An injunction against the Teamsters' National Union, to restrain that organization from engaging in picketing, or molesting or interfering with the trucking services to the Kellogg Company was also sought and obtained in the County Court of Judge Henry Holman. The injunction was granted, after which a grand jury was impaneled in the court of Judge O. H. Brown to investigate the whole subject of the strike, the rioting, and the participation of the teamsters in the strike. Martin B. Madden,

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[19] Chicago Record-Herald, July 11, 1905, p. 1.

[20] Ibid., July 14, 1905, p. 1; July 15, 1905, p. 1; July 16, 1905, p. 1; July 17, 1905, p. 1.

[21] Ibid., July 18, 1905, p. 1.

[22] Illinois Manufacturers' Association, Annual Reports, 1905, p. 7; Chicago Record-Herald, July 20, 1905, p. 1.

an official of the Western Stone Company, a past president of the Illinois Manufacturers' Association and even then one of its directors, was one of the principal members of the grand jury.[23]

Meanwhile, the police had succeeded in restoring order, and under the direction of the Chicago Employers' Association, the Kellogg Company was furnished with reliable teamster service. The officers of the Illinois Manufacturers' Association were highly gratified at this turn of events. On July 20th they met and passed resolutions commending Mayor Harrison for his work in restoring order. They also complimented the police department and Commissioner Shea for efficient work in protecting the Kellogg Company and the citizens of Chicago. But even though pleased with the final triumph of law and order, the Association was impelled to "deplore the great disorder" which the strikes had brought to Chicago. They felt that such an epidemic of strikes would give Chicago a bad name if it were not checked, and that many industries would leave Chicago and its neighborhood for better protected areas of the United States. To them it was, therefore, of vital importance that order upon a permanent basis be established, and they counselled that similar action be taken if other strikes should occur.[24]

The Illinois Manufacturers' Association itself was doing its share to protect the Kellogg Company. It employed private guards and detectives to watch the Kellogg plant, ride with the strike-breaking teamsters, and otherwise protect the company in the pursuance of its lawful operation. In August Austin Russell, an Illinois Manufacturers' Association guard on duty at the Kellogg Plant was attacked and seriously injured by striking teamsters.[25] Theoretically, Secretary Glenn believed interference in any labor controversy was unwise. But the Association felt justified in making an exception to the rule in the case of the Kellogg strike.

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[23] Chicago Record-Herald, July 21, 1903, p. 7.

[24] Ibid., July 26, 1903, p. 7.

[25] Ibid., August 7, 1903, p. 1. So far as the present writer could ascertain, this is the only occasion in which the Association has actually participated directly in strike-breaking activities. The Association has many times denied that it ever participates in such activities at all. See Secretary Glenn's testimony before the Industrial Commission, 1914, Vol. IV, 4098.

It based its change of conduct upon the fear that the sympathetic strike was so dangerous in principle that an exception was necessary.[26] Although the Kellogg strike was broken, the Association was not satisfied. It decided to punish the union in the courts and establish the principle that the sympathetic strike was unlawful. A number of civil prosecutions against the unions involved in the Kellogg fiasco were begun by Levy Mayer, counsel for the Illinois Manufacturers' Association, and early in 1904 the Appellate Court of Cook County handed down a series of sweeping decisions upholding in every particular the contention of the Association. In the opinion written by Judge Adams, with the concurrence of Judges Windes and Ball, the closed shop was actually put outside the pale of legality "as an illegal infringement of contract rights guaranteed by common law and the laws and constitution of the state of Illinois." The closed shop contract was held, in the decisions, to be an illegal abridgement of liberty, discriminating in favor of one class of working people at the expense of another. Since the closed shop agreement was illegal, the court held that the Kellogg strike was an illegal conspiracy and a criminal offense, for it sought to inflict and enforce an unlawful contract by collusion. Both purposes and methods of a strike to enforce closed shop contracts were illegal.[27]

Thus the Illinois Manufacturers' Association had actively joined the conflict against the labor union, or, in the words of the officials of the Association itself, it had joined the conflict against certain illegal aspects of the labor union movement. There was no insistence as yet on the part of the Association that the labor union movement itself was wrong, for they held only certain aspects of the movement bad. In August, 1903 the Association in a rather startling bulletin once more made clear the position

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[26] "It goes without saying that an organization made up as ours is of representatives of so many diversified interests must act carefully, tactfully, and conservatively, to avoid the danger that would confront its individual members should they seem to be antagonistic to the laboring interests. It is, of course, the policy of the Association to discourage that deplorable phenomenon known as the sympathetic strike, and to do all in its power to avert the disasters that may befall manufacturing interests because of its existence . . . ." Illinois Manufacturers' Association, Annual Reports, 1903, p. 3.

[27] Illinois Manufacturers' Association, The Closed Shop: The Labor Trust Scored By The Appellate Court of Cook County (Chicago, 1903).

of the officers and directors on the sympathetic strike, and went so far as to make a blanket offer of full assistance to any organization which found itself involved in a controversy over the closed shop or in a conflict involving the sympathetic strike.[28]

During 1904 the Association carried on an active open shop campaign. On April 29 a bulletin was released from the Association which once more stated its principles with regard to unions and the open shop. Although there was no active disavowal of unions per se, Secretary Glenn declared that efficiency, honesty, industry, and intelligence were the only honest standards by which "a man's right to labor shall be measured."[29]

In 1905, the Association again interfered actively in a strike, upon the grounds that the controversy was of such proportions and the principles of such importance that the conflict could not well be ignored by the Association. The origin of the great teamsters' strike of 1905 was obscure enough. It began as a quarrel between Montgomery Ward and Company and a few of that firm's employees, most of whom were members of the Chicago Garment Workers' Union, a Chicago Federation of Labor affiliate. This strike appeared to be of very little significance, and when the Garment Workers' Union appealed to the Teamsters' Union to support their cause by striking against Montgomery Ward and Company, the teamsters at first refused. For over a month, however, the strike dragged on, and at last in April the leaders of other unions in Chicago became impatient. At their behest the Chicago Teamsters' Union consented to call upon the management of Montgomery Ward and Company and demand that they arbitrate their strike. This the management refused; whereupon the Teamsters' Union called a strike against the offending employer.[30]

This introduced most serious complications into the strike. The Chicago Teamsters' Union, in spite of its setback in the Kellogg strike of two years before, was still recognized as one of the most powerful units in the International Brotherhood of Team-

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[28] Illinois Manufacturers' Association, Bulletin: The Closed Shop and the Sympathetic Strike (Chicago, 1903).

[29] Illinois Manufacturers' Association, Annual Reports, 1904 (Chicago, 1904), p. 15.

[30] Commons and Associates, op. cit., IV, 65-67; Chicago Record-Herald, April 6, 1905, p. 7.

sters. It was also affiliated directly with the Chicago Federation of Labor, and its membership was well over the five thousand mark. Its threat of refusal to haul for Montgomery Ward and Company might, therefore, easily paralyze the mail order business, dependent as it was upon an uninterrupted express service.[31]

The Chicago Employers' Association, organized to meet just such an exigency, now stepped into the picture. Under the leadership of Frederick W. Job and Attorney Levy Mayer, it quickly raised one hundred thousand dollars among its members as a strike-breaking fund. With the money it organized the Employers' Teaming Company, purchased horses and wagons, and hired non-union strike-breakers and proceeded to furnish Montgomery Ward and Company with the badly needed teaming service for which it was asking. All teamsters, both in the Employers' Teaming Company and in the other private concerns, were warned that any man who refused to haul for Montgomery Ward and Company would be instantly discharged and would not be rehired. The Employers' Teaming Company was protected by armed guards furnished by the Employers' Association.[32]

The result of this procedure was violence, which broke out toward the end of April, and grew to alarming proportions in the first week in May. Shootings, sluggings, assaults, mob fights, and riots between the police, strike-breakers, and strikers became the order of the day. Levy Mayer answered these tactics by obtaining an injunction in Judge J. H. Kohlstedt's court restraining the strikers from interfering with the Employers' Teaming Company. The action did not bring peace, and the violence and disorder continued.[33]

In the name of the Chicago Employers' Association and the Illinois Manufacturers' Association for which he was counsel, Mayer now asked for direct police protection for the strike-breakers and the Employers' Teaming Company. In his request he made clear the attitude of the employers in the strike when he stated:

The police have the right under the law to disarm all

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[31]John R. Commons, "Types of American Labor Organization: The Teamsters of Chicago," Quarterly Journal of Economics, XIX (May, 1906), 400-433.

[32]Chicago Record-Herald, April 26, 1905, p. 1.

[33]Ibid., April 28, 1905, p. 1.

> unauthorized persons, whether they are strikers or non-strikers, of all concealed weapons. It is also the law that for the honest purpose of protecting property, life and limb, citizens are allowed to provide themselves with such unconcealed means of protection as the circumstances and the emergencies require.

And with that he announced that the guards on the Employers' Association trucks were being armed with rifles.[34] His request for one thousand policemen to act as strike-guards was also granted.[35]

The Chicago Federation of Labor under Charles Dodd, and the Teamsters' Union under O'Shea met this action with a second concerted attack. A strike committee of fifteen men, consisting of five representatives of the garment workers, five of the teamsters, and five representing all the unions in the Chicago Federation of Labor was appointed to direct the strike. A new strike fund was raised by a levy upon all union members in Chicago, and the teamsters threatened that if necessary they would call a general strike of all the teamsters in Chicago. Over five thousand men were already out, and by the second week in May, hauling had almost ceased so far as the great wholesale houses were concerned. Violence was still general and the city was in a state of uproar over the situation.[36]

Until this time the Illinois Manufacturers' Association played the role of a sympathetic onlooker in the efforts of the employers in the strike, but now it stepped actively into the picture. It was already connected through its own attorney, Levy Mayer, with the Chicago Employers' Association, so that co-operation between Glenn, Shedd, and Job was an easy and natural step. During the early part of May, the Association raised several thousand dollars among its members for a strike-breaking fund. The money was principally contributed by the paper box manufacturers, many of whom had been among the chief sufferers in the disruption of teaming service. The Association also arranged with the Consumers' Paper Box Company to furnish cartons to strike-bound wholesalers. However, when the company tried to comply with the request, its own teamsters refused.[37]

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[34] Ibid., May 2, 1905, p. 1. [35] Ibid., p. 1.

[36] Ibid., May 7, 1905, p. 1; May 8, 1905, p. 1; May 9, 1905, p. 1; Commons and Associates, op. cit., IV, 67-68; American Industries, May 15, 1905, p. 8.

[37] Chicago Record-Herald, May 9, 1905, p. 1.

The Association also decided to use its best efforts to bring a favorable public opinion to bear in the strike on the employers' side. A meeting to discuss the situation was held on May 12th at the Auditorium Hotel. Over eight hundred employers were present. After speeches by Illinois Manufacturers' Association's president John C. Gilder, Glenn, Mayer, Shedd, and the other officials of the Employers' Association present, the following resolution was adopted:

> Whereas the Illinois Manufacturers' Association decides to put itself on record in favor of the untrammelled and unobstructed right of every person to use the streets and highways in this state at all times; that every attempt to interfere with this principle is an infringement of the basic rights of the people and should be stamped out and the wrongdoers swiftly and properly punished; therefore, be it Resolved, that this Association endorses every effort of the public officials of the city, county, state, and nation to protect decisively life, limb, and property, and to suppress violence and assaults of all kinds, Resolved further that this association is unalterably in favor of the unrestricted freedom of contract and of the right of every employer to engage whom he pleases, and of every workman to secure employment without discrimination against or in favor of unionism, Resolved further that this association is in favor of and insists upon the right to deliver and receive merchandize from every concern without hindrance or obstruction, and regardless of the fact that such concern has been boycotted.[38]

With police protection for the strike-breakers, the armed guards of the Employers' Association, the money of the Illinois Manufacturers' Association, and public pressure exerted through the press and the various employers' organizations, the strike now began to wane. Indeed, the teamsters' union itself was now forced to fight for its life.[39] Samuel Gompers, recognizing that a crisis for organized labor had arisen, came to Chicago and began strike conversations with Levy Mayer and Clarence Darrow.[40] The results were negligible, however, because the terms that Mayer laid down to Gompers constituted a sweeping victory for the employers' associations and for the open shop. Mayer offered to accept peace on the following terms:

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[38] Ibid., May 13, 1905, p. 1; Illinois Manufacturers' Association, Annual Reports, 1905 (Chicago, 1905), pp. 14-15.

[39] Commons and Associates, op. cit., IV, 67-69; John R. Commons, "Chicago Teamsters' Strike," Journal of Political Economy, VII (September, 1905), 537; Chicago Record-Herald, May 14, 1905, p. 1.

[40] Chicago Record-Herald, May 18, 1905, p. 1.

1. The strike to be called off at once.

2. The strikers to go back to work only as vacancies in the present ranks occurred.

3. The Employers' Teaming Company to continue to do business indefinitely.

4. The express companies to rehire no strikers.

5. The police to be relieved of further strike duty.

6. Pay and hours to be the same as formerly.

7. None of the non-union strike-breakers to be discharged.[41]

Gompers, perhaps sensing how complete the defeat was, was willing to accept these terms, but the teamsters' union was not, and it voted to continue the strike. Nevertheless the strike had been successfully broken, and the Employers' Association and the Illinois Manufacturers' Association pressed on to complete victory. The strikers' funds ran low; one by one they returned to work. The members of the union fell to quarreling among themselves over the question of who was responsible for the defeat; and O'Shea, discredited, was eventually removed from his office. He was also indicted for conspiracy in June at the instigation of Levy Mayer. The strike had ended in a complete victory for the employers.[42]

An aftermath of the strike were lawsuits instituted by labor leaders against members of the Illinois Manufacturers' Association under the advertising strike law. By the terms of this act of the state legislature, a concern advertising for workmen to take the place of strikers was required to state that a strike was in progress against that firm and that the men were wanted to take the place of the strikers if such were actually the case. The cases were defended by Levy Mayer as counsel for the Illinois Manufacturers' Association, and acquittals were gained in every instance. The outcome of the prosecutions was such that the law was henceforth considered a dead letter, and employers paid no attention to it.[43]

The transition in spirit and interest within the Illinois

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[41] Ibid., May 20, 1905, p. 1.

[42] Illinois Manufacturers' Association, Annual Reports, 1905, p. 15; Chicago Record-Herald, May 21, 1905, p. 1; June 4, 1905, p. 1; June 7, 1905, p. 2; June 24, 1905, p. 3; July 1, 1905, p. 5; July 5, 1905, p. 3.

[43] Illinois Manufacturers' Association, Annual Reports, 1905, p. 10.

Manufacturers' Association between 1900 and 1905 was now complete. Equipped with a permanent issue which united all the members of the Association in a common purpose, the Association could henceforth engage in conflict with the labor unions and with their legislative programs. The issue was a permanent one; it supplied the Association with a program of continuous activity and gave it a growing membership list resulting in an expansion in members from two hundred in 1902 to more than seven hundred in 1905. Secretary Glenn and Counsel Mayer had made the organization one of genuine value to the employer and manufacturing interests, and the prominence of the Manufacturers' Association was now generally recognized.[44]

Records do not again show that the Association played an active part in breaking any particular strike, for such activity continued to be contrary to the expressed purpose of the organization. After all, greater avenues of interest in the adjustments to be made between capital and labor arose between 1905 and 1910 on the floor of the General Assembly. The Association became engaged in three major legislative battles at Springfield, in which the lines of battle were clearly drawn between employer and organized labor.

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[44]Illinois Manufacturers' Association, Membership Report, 1905 (Chicago, 1905).

CHAPTER V

THE FACTORY INSPECTION LAW

From 1907 to 1909 one of the major interests of the Illinois Manufacturers' Association was factory safety legislation. Many labor leaders, social workers, and other prominent people considered at this time that the laws of the state of Illinois for the protection of life and limb from industrial accident were inadequate, for they did not provide for guards for rotary saws, for protection from moving belts or pulleys or rotary shafts. The toll of industrial accidents in Illinois was larger per worker than it was in any country of western Europe and in most of the states of the United States.[1]

When Edgar T. Davies became Illinois state factory inspector in 1908, he concluded that the high toll of industrial accidents in the state called for remedial legislation, and he set out to achieve it. He made a study of the laws of European countries and those of the United States, and at the same time he consulted with leading economists and business men in this country. In collaboration with Professor Charles Henderson of the University of Chicago he had, by 1906 prepared a draft of a law which he believed would cover most of the outstanding difficulties, and he then had the bill introduced into the 1907 session of the Illinois General Assembly. It was referred in the Senate to the Committee on Mines and Mining, and after a short consideration it was reported out of committee with a unanimous recommendation that it pass. After a second reading, however, it came to rest in the hands of Senator William Pemberton of the engrossing committee, who was distinctly hostile to the bill and did all that he could to delay action upon it. In spite of the urgent pleading of Governor Deneen, who was especially interested in the pas-

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[1] Chicago City Club Bulletin, February 17, 1909, p. 288.

[2] Graham Taylor, "Industrial Survey of the Month," Survey, XXII (July, 1909), 524; Beckner, op. cit., p. 320.

sage of the act,[3] Pemberton for a time blocked further action.

By this time, however, the law had encountered the active hostility of the Illinois Manufacturers' Association, which claimed that an attempt had been made to rush it through the legislature without giving employer and manufacturing interests of the state an opportunity to consider it and remove objectionable clauses. So successful was the Association in forestalling action in the senate and the house that the bill did not come to a final vote in either chamber of the legislature. As Glenn put it later, "the members of the Association succeeded in showing the members of the legislature the vicious features of the bills, and the impossibility of successfully operating factories under the handicaps proposed. When this state of things became apparent to the legislators they refused to approve or permit the passage of the measures."[4]

The precise basis of the objections which the Illinois Manufacturers' Association had to the legislation in question appeared in the course of a debate held before the members of the Chicago City Club in April, 1907, when the struggle over the law was at its height in the legislature. Taking part in the debate were E. R. Parsons, who was an assistant to Glenn and who had done much important work before committees at Springfield in defeating the bill, Raymond Robins, long prominent in social reform in Illinois, E. R. Wright, president of the Illinois State Federation of Labor, and the Rev. Harry F. Ward, a prominent Methodist minister.

Parson's argument was, in brief, that under the proposed safety law the manufacturers in Illinois would be ruined. The protection of machinery entailed in the law would be so expensive that manufacturers would be forced to quit business or move to other states and go into business there. The manufacturers of Illinois, he asserted, were greatly interested in remedial factory legislation; no one was more anxious to protect the lives of their employees. In fact he himself was most heartily in accord "with the aims of the bill;" but he reminded his listeners of the

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[3] Chicago City Club Bulletin, June 6, 1907, p. 145.

[4] Illinois Manufacturers' Association, Annual Reports, 1907 (Chicago, 1907), pp. 3-4; Union Labor Advocate, June, 1907, p. 5; August, 1907, p. 5.

necessity to "consider practical conditions."[5] Parsons also offered a number of more specific objections to the law. The provision by which all belts must have shifters was without significance since all belts had them anyway. On the other hand, the provision requiring communication between machinery and engineer was "in many instances practically impossible." The section prohibiting "over-crowding of employes in factories" was too indefinite and made a dictator out of the state factory inspector who had the power to judge what constituted over-crowding. The provision that five hundred cubic feet of air be furnished for every person and that there be an entire change of air every fifteen minutes in every workshop in which employes are engaged was foolish, absurd, and impossible of execution, and in short the entire law was impracticable, made a dictator of the state factory inspector, and could never be enforced.[6]

Perhaps the most important result of the Illinois Manufacturers' Association's activity in defeating the bill was the recommendation Glenn offered that a bill be passed by the legislature empowering the governor to appoint an impartial commission representative of capital, labor, and the public to investigate the whole problem of dangerous machinery and safety legislation. The factory inspector assented to the suggestion and the legislature in 1907 authorized the appointment of a nine-man commission, composed of three representatives of capital, three of labor, a physician, a lawyer, and a public-spirited-citizen-at-large. The governor named the members of the commission in 1908. State factory commissioner Edgar T. Davies was designated as the secretary of the commission. Those representing capital, all officers of the Illinois Manufacturers' Association, were P. A. Peterson, Rockford manufacturer, Charles Piez of the Link-Belt Company, Chicago, and Emeret E. Baker, a Kewanee foundryman. These men were all chosen upon the nomination of the Illinois Manufacturers'

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[5] Chicago City Club Bulletin, April 17, 1907, pp. 107-109.

[6] Chicago City Club Bulletin, April 17, 1907, pp. 107-109. Parsons was answered by Wright, who defended the law as an intelligent and practical one; by Robins, who compared it with laws in operation in other states by observing that the proposed law was one of the mildest in the Union; and by Ward, who demanded the bill in the name of humanity and charged the Manufacturers' Association with acting in bad faith. City Club Bulletin, April 17, 1907, pp. 109-116. Anton Johannesen pointed out that over ten thousand machines in Chicago alone had no belt shifters.

Association board of directors. Organized labor was represented by Edwin R. Wright, president of the State Federation, William Russell, Machinists' Union, and Peter Collins of the Electrical Workers' Union. Samuel A. Harper was the lawyer, Dr. Henry D. Favill, the physician, and Graham Taylor, the citizen-at-large.[7]

Meanwhile an active campaign for and against the passage of such legislation was going on throughout the state. During 1908 an Illinois section of the American Association for Labor Legislation was organized at Chicago, with its principal, immediate task announced as the passage of the proposed safety legislation.[8] Nor was the Illinois Manufacturers' Association idle. Glenn and the directors were busy exhorting their constituency as to the grave significance of the proposed legislation, and urging them to co-operate with the officers in the defeat of the law. The following bulletin was released in March, 1908 to members and is indicative of the Association's attitude at that time:

> Agitation for so-called inspection legislation has been started. The forces back of the unjust, unfair, and un-American factory inspection measure which it was attempted to rush through the last general Assembly [sic] under the pretense that it was a bill to protect employes against accidents have been holding secret meetings and organizing for the purpose of renewing their efforts at the next session of the legislature. The names of some of those who are taking the initiative in the agitation for the proposed legislation are mentioned in connection with the anarchists the police of the large cities are trying to suppress.
>
> The way to meet the issue is by organization. The Illinois Manufacturers' Association has been the agency through which proposed legislation of this kind has been defeated in the past. There is strength in numbers. The fight will be harder at the next session of the general assembly than ever before.
>
> Unless plant owners and employers present a solid front, laws of this character will be enacted in Illinois. If further legislation of this character is necessary, why should not the men who own the properties have something to say? They have the interests of their employes at heart. The way to act together is through organization. Is there any organization better equipped than the Illinois Manufacturers' Association to accomplish this end?

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[7] Illinois Manufacturers' Association, Annual Reports, 1907, p. 5; Charities and the Commons, XXI (October, 1908), 119-120.

[8] Associated with the organization in Illinois were Professor Ernst Freund, chairman; Luke Grant, secretary; Jane Addams, Anna Nichols, Edith Abbott, Mary McDowell, Edwin Wright, Edgar T. Davies, Professor Graham Taylor, Victor Von Borosini, Professor John R. Commons, and Irene Osgood. Charities and the Commons, XXI (November, 1908), 326-327.

> Can you not see your way to send in an application [for membership] now. Herewith is a blank.[9]

This bulletin was released shortly before the governor had named members of the Illinois Manufacturers' Association to the commission authorized to investigate the question of safety legislation in the state. After the appointment of Peterson, Piez, and Baker, however, the attitude of the Association underwent a change. The labor members of the committee conceded that the Illinois Manufacturers' Association's representatives co-operated loyally in drafting a satisfactory act and that they used their influence to win the manufacturers of the state to the support of the new bill. For some months manufacturers and representatives of organized labor worked together to draw up a comprehensive state factory inspection law. All objections possible were duly heard and all difficulties in the bill were adjusted. The result of their labors was introduced as an agreed measure into the 1909 legislature with the support of all parties to the dispute, and was passed without any particular difficulty in June, 1909,[10] although at one time it seemed to be endangered by a factional fight among the Republicans in the House.[11] The Illinois Manufacturers' Association urged all of its members to support the law and earnestly hoped that its provisions would prove entirely satisfactory to the employers of Illinois.[12]

Since 1909 the subject of safety legislation has not been one of the controversial issues of the Association. The Illinois Manufacturers' Association has been interested itself rather in working for the elimination of accidents in Illinois. This has been especially true since 1911, for with the enactment of compensation legislation by the state, it became of direct pecuniary

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[9] Illinois Manufacturers' Association, Bulletin: Factory Inspection Legislation: To Manufacturers (Chicago, March 21, 1908).

[10] The act may be found in State of Illinois, Laws of Illinois, 1909, pp. 202-212. Curiously enough the act does not seem to differ particularly from the provisions of the proposed bill of 1907. Its main provisions were (1) provision for guards on dangerous machinery (2) clutches and belt shifters (3) five hundred cubic feet of air space per person in workroom.

[11] Graham Taylor, "Making Peace To Do Justice," Survey, XXII (July, 1909), 525-526.

[12] Illinois Manufacturers' Association, Annual Reports, 1909 (Chicago, 1909), p. 47.

interest to all manufacturers to keep the accident rate as low as possible. In 1913, the Association organized a Safety Committee as one of the permanent organizations within its membership. This committee, usually composed of a number of prominent manufacturers and an industrial physician, holds monthly meetings, gives lectures to employers upon methods of accident prevention, arranges "safety first" addresses in factories throughout the state, and edits the "safety page" in Manufacturers' News. In 1914, it began the practice of retaining expert safety engineers who travelled from plant to plant making safety inspections, offering suggestions, and giving lectures to employes.[13] No doubt the fact that the Association has itself since 1912 been engaged in the accident insurance business has stimulated the officers to active co-operation for accident prevention.[14]

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[13] Illinois Manufacturers' Association, Annual Reports, 1914 (Chicago, 1914), pp. 77-80; Illinois Manufacturers' Association, Annual Reports, 1915 (Chicago, 1915), pp. 46-47; Illinois Manufacturers' Association, Annual Reports, 1931 (Chicago, 1931), p. 9; Illinois Manufacturers' Association, Safety First Luncheon, Addresses (Chicago, 1913), p. 3.

[14] The Illinois Manufacturers' Mutual Casualty Association was organized in 1912. See the section on Workmen's Compensation, infra.

CHAPTER VI

THE WOMEN'S EIGHT HOUR LAW

One of the sturdiest attacks made by the Association in the first decade of the century was against its old enemy, regulations relating to the hours of female labor. The enactment of such a statute in 1893 had been an immediate factor in calling the Association into existence. The campaign against the eight hour law of that year had been so effective[1] that for fifteen years nothing of the sort had been attempted by labor groups or social reformers in Illinois. More recently, however, several states had enacted statutes limiting the hours of labor, and one of them, the Oregon Ten Hour Law of 1908 had been sustained in the United States Supreme Court as constitutional.[2] The success of this measure immediately inspired labor groups in Illinois to seek the passage of a similar law in that state. The fight was led by the Women's Trade Union League of Chicago, representative of about fifteen trades in the state in which women were employed. After a series of conferences, those women in charge decided to bring the question to the Industrial Commission appointed by Governor Deneen in 1908 to study and recommend more effective safety legislation for factories. The members of the committee heard the women sympathetically, but pointed out that their powers of recommendation were limited to the subject for which they are organized, safety legislation. The Waitresses' Union, under the leadership of the Women's Trade Union League then proceeded to draft a bill providing that no female should be employed in any manufacturing, mercantile, or mechanical establishment, laundry, hotel, or restaurant in the state for more than forty-eight hours in any one week of six calendar days. Harold Ickes, the attorney for the League, was successful in getting a member of the state senate friendly to the labor interests, Clyde W. Jones, of the

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[1]The law had been declared unconstitutional. See pp. 13-19.

[2]Muller v. Oregon, 208 U. S. 412.

fifth district, to introduce the bill in that chamber.[3]

Up until this time, Glenn and the Illinois Manufacturers' Association had not been particularly alarmed over the progress of the act, for attempts of this sort had occurred before, and bills were often thrown in the legislative hopper as a matter of course and seldom were reported out of committee. Glenn assured the members of the Association in a bulletin the first of April that the measure was under control and would be handled by the legislative bureau at Springfield. The bill was now referred to the Committee on Labor, Mines and Mining of the state senate, however, and after a brief consideration it was reported out favorably to the senate calendar for consideration by the main body. Secretary Glenn was now thoroughly aroused, and he resorted to two expedients which he used many times afterwards to defeat legislation of this variety. April 14, he brought over five hundred manufacturers to Springfield. They asked for an immediate hearing on the proposed law, and were granted one by Senator Jones. At a crowded session both sides of the law were now argued publicly before the senate committee. Speeches in favor of the law were made by Jane Addams and Anna Nichols, while Glenn and his assistants attacked its constitutionality and argued that it was a violation of the right of free contract to refuse permission to any woman to work as long as she cared to do so.[4] A second hearing was held on April 22, and in the meantime the Association brought pressure to bear upon as many manufacturers to come to Springfield as possible. The supporters of the measure charged its opponents of circulating petitions among the women of the factories of Illinois requesting the legislators not to deprive them of the right to labor overtime if they so desired.[5] At the new

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[3]Bureau of Labor Statistics, David Ross, secretary, Labor Legislation in the Forty-sixth General Assembly (Springfield, 1909), pp. 15-16. The bill was known as S. B. 843, "A Bill or an Act To Regulate and Limit the Hours of Employment of Females in Any Manufacturing, Mercantile, or Mechanical Establishment, Laundry, Hotel, or Restaurant, in order to safeguard the health of such employes, to provide for its enforcement and a penalty for its violation." The bill thus attempted to escape the limitations of due process of law by an appeal to the state police power, under which its successor was ultimately upheld.

[4]Bureau of Labor Statistics, op. cit., p. 18.

[5]The labor supporters claimed the women were threatened with loss of their jobs, with replacement by men, loss of Saturday

hearing Glenn appeared with a great many manufacturers[6] accompanied by working girls prepared to testify as to their objection to any limitation of their right to work as long as they saw fit to do so.[7] Once more the arguments on both sides were thrashed out at great length, with the manufacturers arguing that the law was unconstitutional, that it was an unreasonable restriction of human liberty, that it was unnecessary, and that the women did not want the law. A great number of tradeswomen and reformers argued in favor of the bill.[8] In spite of their pressure, the sentiment of the committee made it apparent that the eight hour law could not pass. Some of the manufacturers appeared to be amenable to the idea of a ten hour law as a compromise, and Senator Glachin who was assisting the women now drafted a ten hour law.[9]

The Illinois Manufacturers' Association, however, had no intention of accepting a ten hour law as an alternative. In its Legislative Bulletin Number 13, of April 24, 1909 the Association intimated that it would fight the affair out to a finish. Any compromise would merely condone a wrong:

> Let not our indifference and our inaction in this matter allow the skilfully organized minority of Chicago, through shrewdly planned class legislation, to work harm to our women employees by denying them the right to use their option in working overtime and by threatening their positions through the hiring of less skillful male help.[10]

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half-holiday, etc., if the measure became a law. Ibid., p. 18.

[6]Glenn claimed later that he had over five hundred present. See Illinois Manufacturers' Association, Annual Reports, 1909, p. 43.

[7]This has always been a most successful device for combating hours of work laws for women in Illinois. It has been used at almost every session of the legislature where a serious attempt has been made to pass this form of legislation.

[8]Elizabeth Maloney and Anna Willard spoke for the waitresses; Mary McEssy and Anna Hurley, for the boot and shoe women; Mae Nihel, for the suspender workers; Stella Franklin, for the clerks; Agnes Nestor, for the glove workers; Lulu Holly, for the laundry workers; Lena Buckweitz, for the garment workers. Mrs. Raymond Robbins, Mary McDowell, and Jane Addams also testified.

[9]Illinois Bureau of Labor Statistics, op. cit., p. 19.

[10]Illinois Manufacturers' Association, Bulletin: The Ten Hour Law (Chicago, April, 1909). Reprinted also in Bureau of Labor Statistics, op. cit., p. 20.

After a third hearing on the bill attended by large numbers of manufacturers, Senator Jones introduced the amended ten hour law, and the bill after being transferred to the Judiciary Committee[11] came up for hearing again. The manufacturers immediately attempted to amend the bill to an eight hour law once more. It was charged by Senators Jones and Henson who were sponsoring the law that this was a ruse designed to slow the measure down and cripple its passage, since an eight hour law could not pass, and if it did, there was a good chance of having the law thrown out of court. Ultimately the new bill was amended in committee, ten to nine, to an eight hour law, and there were thus two eight hour bills before the senate--the old eight hour bill (S. B. 343) in the Committee on Mines, and the new amended eight hour bill in the Committee on Judiciary (S. B. 497).[12]

The Judiciary Committee reported out the latter bill. May 19th it came up for consideration and was advanced to third reading after being amended to ten hours, and the following day it passed the senate by a vote of 41-0.[13] The following week after a desperate fight in the house in which Glenn brought large numbers of manufacturers down to Springfield, the bill also passed the house by a vote of 86-9 (55 not voting).[14]

Secretary Glenn and the directors of the Association had, however, no intention of allowing the matter to close at this juncture. He and his associates were fighting for a principle in which they sincerely believed--the right of free contract--

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[11] Because the chief question involved was the bill's constitutionality.

[12] Bureau of Labor Statistics, op. cit., p. 20.

[13] Journal of the Illinois Senate, 1909, p. 1210; Bureau of Labor Statistics, op. cit., p. 21.

[14] Journal of the Illinois House of Representatives, 1909, p. 1263; Bureau of Labor Statistics, op. cit., p. 21; see also the account of the passage of the law by Mary McDowell, "The Girl's Bill, A Human Proposition," Survey, XXII (July, 1909), 509-515; Beckner, op.cit., pp. 190-196. The statute as enacted provided: "That no female shall be employed in any mechanical establishment or factory, or laundry in the state more than ten hours during one day. The hours of work may be so arranged as to permit the employment of females at any time so that they shall not work more than ten hours during the 24 hours of the day." [Penalties for violation are provided and enforcement is entrusted to the state factory inspector.] State of Illinois, Laws of Illinois, 1909, p. 212.

and they were determined to pursue the matter in the court. Some years afterward, Secretary Glenn in commenting upon the vigor with which the Association fought the law said:

> Why shouldn't all women want an eight hour day? Quite simple. It would limit their opportunity to earn money and for advancement. Working women in Illinois have largely achieved an eight hour day through the progressive march of industry and the continually improved processes of manufacture. There are days, however, when an eight hour day is not long enough to enable the production of seasonal goods such as food-stuffs, or confectionery, textiles, men and women's clothing. It is these seasonal occupations that make it necessary at some time during the year to exceed eight hours a day. The women of course are paid for overtime and the fat days make up for the lean days when they are not working. Passage of the eight hour bill would retard production. It would also restrict earning power and so reduce wages. It would force thousands of women out of industry. Their places would be filled with men.[15]

As the law went into effect, therefore, the Association prepared to attack its constitutionality in the courts. They furnished counsel[16] for the W. C. Ritchie and Company, manufacturers of paper boxes, the same firm through which the Association had acted when it successfully attacked the law of 1893. An injunction was then sought in the chancery division of the Circuit Court of Cook County in the name of Ritchie and Company and two of its dependent female employees against the state factory inspector Edgar T. Davies, and State's Attorney John W. Wayman of Cook County. The petition asked that the defendants be enjoined from enforcing the law against the Ritchie Company or its employees on the ground that the law was a violation of the freedom of contract, and that the law would work irreparable damage to all three of the defendants. The two female employees contended that they were dependent upon overtime services for a livelihood, and asserted that if the law were enforced they would suffer serious loss of wages. Judge Tuthill, in whose court the action was brought, granted the injunction September 13th.[17]

It was an unusual decision in at least two important respects. First, the court in granting the injunction and holding

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[15] John M. Glenn, Thirty Three Years of Service (Chicago, 1927), p. 8.

[16] Counsel was William Duff Haynie, attorney for the Illinois Manufacturers' Association.

[17] Survey, XXII (September, 1909), 848; Chicago Tribune, September 14, 1909, p. 6.

the law unconstitutional disregarded the recent decision of the Supreme Court of the United States in the Oregon Case in which a similar statute had been held constitutional; it acted instead upon the older and now over-ruled Ritchie decision of 1895. Second, it was not then customary to grant an injunction to restrain enforcement of a state labor law; instead the more usual procedure was to resist enforcement and then defend against the criminal prosecution of the state. The new procedure was, however, a much more expeditious manner of obtaining a final decision on constitutionality.

The decision aroused a storm of public opinion against the court and the Illinois Manufacturers' Association, not only among liberals, but even in the conservative press, and the churches. The following day a Post editorial remarked:

> It must be a great comfort to the working women of Illinois to know that their interests are being so faithfully guarded by Dora Windegrith, Anna Kuszerow and the W. C. Ritchie Co., paper box manufacturers.
>
> It is a blessed privilege indeed, that of overtime, the very Beulah land, we understand from the Ritchie petition, of the woman who toils! Sweet is a twelve hour day, but even sweeter is a thirteen or fourteen, crowned with "supper money." There is a great zest and excitement about working after dark . . . . .
>
> It is interesting to reflect that while Dora's feudal forebears fought forebears fought for "the right to work," it has been left to Dora's generation to fight for the right to work overtime. But there is still a chance--if all stick together--to save this state from the fate of Massachusetts, Oregon, Missouri, Washington, and a half a score of other commonwealths which given the choice between healthy womanhood and paper boxes are now going without paper boxes.[18]

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[18] Chicago Evening Post, September 14, 1909, p. 8; Survey, XXII (September, 1909), 842. Before the petition for injunction had been granted the Chicago Examiner printed the following statement: "Out of the numerous bills demanded by organized labor in the last Legislature only one important measure survived the general wreckage.

"That was the bill limiting the employment of women and girls in factories to ten hours a day. Even the organized corporation lobby could not defeat this measure. It was clearly a humanitarian bill and passed on its merits.

"A clique in the Illinois Manufacturers' Association now talks of taking measures to repeal this ten hour law. An organization of broad minded business men should be ashamed to sponsor such a proposal. We doubt whether a majority of the factory owners in the state, properly polled, would be ranged against the support of this humanitarian law. . . . .

"The Illinois Manufacturers' Association is composed of high-grade businessmen. It is depressing to note that there is an element in that association that is willing to place cheap

Resolutions and editorials attacking the decision of Judge Tuthill were widespread. The Illinois Synod of the Presbyterian Church, the Illinois Baptist Conference of Charities and Corrections all condemned the decision.[19] So general was the feeling of public resentment that Judge Tuthill felt impelled to defend his action publicly. He explained in a statement that his had been motivated merely by a desire to speed the final decision upon constitutionality in the Supreme Court and that his action could in no sense be considered as implying more than that.[20]

The case was immediately carried to the Supreme Court of the State of Illinois and there argued in February, 1910. State's Attorney Wayman had the good fortune to have Louis D. Brandeis associated with his efforts in the Supreme Court. Brandeis had argued successfully the constitutionality of the Oregon law in the Supreme Court of the United States and was eminently qualified to defend the law.[21] Attorney Haynie argued the case for the Ritchie Company and the Illinois Manufacturers' Association. The argument of Attorney Brandeis was based upon humanitarian considerations, the police power, and the recent federal precedent; the argument of Haynie was placed upon freedom of contract and the older precedent of 1893. In April, the Court rendered its decision. It upheld the law in its entirety and in all parts, placing its decision principally upon the recent verdict of the United States Supreme Court in the Oregon Law.[22] The battle over a ten

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labor above considerations of humanity. They cannot count on public support in their efforts to repeal the ten hour law.

"As a representative organization the Illinois Manufacturers' Association should be in better business than trying to drive working women and girls back into semi-slavery.

"The law that protects these toilers, poorly paid at best, should stand." Chicago Examiner, September 1, 1909, p. 14.

[19]For a list of resolutions and editorials attacking the law see Chicago Federation of Labor, Bulletin: The Protection of the Health and Motherhood of the Working Women of Illinois (Chicago, 1909).

[20]Graham Taylor, "The Illinois Ten Hour Law," Survey, XXII (October, 1909), 205-206.

[21]Survey, XXII (February, 1910), 758-759. Brandeis was also assisted by William J. Calhoun, recently appointed minister to China, who made an appeal in behalf of the humanitarian aspects of the statute.

[22]Ritchie v. Wayman, 244 Ill. 509 (1910); Graham Taylor,

hour law was ended.

The Association accepted its defeat in good grace and made no further effort to defeat the enforcement of the law or to have it repealed. The further activities of the Association were confined to blocking the enactment of a women's eight hour law, and in all these efforts, until the passage of the law in 1937, it was successful.[23] A bill for the enactment of a law limiting the hours of labor for females to eight hours has been introduced at practically every session of the legislature since 1909. In 1915, the Illinois Manufacturers' Association, believing that the new legislature was about to consider such a measure seriously, called a convention of its members at Springfield and presented the assembly with a petition remonstrating against any possible attempt to enact such a law or any other "radical or experimental" legislation on the grounds that it would prove a seriously damaging element to business. In a lengthy statement the convention asserted that Illinois industry was passing through a crisis of unemployment, lowered payrolls, and slackening production, and that it should be the duty of the state to offer every inducement conceivable to assist business to its feet once more. Instead, however, it was pointed out that manufacturers were confronted with a bill, which, if enacted, would necessitate heavy wage increases, and thus create even more unemployment and industrial distress than then existed. Furthermore, the fundamental assumption lying behind the law, that it was possible to better the welfare of women workers through legislation, was incorrect. Relief for social ills did not lie along legislative lines; it lay instead in the greater opportunities for employment which a more prosperous industry would give. Increased demand for labor would accomplish what not legislation could achieve, shorter hours and

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"Ten Hour Law For Women Upheld," Survey, XXIV (April, 1910), 170-171; Illinois Manufacturers' Association, Annual Report, 1909, p. 37, gives a brief account of the Association's activities.

[23]The 1909 law was amended in 1911 to include the employment of women in mercantile establishments, hotels, restaurants, telegraph or telephone establishments or offices thereof, places of amusement, express or transportation or public utility business, common carriers, and public institutions, incorporated or unincorporated. State of Illinois, Laws of Illinois, 1911, pp. 338 ff.; Beckner, op. cit., p. 291.

higher wages.[24]

The statement, so typical of hundreds of pronouncements against the eight hour law and other legislation, throws a flood of light upon the social philosophy which the Association always brought to bear upon such problems. There were in reality but two fundamental assumptions involved in this philosophy. First, the remedy for social and economic evils lay in the operation of natural economic forces. If, for instance, wages were too low, or if sanitary and safety conditions were bad within an industry, then workers would be discouraged from seeking employment there, and with increased scarcity of labor, wage levels would rise. The laissez faire concept of a perfectly ordered world perfectly adjusted through the operation of benevolent economic forces was always present. In such a social order, legislative remedies were unnecessary, for they sought to accomplish what would inevitably occur in the operation of economic law. Second, legislative remedies were a positive and dangerous evil. Since they interfered with the natural forces of adjustment always at work within private enterprise, they were likely to upset the nicely adjusted balance wheels of a free moving but exceedingly delicate economic system. Artificial wage levels might destroy profits, and thus induce a paralysis which would become general throughout the entire economic system. These two propositions, merely an affirmation of faith in an absolute laissez-faire society, were of course susceptible to wide application. Together with certain obvious corollaries, they were to be found at the heart of almost every argument against social legislation that the Association produced in the next thirty years.

The 1915 attempt to pass the eight hour law got nowhere,

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[24]Quoted in full in Illinois State Federation of Labor, Thirty-Third Annual Proceedings (Chicago, 1915), pp. 98-99; see also Chicago Tribune, March 31, 1915, p. 13. The statement was signed by the following additional groups aside from the Illinois Manufacturers' Association: Decatur Association of Commerce, Laundrymen's Association of Illinois, Retail Grocers' Association of Illinois, Associated Employers of Illinois, Illinois Coal Operators' Association, Illinois Retail Dry Goods Association, Committee Representing Illinois Railroads, Rockford Manufacturers' and Shippers' Association, Fox River Valley Manufacturers' Association, Corset Industry of Illinois, Tri-City Manufacturers' Association, Peoria Association of Commerce. The immediate result of this convention was the calling of a convention of the Illinois State Federation of Labor at Springfield to offset the influence of that of the manufacturers.

but in 1917, the Federation made a decidedly serious attempt to pass the law. The bill was introduced into the house of representatives and there met defeat,[25] but it was revived in the senate by Senator William Curtis after Governor Frank O. Lowden had assumed a friendly attitude toward such legislation in a special message.[26] The Association rallied its members to protest passage of the bill, and one manufacturer spoke for the Association in a letter to governor Lowden in which he asserted that such legislation would cripple the industries of Illinois at a time when a tremendous burden was being thrown upon them by the demands of the war. He admitted that in normal times he might favor a nine hour day, but contended that in present conditions the idea was unthinkable. The Association in reprinting his letter stated that the law was not desired by the women workers of the state but represented instead an attempt on the part of organized labor to foist the law upon the states contrary to the interests of both employers and workers.[27] The bill was ultimately defeated in the senate by a vote of twenty-four in favor, ten opposed, seven not voting.[28]

The Association, in remarking upon the fate of the bill, explained that its failure was primarily due to the realization that natural economic law was operating in such benevolent fashion that the act was unnecessary. "Women," said an editorial in Manufacturers' News, "are not treated in factories as Liza was in Uncle Tom's Cabin."[29]

As a compromise measure the legislature consented to pass

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[25] Journal of the Illinois House of Representatives, 1917, p. 280.

[26] Journal of the Illinois Senate, 1917, p. 1115. Senator Curtis introduced the new bill June 6th. Journal of the Illinois Senate, 1917, p. 1174.

[27] Manufacturers' News, June 14, 1917, p. 6.

[28] It thus lacked the necessary two-thirds majority required of all laws drafted to take effect the following day, July 1st. Journal of the Illinois Senate, 1917, p. 1553.

[29] Manufacturers' News, June 21, 1917. The article in Manufacturers' News remarked further: "The labor business agents who are pushing the eight hour law are not concerned with the cost of living which is bound to increase as people try to avoid their share of the world's work. The unionist agitators are working on a commission basis. If they could prohibit the work of women altogether they would be pleased."

1. An eight hour day and a forty-eight hour week for women to apply to all persons at present covered by the ten hour law, except nurses.

2. A specific bill (substantially the same as that introduced by the labor unions again and again) should be passed by the state legislature.[32]

The two members of the commission representing the manufacturers, P. G. Withers and Milton Florsheim, however, refused to adhere to these conclusions. They submitted instead a minority report denying all the conclusions which the majority of the commission had reached. They asserted in substance:

1. It is true that shorter hours are being legislated, but not in industrial states. Oregon, for instance, where such legislation has been passed, is not an industrial state. The effect of this legislation upon industrial states cannot be judged by the operation of the law in agricultural areas.

2. Although the present practice is to shorten hours, it is impossible to achieve this end by law.

3. The opinion of physicians as to whether the length of the working day for women has any relation to health is conflicting and confusing.

4. The evidence of employes as to the effect of hours of labor upon their health is worthless and incompetent, since their testimony is motivated by their satisfaction or dissatisfaction with present employment.

5. The effect of the length of the working day upon output cannot possibly be measured, since a great many other factors--managerial efficiency, worker's skill, etc.--affect output. It is not possible to measure the isolated effect of the length of the working day alone.

6. Any reduction of hours will reduce wages, for it will decrease output and productivity.

7. The commission's studies in seasonal employment prove nothing, since no allowance was made for differences in managerial efficiency.

8. Even if the survey did support the conclusion that long working hours are injurious, there is no evidence to show that ten hours constitute a long working day.

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[32] Ibid., p. 14.

a bill authorizing the governor to set up a commission to be known as the Illinois Industrial Survey, whose duty it would be to survey the industrial situation in Illinois and make recommendations if it felt that remedial legislation affecting the hours of labor of women were needed. The commission was to be composed of seven members, two of whom were to be employers of female labor, one a neutral person interested in social problems, and two were to be physicians. The two representatives of the employers appointed were Milton S. Florsheim, several times a director of the Illinois Manufacturers' Association and for many years permanently associated with its activities, and P. C. Withers, also a member of the Association.[30]

The commission made a prolonged study and reported several months later. The majority of the members of the commission presented an elaborate report which in their opinion justified the following conclusions:

1. Laws of the various states show a definite tendency toward the shorter work day for women.
2. Practice among Illinois employers is to shorten hours; a large proportion are at present using shorter hours than the maximum permitted by law.
3. The tendency toward shorter hours is upheld and justified by the opinion and experience of physicians working in the industrial field.
4. Employes themselves testify to the value of shorter hours.
5. The same employes produce more in an eight or an eight and one-half hour day than when working longer hours in the same establishment.
6. The shorter work day shows an output steadier and better maintained throughout the length of the working day.
7. In seasonal industries, long hours result in a marked drop in production early in the busy season, while short hours in the same field show a production maintained or increased throughout the busy season.
8. The study of accidents shows that two causes probably most operative are (1) speed of production (2) inexperience. the factor of fatigue does not appear to enter in the course of a given day's work.
9. Workers in a night shift show a lower level of production than equally experienced workers on a day shift.
10. The physiological value of the eight-hour day is demonstrated by the studies made.[31]

On the basis of these conclusions the commission recommended:

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[30] The full membership included: Dr. James B. Herrick, Chairman, Milton S. Florsheim, P. C. Withers, Elizabeth Maloney, Agnes Nestor, Dr. Solomon Strouse, and Dr. George M. Webster.

[31] State of Illinois, Report of the Illinois Industrial Survey, Hours and Health of Women (Springfield, 1918), p. 15.

9. The bill which the majority recommends is the same one which the legislature has rejected.

10. The bill is not a health measure; it is a political measure advanced by the labor unions.

11. The eight hour day plus the Saturday half holiday would in effect mean the inauguration of a seven hour day. Such a drop in production would deprive the workers of a large part of their means of livelihood.[33]

The work of the commission, submitted to the assembly in 1918, led to no immediate action on the part of that body, and the subject was dropped for the time. But in commenting upon the defeated bill of 1917, Secretary Glenn stated that the eight hour law had more lives than a dozen cats; nothing was more certain than that the Illinois Federation of Labor would again return to the attack at the first opportunity.[34]

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[33] Ibid., pp. 117-120.

[34] Illinois Manufacturers' Association, Annual Reports, 1917, (Chicago, 1917), p. 24.

CHAPTER VII

THE WORKMEN'S COMPENSATION LAW

While the Association was involved in its efforts to defeat the women's eight hour law, it became occupied with the complex question of employer's liability and workmen's compensation. The difficulties with the common law guarantees in industrial accidents had long been apparent. The law exempted the employer from liability in cases where the injured man had been guilty of contributory negligence, where injury was due to the fault of a fellow-employe, and where the injured man had recognized the danger implicit in his job and had nevertheless accepted it. Even where the employer was liable for damages the delay was usually so great and the attorney fees so excessive that the injured man or his heirs usually recovered but a small fraction of the sum theoretically due them. It was to remedy these difficulties that the idea of automatic workmen's compensation and employers' liability laws had been developed. As far back as 1905 a governor's commission had made a preliminary investigation into the industrial accident compensation in Illinois, but nothing had come of the report. In 1907, a bill removing the common law limitations upon employer-liability had been introduced in the state house by Representatives Curran and Dysert, but the law died on the calendar without coming to a vote.[1]

The Illinois Manufacturers' Association was not unconditionally opposed to the idea of such legislation, however, and events were paving the way for its support of a compensation law. In June, 1909, a terrible mine disaster occurred at Cherry Hill, Illinois, in which several hundred men were killed. The tragedy aroused organized labor, the general public, and the officers of the Illinois Manufacturers' Association to a full consideration of the deficient liability situation. President LaVerne Noyes and several of the directors of the Association conferred with

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[1] City Club Bulletin, June 6, 1907, p. 145; W. F. Dodd, Administration of Workmen's Compensation (New York, 1936) p. 18.

Governor Deneen on the law and came to the conclusion that they would support public sentiment leading to such legislation.[2]

In December, Governor Deneen called a special session of the General Assembly. In his message to the body he called attention to the need for better employer-liability laws and automatic workmen's compensation, and suggested that the assembly enact enabling legislation empowering the governor to appoint an impartial commission to investigate the whole subject.[3] The requisite act was passed in March,[4] and Governor Deneen shortly appointed the six labor and the six employer members of the twelve man commission set-up. The employer members were all prominent in the councils of the Illinois Manufacturers' Association. They were P. A. Peterson, Rockford; Charles Piez, Chicago; E. T. Bent, Chicago; Ira G. Nawn, Chicago; Robert T. Conway, East St. Louis; and Mason B. Starring, Chicago. Piez served as chairman after the death of Nawn.[5]

These men carried on an active investigation, not only of the various legal provisions then in effect in the United States, but also of the compensation schemes in European countries. In comparison with the provisions in the other states and in Europe the Illinois situation was seen to be extremely bad.[6] As a result, the committee, with the exception of two labor members, came to the agreement that the proper solution for Illinois was the pas-

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[2]Illinois Manufacturers' Association, Annual Reports, 1909, pp. 40-41; State of Illinois, Report on the Cherry Mine Disaster (Springfield, 1909).

[3]Journal of the Illinois Senate, 1909, p. 25.

[4]Journal of the Illinois House of Representatives, 1910, p. 317; Survey, XXIII (December, 1909), 476.

[5]Illinois Manufacturers' Association, Annual Reports, 1910 (Chicago, 1910), p. 36. Piez was at this time one of the directors of the Illinois Manufacturers' Association. The labor members of the committee were: President E. R. Wright of the Illinois State Federation of Labor, who served as secretary of the commission; George Golden, Patrick Carr, M. J. Boyle, Daniel J. Gorman, and John Flora. Staley, op. cit., pp. 250-251.

[6]The commission found for example that out of 614 fatal industrial accidents, 204 obtained no recovery; 281 cases settled out of court received an average settlement of $1,145 each; twenty-four litigated cases obtained $1,364 each; and eleven suits were pending when the commission reported. Employers' Liability Commission of Illinois, Report (Springfield, 1910), pp. 12-13; Dodd, op. cit., pp. 61-62.

sage of adequate compensation legislation. It was the belief of a majority of the commission that a change in the employer-liability laws would not solve the problem, although this position was disputed by two of the labor members, John Flora and M. J. Boyle. This dispute and the inability to agree upon any accepted schedule of rates in a workmen's compensation bill prevented the committee from making any official recommendations to the governor. Functioning unofficially, however, the committee continued its investigations.[7] The Illinois Manufacturers' Association co-operated actively in securing information for the commission. Thousands of pamphlets and bulletins were sent out to members of the Association requesting information as to their needs and interests in compensation legislation. It was a period of unprecedented activity for the Association; President Noyes and Secretary Glenn asserted that never had the Association exerted itself as it had upon behalf of this question.[8] The voluntary commission completed its work in March, and the governor thereupon submitted its draft of a compensation law to the legislature. The proposed law set up a schedule providing compensation of from fifteen hundred to thirty-five hundred dollars in the event of death, and compensation payments ranging from five to twelve dollars per week in the event of injury, or with fifty per cent of the wage to be paid over a period of weeks in the event of temporary disabilities.[9]

The Illinois Manufacturers' Association was not at all certain that it approved of the legislation in question, however. In January, when it became apparent what the substance of the committee's recommendations would be, Noyes and Pies called a great meeting of all members of the Association to discuss the matter. Between four and five hundred members attended. Pies explained the provisions of the proposed law, but there was much disagreement among the members as to whether or not the schedules were too high.[10] After some further consideration by the directors

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[7] Journal of the Illinois Senate, 1911, p. 44.

[8] Illinois Manufacturers' Association, Annual Reports, 1910, p. 35.

[9] Journal of the Illinois Senate, 1911, pp. 538-539; Dodd, op. cit., p. 68. There were of course other fixed sums for permanent disabilities.

[10] Illinois Manufacturers' Association, Annual Reports, 1911 (Chicago, 1911), p. 56.

of the Association[11] it was decided that the Illinois Manufacturers' Association could not endorse the bill but that it should instead work for a compromise in the legislature.[12]

But in spite of the work of Glenn, the bill was introduced into the legislature and passed in May almost without opposition.[13] In explaining the overwhelming passage of the act in the face of the Association's opposition, it was asserted that public opinion was at the time strongly in favor of the law, and that there was a general impression in the legislature that the bill was an "agreed measure." This idea no doubt arose out of the fact that Piez had co-operated in presenting the bill to the legislature, and that the voluntary commission had been supported in its work by the officers of the Illinois Manufacturers' Association.[14] Along with the compensation bill there went to the legislature an employ's liability law, removing the common law limitations upon employer-liability.[15] This bill had been passed at the insistence of that group in the labor unions, chiefly the Chicago Federation of Labor, who believed that the best method of solving the problem was through such legislation rather than through the compensation act.[16]

The Association was now determined that these bills must be vetoed, and Glenn sent an "SOS" call to all the members of the Association to go to Springfield and demand that the governor

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[11]These men were: C. F. Wieke, Edward Hines Lumber Company, Chicago; H. C. Gardner, Swift and Company, Chicago; Charles Piez, Link-Belt Company, Chicago; George P. Blow, Western Clock Manufacturing Company, LaSalle; Charles Vopicka, Atlas Brewing Company, Chicago; D. W. Simpson, Wilcox Manufacturing Company, Aurora.

[12]Illinois Manufacturers' Association, Annual Reports, 1911, pp. 37-38.

[13]The bill was introduced in the senate on March 1st and passed 41-0 on March 23rd. Journal of the Illinois Senate, 1911, p. 337. It passed the house by a vote of 35-1 on May 18, 1911. Journal of the Illinois House of Representatives, 1911, p. 1441.

[14]Illinois Manufacturers' Association, Annual Reports, 1911, p. 37.

[15]The bill passed the senate on May 3rd, 42-1. Journal of the Illinois Senate, 1911, p. 1116. It passed the house of representatives on May 18, 1911 by a vote of 107-2. Journal of the Illinois House of Representatives, 1911, p. 1319.

[16]Illinois Manufacturers' Association, Annual Reports, 1911, p. 38.

refuse to sign them. Several hundred men thereupon, appeared at the public hearing staged by Governor Deneen in the senate chamber on May 26th. Many of the manufacturers protested that the laws would prove ruinous, and Attorney William D. Haynie also spoke against the constitutionality of the bills.[17] Nevertheless the governor signed the compensation law, although he vetoed the employer-liability law on the grounds of constitutionality.[18]

The Association now attacked the new compensation law in the courts. In September, Haynie filed a bill in equity in the Circuit Court of Cook County praying that that court enjoin the state's attorney from enforcing the penalties prescribed for non-compliance with the act.[19] But the case was never pressed through to a conclusion. According to the information secured during 1912 by the Illinois Manufacturers' Association from the State Board of Labor Statistics, more than ninety per cent of the manufacturers of the state had voluntarily decided to come under the provisions of the act. The Association concluded that, even should the present act be invalidated, "the principle of compensation is today so broadly accepted by enlightened public opinion as the only proper method of taking care of industrial accidents that it is bound to survive in some other form."[20] In 1913, the Association asserted in its annual report that it had taken the lead in securing this kind of legislation for Illinois.[21]

With the principles of workmen's compensation firmly established, it behooved the Association to turn its attention to the question of the costs of compensation insurance. This type of business was in the hands of various private companies who

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[17] Ibid., p. 38; Chicago Tribune, May 28, 1911, p. 2.

[18] Illinois Manufacturers' Association, Annual Reports, 1911, p. 37.

[19] Ibid., p. 37.

[20] Illinois Manufacturers' Association, Annual Reports, 1912 (Chicago, 1912), p. 5. Acceptance of the idea of workmen's compensation has not, however, prevented the Association from attempting to limit the scope of the act on one or two occasions. In 1916 it attempted by court action in two cases to restore the "fellow servant rule" and to raise the argument that "the act does not make the principal employer an insurer of the immediate employer's liability." The Illinois Manufacturers' Association lost both of these cases. Illinois Manufacturers' Association, Annual Reports, 1916 (Chicago, 1916), p. 100.

[21] Ibid., 1913, p. 134.

wrote policies insuring against payment of compensation claims. The Association did not believe that there was "fair and proper competition" among these companies, and felt that their rates were entirely incommensurate with the prevailing statistics upon industrial accidents in Illinois.[22] With this in mind, the Association finally decided to go into the insurance business itself, under the assumption that it could insure its members at much less than the prevailing commercial rates and that the effect of the new competition would be to lower charges for those members holding policies in private companies. Accordingly, the Illinois Manufacturers' Mutual Casualty Association was organized in 1913 for the purpose of insuring the manufacturers of the state against casualty claims. The new corporation very soon occupied a position of importance among the interests of the Illinois Manufacturers' Association. Its business grew steadily, and by 1922 the company was writing over five hundred thousand dollars of premiums per annum, and had net assets in excess of one million dollars.[24] The company not only offered casualty insurance to manufacturers, but working in connection with the Association's safety committee, it carried on an extensive educational campaign against accidents, and set up various medical inspectional facilities for insured firms and Illinois Manufacturers' Association members. The Casualty Association encountered difficulties after 1929, however, and it became necessary in 1933, to re-insure its policies with the Lumberman's Mutual Casualty Company.[25]

The Illinois Manufacturers' Association co-operated with organized labor on a number of occasions in drafting bills extending and improving the terms of compensation legislation in

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[22]The Association in its 1912 report stated "that such competition has not and does not exist today is a matter of suspicion, and full confidence in the Casualty Companies by the manufacturers will not exist until competition means competition in rates and services as well as competition in the mere act of under-writing the risk." Illinois Manufacturers' Association, Annual Reports, 1912, p. 5.

[23]Ibid., 1913, pp. 134-140.

[24]Manufacturers' News, December 14, 1922, p. 44.

[25]The assets of the company had dropped below the requirements of Illinois law. No loss was sustained by policy holders, and after settling its accounts, the company was able to pay a small dividend. Manufacturers' News, December, 1932, p. 25; Ibid., June, 1933, p. 17.

Illinois. Thus it co-operated in the passage of the act of 1913, creating an Industrial Compensation Board whose duty it was to administer the law. The Board consisted of three members appointed for terms of six years. One member was to represent the employer interests, one labor, and one the general public.[26] The employer member of the Board has invariably been a man who met with the approval of the Illinois Manufacturers' Association.[27] In 1915, the Association appointed a committee headed by Charles Piez to negotiate an agreed bill providing for minor extensions of compensation provisions.[28] In 1917, also at Piez' suggestion, the Association worked with organized labor in drafting an agreed bill establishing compulsory compensation in Illinois. The 1915 law raised the minimum death claim from $1650 to $1750, and the minimum weekly disability payment from five dollars to six dollars. The 1917 act raised the minimum death payment to $1750 in the case of one child, while the maximum was raised from $3600 to $3750. Additional allowances were made for other children. The payment for permanent disability was raised from fifty per cent of the weekly wage to fifty-five per cent in the case of one child, sixty per cent in the case of two children, and sixty-five per cent in the case of three children.[29]

The Association never accepted a state system of compensation insurance, which the State Federation of Labor always favored. Piez, in speaking upon this subject at a directors' meeting in 1917, stated that there could hardly be a worse solution of the problem than for the state of Illinois to go into the insurance business. He felt that it would "introduce a political element into the assessing of claims by the board," "would cause insurance rates to go soaring," and would cause malingering.[31]

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[26] State of Illinois, Laws of Illinois, 1913, p. 136.

[27] For many years Peter J. Angsten, a prominent member of the Illinois Manufacturers' Association, represented the employers on the Board.

[28] Illinois Manufacturers' Association, Annual Reports, 1915, p. 60.

[29] Manufacturers' News, March 29, 1917, p. 6.

[30] Staley, op. cit., pp. 486-487.

[31] Manufacturers' News, December 14, 1916, p. 9.

Since the Association itself was in the casualty insurance business, it would hardly be expected to view with any enthusiasm the introduction of a plan that would automatically terminate this activity. Because of the opposition of the Association, therefore, the attempts of the State Federation of Labor to obtain state insurance rates have been unsuccessful, although the Federation has sponsored such legislation upon a number of occasions.

It would be no exaggeration to say that the Illinois Manufacturers' Association has exercised sufficient influence and control over the compensation measures introduced into the legislature to prevent the passage of any compensation bill inimical to its interests. Those measures which have passed have been agreed bills, while all others have been successfully blocked. Even officials of the Illinois State Federation of Labor have on occasion admitted this to be true.[32]

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[32]President Walker of the Illinois State Federation of Labor stated in 1921: "I say to you frankly that there has never been a time since we started trying to get a compensation law enacted that if we hadn't got an agreement with the employers affected by it we would have been able to get a single bill through that we were opposed to." Illinois State Federation of Labor, Thirty-Ninth Annual Proceedings, 1921 (Chicago, 1921), p. 317.

CHAPTER VIII

A NEW ATTITUDE TOWARD LABOR UNIONS, 1910-1917

In the years between 1904 and 1911, the Association several times had been involved in direct conflict with labor unions, both in strikes and legislative battles. By 1911, the Association had developed a well-defined labor philosophy, and frequent pronouncements laid bare the attitude of the organization upon a subject becoming increasingly important in the economic history of America. The spokesmen of the Association frequently professed great sympathy for the working man and even for organized labor. More often, however, they held that unions were in the hands of men who acted in complete disregard of the interests of labor and capital alike. The men who had gained control of the unions were looked upon by the Association as enemies of society in general, parasites upon the body of labor itself as well as upon that of capital. For did these same men not make their "living by exploiting the working class and perpetuating discord for their own selfish gain," and were they not "constantly widening the breach between the employer and employe," "ever endeavoring to set labor and capital at each others' throats?" These men were no more than "vultures," who lived not upon their own labor, but upon the hard earned daily bread of others. Were only the "labor dictators" exterminated, it would almost invariably be possible for employer and employee to adjust their differences amicably.[1]

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[1] Manufacturers' News, December 7, 1916, pp. 5-6. "These vultures recognize that if peaceful conditions existed between these two factions, they themselves would be forced back to actual work, and this they do not want to risk." See also Manufacturers' News, February 12, 1914, p. 4. In 1913, in remarking the fact that labor leaders objected to the Sherman Law's being applied against labor unions, the Association stated: "All of these tendencies indicate that under unwise and short-sighted leadership there is a distinct trend toward seeking advantages at the expense the unorganized classes, a tendency toward the over-capitalization of organized labor which is bound to bring about its own cure. The astute leaders of labor have learned the methods of financial sorcerers, and would like to evade responsibility for the results of these methods by demanding exemption from the very act which

Not only were the leaders of labor attacked for their activities in cementing labor loyalties, but the so-called "visionary idealist," believed to have no real knowledge of industrial conditions, was also considered a menace to be combated by the Association. It was the dreamer, who, in the opinion of these pragmatists, was forever yearning after some impossible social panacea which, if it ever became law, would prove the ruination of capital and labor alike. Perhaps, said the manufacturers, he might be a minister, zealous in the cause of the poor and underprivileged, upon whom the "labor dictators foisted their hairbrained schemes." The former was anxious only for the advancement of social welfare, but in the hands of the scheming union organizer his idealism became a positive menace to the welfare of society. Akin to this variety of idealist, according to the Illinois Manufacturers' Association spokesmen, was the professional reformer always seeking an issue and a battle cry to reform the world; surely he was not particularly interested in anyone's welfare and certainly not acquainted with the difficult problems of the laboring man and the manager of a great factory. Or quite likely the professional reformer was a social worker, excited to superficial expressions of sympathy by the human misery she saw. Another type was the university professor, usually a sociologist or a so-called economist, his mind filled with theories and formulae, but utterly ignorant of the true conditions of the industrial world. All these men, warned these protectors of the employers' interests, were equally dangerous when the "labor dictator" bent them to his will. Indeed, they rushed like willing servants to do his bidding.[2]

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is now being so vigorously applied in unscrambling the financial scrambles of the past. Is labor entitled to thrive at the expense of the unorganized public? Is it entitled to exemption?" Illinois Manufacturers' Association, Annual Reports, 1915 (Chicago, 1915), p. 9.

[2]Editorial, "Social Uplifters and the Workingman," Manufacturers' News, July 11, 1918. Dorr E. Felt, who was the author of this editorial, stated that "there is a marked similarity between the teachings of Trotsky and those of the average social worker."

In an interview with the writer, Charles A. Livingston, an official of the Illinois Manufacturers' Association in 1937, asserted that he was afraid of university professors and university people as a class. "They are too inclined to be radical and visionary. They have no actual understanding of the practical

In very truth, they declared, the true friend of the working man was not the idealist, the reformer, or the welfare worker, but the manufacturer himself:

> A man that is operating a plant is as much interested--he is more interested in the welfare of the men under him than he is in anything else, even though he may not have any humanitarian view, or what you may call a high moral view. He is interested in preserving that man because he is part of his organization. And any good operator is interested in having his men in good condition and having the whole organization in good condition. He don't abuse a man or he don't abuse a machine if he has got any sense.[3]

The industrialist would not abuse his workers because it was not in his interest to do so. Like machines they must be kept in satisfactory working condition through good treatment, and the best protection of the worker was the profit motive.

Glenn and his associates often asserted that the worst evil that the union agitator could inflict upon the laboring man was the closed shop. The closed shop, they felt, was a denial of all that was sound in American economic life. The American ideal guaranteed to the individual a maximum freedom of expression, choice of working conditions, and individual initiative. It encouraged, through the high premiums it placed upon success, the development of creative ability in the worker, the invention of new and better industrial processes, and a general high level of efficiency in the economic world. In short, the amazing efficiency and productivity of American economic life was traceable to the freedom of the individual, or in other words, to complete freedom of contract.[4]

The closed shop, on the other hand, sacrificed completely those qualities upon which the American record of achievement rested. Once the worker was forced into a labor union, his free-

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Problems of industry and society. They live cloistered lives in an idealistic world, where their minds become easy prey to the foolish schemes of labor leaders and professional reformers." Livingston classified himself as a "self-educated" man since he had no formal education beyond the fifth grade. It is his belief that the present system of higher education is breeding radicalism and is a menace to the country.

[3] Industrial Relations Commission, op. cit., IV, 3296.

[4] See, for example, the discussion of Detroit, and its position as an open shop town, compared with San Francisco, a closed shop town, in Manufacturers' News, January 13, 1916, p. 15; also November 30, 1916, p. 6.

dom of expression was gone, and with it went his opportunity to excel and to create. One dead level of hopeless mediocrity emerged, dominated by the "men with jellyfish brains," for the union set but one standard of achievement, the average, and it was quick to suppress the individual who showed symptoms of ambition or creative ability. In the long run, since the laborer received a wage reflecting his fair value, the closed shop meant a lower standard of living among the working population. And the old American dream, that of the common man who through hard work and capacity for leadership rose from the shop bench to industrial triumph was sacrificed forever.[5]

This was a big enough price to pay for the doubtful benefits conferred by union organization, but there was a more immediate and intolerable result of labor dictatorship, the "outrageous tyranny" it inflicted upon the "independent" minority workman, and the employer. The union brooked no differences of opinion, no expression of independence, and where the closed shop reigned, the employee who dared defy union dictates was soon intimidated or terrorized by outright violence into submission. The employer suffered equally from the closed shop, for it placed in the hands of an irresponsible labor leader the opportunity to cut off the employer's labor supply, paralyze his industry, or even destroy his property through outright violence.[6]

Indeed, Glenn considered, the worst evil from a standpoint of public welfare of which the unions were guilty was industrial strife. The strike was a futile means of settling an industrial dispute in the first place; but the violence that usually accompanied the strike was unforgivable. It was the labor union which began it, for why should the manufacturer want to destroy his own plant? Glenn made the position of the Association in this respect clear in his testimony before the Senate Industrial Commission in 1914:

> Mr. Glenn: I have seen the question raised here as to whether it [the labor union] ever did participate in violence. I don't know--I don't see how labor organizations the way they are constituted can maintain their positions without force, and I was surprised to see the question raised here that it did not use force. The employer--I don't see any

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[5] Manufacturers' News, December 7, 1916, p. 9.

[6] Ibid., February 12, 1914, p. 23; Ibid., January 11, 1917, p. 9.

necessity for his guarding his property if there is not violence. The first act of violence is in the strike. They start the strike. I try to put some men to work and the labor organization tries to stop me. Then there is naturally a conflict and the kettle calls the pot black, and vice-versa, and there they go.

Commissioner Weinstock: You heard the testimony of Mr. Fitzpatrick? [Fitzpatrick was a union labor organizer who had preceded Glenn to the stand].

Mr. Glenn: Yes Sir.

Commissioner Weinstock: And he takes the ground that offensive acts of violence are initiated by the employers and if the workers are engaged in violence it was defensive. What is your opinion on that score?

Mr. Glenn: Why, how could that be? How could I take the initiative? Suppose I am running a plant and my men have struck why should I introduce violence into the situation? What I am trying to do is to run the plant. I try to get some other men if the old men won't come back. The first act of violence if the employer is honest and the unions are fair--the first act of violence must come from the men who go out, whether organized or not organized.

Commissioner Weinstock: Then it is your opinion that acts of violence always originate with the labor union?

Mr. Glenn: That is my experience.[6]

Violence, Glenn believed, came when the honest employer tried to continue the operation of his plant when his men refused to work for him. The labor union had to use violence to enforce its methods. Such an organization, he felt, was an enemy of religion and civilization.[7]

There were, in the minds of Secretary Glenn and the other officers of the Association, three remedies for the unlicensed power of the labor union. The first and most necessary remedy was to make the labor union responsible for its illegal acts. This might be done by holding the union to strict accountability for

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[7]U. S. Senate, 64th Congress, 1st Session, Industrial Relations Commission, IV, 3303-3304.

[8]In answer to a question as to whether his organization had any "prejudice against labor unions," Glenn stated, "No sir, we have no prejudice against labor unions or labor organizations. Personally I think that labor unions the way they are conducted now is [sic] more or less an enemy of civilization. I don't see how the labor union and the church can exist together forever." Glenn went on to bring further religious support to bear in his argument against labor unions. Commissioner Weinstock finally interrupted to ask Glenn just who it was that Christ had expelled

the violation of contracts, for any violence or damage to property, or for any conspiracy to violate the law. Were this done, it might be possible to hold the "labor dictators" accountable in courts of law for their illegal acts. It would also be possible to check the irresponsibility of the union by making it subject to the limitations in the Sherman Act and the Clayton Act. The closed shop was in effect a labor monopoly, and there was no conceivable reason why this form of trust should be exempt from the law any more than a monopoly of production. Both were equally destructive of the free spirit of American enterprise.[9] A second remedy suggested was that the strike be made illegal; and that some substitute be set up for the strike as a method of adjusting labor disputes. It might be possible to establish a system of arbitration boards to adjust all labor disputes. There was no clearness of thought among Association officials upon this question; but there was a definite idea that the strike ought to be curbed.[10] A third possibility was the development of very strong manufacturers' associations throughout the nation, whose power would act as an offset to the influence of the labor union. Plez summed up the whole matter nicely in the following statement before the Industrial Relations Commission, when he remarked that there was "absolutely no check upon the improper demands of the labor unions except that exercised through employers' groups. Manufacturers' Associations alone could check the unions, which left to their own devices might otherwise run to riot."[11]

By and large the labor union philosophy which the officers of the Association had developed by 1912-16 was a complete and consistent expression of the attitude of organized capital. The ideas of succeeding officials did not vary especially in the next twenty years, and most of the notions set forth in this chapter can be taken as representative of the attitude of Association officials in 1937.

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from the Temple. Glenn didn't remember. Ibid., IV, 3303-3306.

[9] Illinois Manufacturers' Association, Annual Reports, 1913, pp. 9-10. Manufacturers' News, December 7, 1916, pp. 5-6.

[10] Manufacturers' News, January 11, 1917, p. 9.

[11] U. S. Senate, 64th Congress, 1st Session, Industrial Relations Commission, IV, 3184-3186.

CHAPTER IX

THE NEW LEGISLATIVE ORGANIZATION, 1911-1917

In a sense the Association had fought a losing fight between 1909 and 1911. In spite of its efforts the state had enacted legislation limiting the hours of work for women, a compensation bill not in accord with the wishes of the Association, and a safety law, toward which the association was only luke-warm in its support. In the future, however, the legislative activities of the Illinois Manufacturers' Association were to be more successful; and perhaps the explanation lies to some extent in the lessons that Secretary Glenn and the officers of the Association had learned during the battle of 1909-1911.

In the first place, the Association had by 1911 come to realize that a friendly legislature was much more amenable to the interests of the manufacturer and the employer's attitude toward legislation than an assembly hostile from the start to organized industry. If this difficulty were to be corrected, the Association would have to begin its legislative work before and not after elections. It might be possible to "impress the candidate for the state legislature with the manufacturer's point of view," or, to put it bluntly, it might be possible to make him realize that his chances of election were much greater if he promised friendly consideration for the manufacturer's interests on legislative measures. It might also be possible to study the record of legislators, and to engage in a weeding-out process of those who showed themselves consistently opposed to the members of the Association. In a degree this idea was not the creation of Glenn or of the officers of the Association at all, but was, as they frankly admitted, a policy which the Illinois State Federation of Labor had been following for years both before and after election. It was self-defense, Glenn remarked, which dictated greater attention to the legislative problem.[1]

Self-defense or not, the comparative defeat the Associa-

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[1] Illinois Manufacturers' Association, Annual Reports, 1911, pp. 38-41.

tion suffered in the enactment of the compensation law inspired the officers to go actively to work building up a more effective legislative machine. As a first step a committee led by L. G. Blanding of the Moline Plow Company[2] was appointed to study the problem and begin preliminary organization. The committee finally decided to divide the state into senatorial districts according to the divisions in the upper House of the General Assembly. In each district a committee of manufacturers and members of the Illinois Manufacturers' Association was appointed. The local committee had two duties, first to interview all legislative candidates within its district and acquaint these gentlemen with the work of the Illinois Manufacturers' Association, to give the candidate something of the manufacturer's point of view, and to assure themselves that the candidate was acceptable to the Association. All the information that the committee could gather on the subject should be brought to bear at this time: the candidate's former speeches, his votes in the state legislature, his business training, and his understanding "of the point of view of business." The second duty of the committee was to acquaint the members of the Association and the employing interests generally throughout the state with the acceptability of the various candidates, and to urge them to support those men who had "an acceptable attitude" in legislative matters. By this procedure, it was hoped, the Association would secure the election of men who understood how business men felt about "unwise, uneconomic, and ill-timed" legislation which was contrary to the interests of the industries of the state and the people at large.[3]

The committee did not propose methods of pressure which would not bear the scrutiny of the enemies of the Association. No "money or any wrongful influence" should be used "to further the ends" the Association was seeking. Since the manufacturers sought only the election "of good men in every district who were

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[2]Other members of the committee were: William L. Frazier, of the W. L. Frazier Company; S. R. Roberts, of the Phoenix Horseshoe Company; Paul H. Belch, of the Paul H. Belch Company; Charles I. Pierce, of the Big Creek Collier Company; Adolph Mueller, of the H. Mueller Manufacturing Company; G. D. Kinney, of Colburn Birks and Company; Robert C. Conway, of Armour and Company; J. H. Porter, of the Calumet Steel Company.

[3]Illinois Manufacturers' Association, Annual Reports, 1911, pp. 37-41.

honest fair and reasonable," "sensible, fair and open discussion" with candidates should be sufficient for all requirements of the Association.[4] Once again the Association fell back on the theory that there was a coincidence of interest between the members of the Illinois Manufacturers' Association and the public at large. The legislative activities of the Association under such a theory could not even be classed as selfish. They constituted instead the mere performance of manifest civic duty.[5]

The plan which the Association thus proceeded to put into effect in 1911 was still in operation in 1937. It has been supplemented and elaborated, but never altered fundamentally.[6]

It was expected that the central headquarters of the Association under Glenn would co-operate heartily in the campaign to elect an acceptable legislature. In the first place, Glenn, personally familiar with many of the men on the floor of the legislature, could supply the local committees with considerable information as to the acceptability of many of the candidates for re-election. He kept in touch with all of them, constantly exhorted them to further efforts, and supplied them with important

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[4] Ibid., p. 41.

[5] For instance, President Charles Piez, in 1913, stated: "Never before were the forces contending for changes in social legislation as completely and effectively organized as they are today, and never before was the pressure which these forces exert upon members of the state legislature as insistent. Were the aims of these forces always unselfish, were they always inspired by high ideals tempered by sound judgment, we would all be willing to stand aside and accept the results. But this is far from being the case, as a study of the bills introduced into the legislatures, both state and national, will quickly reveal. The efforts of the social reformer and the idealist are today being cleverly directed by the most intensely practical leaders of organized labor most of whom are honest enough to admit that their ideals begin and end with the interests of their own members. Are you willing to leave the enactment of legislation to such a combination? Are you willing to stand aside while it forces upon legislators who are still human enough to humor those who make the loudest demands and still practical enough to yield to those who control the largest number of votes? In our interests, yes, and in the interests of the community at large, it is wise that we join together and through organized effort assist in legislation that is humane, and wise, and oppose that which is economically unsound." Illinois Manufacturers' Association, Annual Reports, 1913, p. 6.

[6] The legislative bureau of the Association was in 1927 in charge of Allen T. Gordon. He was appointed to that position in 1930. See Industrial Review, May, 1930.

information on prominent issues, pending bills, etc. Before long the Chicago office began to issue a legislative bulletin before each general election. It bore the name and address of every candidate to the General Assembly, his party affiliation and most important, his vote upon every bill of interest to the Association.[7]

Before long, also, Glenn began the practice of holding a series of meetings throughout the state in the pre-election period. These gatherings, in charge of a regularly selected legislative committee, were attended by manufacturers of the region, where they heard the issues of the campaign explained, the candidates discussed, and were advised upon how best to protect their interests. Frequently these meetings were followed by plant meetings, in which the candidates were discussed with the employees, and an effort was made to make the employees themselves aware of the "acceptable" candidates for election.[8] How well this system functioned is a matter that cannot be settled exactly, but it is at least certain the Association obtained a somewhat more friendly legislature on the average by this process.[9] A second method of

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[7]The Association still issues these bulletins to its members before every November election for the state legislature. See, for example, Illinois Manufacturers' Association, Who's Who for the Illinois General Assembly (Chicago, 1916) and Illinois Manufacturers' Association, Legislative Bulletin (Chicago, 1936). These pamphlets list all candidates and give their vote at the last legislative session on all questions in which the Association is interested: the eight hour law, compensation bills, safety legislation, etc. While no specific recommendations are made, the "availability" of each candidate is made amply clear. For Glenn's explanation of the value of this work, see Manufacturers' News, August 24, 1916, p. 7.

[8]Illinois Manufacturers' Association, Annual Reports, 1912, p. 17. A series of regular legislative meetings is still the practice before every election to the state legislature. For instance: "On Thursday April 9, 1936, the Association completed a series of twenty-five legislative meetings in the various senatorial districts indicated below. Approximately fifteen hundred industrial executives participated in these meetings. James L. Donnelly, executive vice-president and Allan T. Gordon of our legislative bureau, participated in all the meetings. President T. S. Hammond, and David R. Clarke, General Counsel, also participated in several of the meetings . . . . . We are convinced that the fine cooperation we received from our members at these meetings will have a very material influence upon the nomination and selection of representatives to the Illinois General Assembly and Congress who will be fair and open-minded in their attitude toward industry." Industrial Review, April, 1936.

[9]Illinois Manufacturers' Association, Annual Reports, 1916, p. 63.

judging the effectiveness of the Association in electing members to the legislature friendly to its interests is that of comparing the legislative enactments of the period between 1907 and 1911 with that of the years 1912-1916. In the first period the Association was defeated upon three major issues in spite of its best efforts, but in the second not a single important legislative measure was enacted over the head of the Association. All bills to which the Association was opposed were either defeated as in the case of the women's eight hour law, or they were modified into acceptable measure which the Association was willing to support or, at least, not oppose. Two cautions should be observed, however, in making any conclusions as to the effectiveness of the Association's electioneering. First, the "Progressive Era" had passed and there was no longer an active reforming spirit abroad in the land with its demands for all forms of social legislation. Second, the Association had now developed a much more effective mechanism for handling legislative work at Springfield, which no doubt accounted in part for the success of the Association. This mechanism is worth some consideration.

The central wheel in the legislative machine was the bureau at Springfield, open during the entire session of the legislature, through which the officers and directors of the Association could keep close watch upon the developments of legislation in the General Assembly. Here Glenn spent much time during legislative sessions, interviewing members of the two chambers, and watching bills as they moved through to enactment. The technique of guiding legislation was, in fact, reduced to a fine art. The fundamental assumption behind the bureau's activity was that all bills were to be regarded with suspicion until they were proven acceptable; that all laws were inherently bad; and the best thing the manufacturers might hope for would be the enactment of as little legislation as possible. It is scarcely an exaggeration to describe the attitude of the Association as entirely negative with respect to legislation, for when the Association supported a law actively it was a matter for comment.[10]

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[10] A prominent executive of a big Illinois corporation, member of the Illinois Manufacturers' Association, in an interview with the writer in 1936 described the attitude of the Association toward legislation thus: "The officers are against everything as a matter of principle."

On the intimacy and directness with which Secretary Glenn

One of the standard methods of impressing upon the members of the legislature that the Association wanted as little legislation as possible was the petition, regularly forwarded to the two houses of the Assembly at the beginning of each Assembly, calling upon the houses to enact as few bills as possible, and to adjourn at an early date. These petitions usually described business and industry in general as being in a state of suspended animation awaiting the outcome of the present session, in the fear that a series of bills unfriendly to industry would be enacted. Business was chronically described as unsettled, already burdened with too much undigested legislation, and badly in need of a legislative moratorium.[11] The Association habitually measured its success or failure in a legislative session by the number of bills enacted into law as compared with the number introduced to the two houses. Thus, the Association remarked in 1916 that although some fifteen hundred bills had been presented to the legislature for consideration, it was glad to announce that only 271 of these had been enacted into law, and of these last, not a one could be considered as definitely inimical to the manufacturing interests of the state.[12]

When a bill which Glenn and the other officers at Springfield considered doubtful or actually hostile to their interests was in the process of enactment, there were several expedients for controlling events. For one thing, individual members of the legislature might be interviewed and the position of the Association explained to them.[13] Furthermore, whenever such bills came before committees of the legislature, Secretary Glenn or one of his assistants appeared before the committee as a matter of course to oppose it, and to offer an explanation as to why the Association considered the bill dangerous to the state. If, however, it

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dealt with the members of the state legislature, see discussion on the eight hour law in State of Illinois, Journal of the Proceedings of the Senate of Illinois, 1915, pp. 734-45.

[11] Illinois Manufacturers' Association, Annual Reports, 1908, p. 65; Chicago Tribune, March 31, 1915, p. 14.

[12] Illinois Manufacturers' Association, Annual Reports, 1915, pp. 35-36. This statement can be found in substance in every annual report of the Association from 1915 to 1937.

[13] Glenn's personal work among the legislators was well recognized by the members of the Assembly, and openly discussed on the floor. See Illinois House of Representatives, Proceedings, 1917, p. 238.

was perceived that the bill had an excellent chance of passing, the bureau at Springfield might call upon the membership of the Association for aid. All members were kept constantly in touch with the development of events at Springfield through the issuance of the legislative bulletin known as the Pink Sheet, which appeared almost daily during the time that the legislature was in session. The Pink Sheet contained data on committee hearings, dates of passage of bills to second and third readings, etc. Whenever a bill became dangerous, a call would go out by bulletin to all the members of the Association to wire or write to their representatives at Springfield in opposition to the measure, while if the bill became very dangerous, an emergency call might go out for the members to assemble at Springfield and appear personally before the legislative committees in opposition to the proposed law. An impressive gathering of several score or even several hundred members of the Association in a committee room at Springfield usually had the desired effect upon the members of the legislative committee who were present. It was an effective method of showing strength and was almost invariably successful. Occasionally, when several objectionable bills were in the offing and the whole legislative outlook was dark, the Association would call a convention to assemble at Springfield for the purpose of massing opposition. At these conventions resolutions were addressed to the people of Illinois informing them of the seriousness of the situation for the manufacturers, and calling upon the members of the state legislature to consider the interests of industry and desist from the enactment of legislation unfriendly to business.[14]

There were, of course, less official methods of handling legislation on the floor of the Assembly, and these the Association adopted in common with all pressure groups interested in pushing a certain program or in resisting the passage of a law. It was possible to get delays and continuances in bills before committees, to ask for additional hearings, or to get bills held

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[14] See, for example, the Convention of 1909 on the eight hour law, above, Chapter VI; that of 1915 on the eight hour law and the full crew bill, Chicago Tribune, March 31, 1915, p. 14. See Illinois Manufacturers' Association, Annual Reports, 1908, pp. 64-65, for an account of pressure tactics used against the Safety Law. Sometimes members of the Assembly attended these meetings. A Springfield meeting of 1925 was addressed by Senator Deneen and Lieutenant Governor Fred Sterling. See Illinois Manufacturers' Association, Annual Reports, 1925, pp. 13-14.

in committee indefinitely. A speaker friendly to the manufacturing interests or to any other interest could aid that group greatly. The reports of committees, votes upon measures reported out from committee, and the advancement of bills to second or third reading were within his control, and he could hasten the progress of a bill or impede it indefinitely, just as he wished, without actually seeming to be interested in the act at all. Since the attitude of the House was largely negative (most of them would prefer to escape the embarrassment of committing themselves upon the measures before the house), the tactics of the Speaker were willingly acquiesced in by the members of the legislature. The result of this calculating policy of dilatoriness was that a mass of legislation piled up in the closing days of the session, most of the rules of the House and Senate were then suspended, votes went unrecorded, and the great majority of all bills before the two chambers died an anonymous death without any final vote being taken upon them at all.[15] Upon these facts the officials of the Association counted in resisting legislation. They could generally rest assured that, having expressed their determined opposition to the passage of a law, and having secured a few postponements before committees, the bill would expire with the close of the legislative session, no positive action having been taken upon it at all.[16]

In the sphere of federal legislation, the Association did

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[15] In an article which he released in 1924, Glenn admitted that the practice of delaying legislation in the House was an accepted part of his legislative technique. He justified the practice with the assertion that "majority rule is frequently mob rule," and that interested minorities were exposed to the mercies of legislative bodies that "do not actually represent the public welfare." He felt that in blocking the passage of laws in the legislature, the Association was performing a great public service, for "indiscriminate law-making will send us all to the poor-house." Chicago Journal of Commerce, May 12, 1925, p. 1. For a good description of the bill blocking tactics of the speaker in the Illinois House, see the statement of Walter S. Rogers in the City Club Bulletin, September 14, 1910, p. 337 ff.

[16] Thus the women's eight hour bill was introduced at every legislative session after 1909, it had a majority of both houses on a preliminary poll many times, it passed one house and died in committee in the other many times, but until 1937 it never went before a governor for signature. See Illinois State Federation of Labor, Thirty-Ninth Annual Proceedings, pp. 98-99; Manufacturers' News, June 21, 1917, p. 5. For the tactics used to prevent a vote on the safety law in 1907, see Charities and the Commons, XIX (November, 1907), 1017.

not attempt to build a comprehensive legislative machine of its own. Instead, recognizing that its interests were intimately bound up with those of other business groups, it sought affiliations with the latter on a national scale. In 1916, it joined the newly organized National Industrial Conference Board, formed that year by twelve of the leading employer Associations of the country for the study of business and governmental policies affecting the general economic welfare.[17] At the same time it entered the National Association of Manufacturers, formerly comprised only of individual firms, but now enlarged through its National Industrial Council to include regional employers' organizations as well. The following year it united with a score of other state manufacturers' associations "in order to insure wide cooperation on federal issues with other state associations of manufacturers."[18]

By and large, the Association permitted these bodies to represent its national interests. Frequently, however, it sent delegations to Washington to testify before congressional committees, and at the same time it became more and more accustomed to express its views through the medium of resolutions submitted to congress.

As Glenn perfected and enlarged his organization during these years, he drew around him a comparatively small number of enthusiastic business executives, selected from the membership of the Association. There was Charles Piez, of the Link-Belt Company, outstanding in his espousal of the "cause of the manufacturer," prominent in the councils of the Republican party, and active in public affairs. Piez, who headed the Illinois Workmen's Compensation Commission of 1909, and who served as the head of the Emergency Fleet Corporation during the war, was four times president of the Association between 1912 and 1926, and he served continuously upon the board of directors or board of advisers.[19]

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[17] Survey, November 25, 1916, p. 203.

[18] Illinois Manufacturers' Association, Directory, p. xxvii.

[19] The board of directors, the size of which was altered from time to time, usually included the executives of some twelve Illinois corporations. But in 1912 the by-laws were altered to provide for a board of advisers, made up of former presidents and certain directors who were recommended to its membership upon the expiration of their term of office. This body, whose active personnel always remained small, soon came to exercise an important influence.

His constant readiness to direct legislative activities, and his pronounced animosity for "unfair labor tactics" made him an invaluable man to the Association.[20]

Equally useful to the Association was William Butterworth, who had risen from overalls to the presidency of Deere and Company, prominent manufacturers of agricultural implements. His affable personality, and his remarkable acquaintanceship with business leaders throughout the country made him the Association's best liason officer. He served as president of the National Council of State Manufacturers' Associations in 1918, and was for many years a director of the National Association of Manufacturers. In 1917 he was president of the Illinois Manufacturers' Association; and until his death in 1936 served regularly as a director of the Association.[21]

Samuel M. Hastings, three times president of the Association between 1916 and 1932 was another man who lent continuous support to Glenn's policies. As president of the International Business Machines Corporation, a director of the Central Republic Trust Company, and an official of numerous other business concerns, he was recognized as an executive of some consequence in the Chicago area. In the Association's protest against the Sherman and Clayton acts and in the development of its merchant-marine and trade policies Hastings played an important role.[22]

Of equal significence was the work of Edward N. Hurley, of the Hurley Machine Company, and president of the Association in 1915. He was in close touch with the Democratic administration between 1913 and 1921, and in 1914 became a member of the newly organized Federal Trade Commission, in which capacity he co-operated closely with other officials of the Association. He was a consistent supporter of high tariff policies, the development of the American merchant marine, and the extension of foreign trade contacts abroad.[23]

In the Association's interest in local improvements and

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[20] Manufacturers' News, November, 1924, p. 26.

[21] Illinois Manufacturers' Association, Annual Reports, 1921, pp. 12-13. Manufacturers' News, December 15, 1917, p. 29.

[22] Industrial Review, November 25, 1931.

[23] Manufacturers' News, February 16, 1922, pp. 9-10.

public works as well as legislative matters, Herman Hettler,[24] of the Hettler Lumber Company, and William H. Pelouse, of the Pelouse Manufacturing Company were outstanding. As head of the Lumbermen's Association of Chicago, Hettler was interested in the development of Chicago as a marine port, while Pelouse represented the Association's interest in the development of inland waterways. He was for years chairman of the Illinois Waterways Commission, in charge of the efforts of Illinois in the development of both the Lakes-to-the Gulf, and the St. Lawrence Waterways projects.[25]

There were others who from time to time played an important role: P. A. Peterson, leading Rockford furniture manufacturer, Dorr E. Felt, of the Ternant Manufacturing Company, George R. Meyercord, of the Delco Company, and E. C. Heidrich, of the Peoria Cordage Company. A large number of men, important officials of great Illinois corporations, served in turn as directors of the Association for a year or so, or were temporarily associated with some activity of the Association.

But the significant fact is that the inner council of the Association remained comparatively small. The few men discussed above were to be found year after year as members of the board of directors, as the sponsors of Association projects or leaders of legislative activity. In the determination of both policy and attitude they had certainly the lion's share. Other firms simply accepted the Association's leadership for whatever value it would bring them in legislative returns. These men, with John M. Glenn, were the embodiment of the Association's spirit; they gave to the Association flesh and blood.

This esoteric character of Association leadership raises of course the most serious questions as to its actual representative quality. While practically all the corporations of consequence in Illinois were members, a small number of men, drawn from a few companies, none of which were in the first rank in size or importance, retained effective control of the destinies of the organization. Further than that, it might be asserted that the actual inspiration for the stand of the Association upon many of the legislative issues which it viewed as critical did not come

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[24] Chicago Journal of Commerce, May 2, 1929, p. 6; Manufacturers' News, June, 1929, p. 12.

[25] Manufacturers' News, October, 1929, p. 25.

from the membership at large but from above, from the inner group of leaders whose attitude and convictions shaped the course of the Association. It was the convictions of Glenn and Piez that formed the Association's philosophy upon the women's eight hour law, and the workmen's compensation law. It was the opinions of Hastings, Hettler, and Meyercord that shaped the Association's tax and tariff policies, while that of Upham became its decisions upon railroad matters. In every instance it was Glenn's touch that molded the notions of the membership into positive legislative performance calculated both to win results on the floor at Springfield and win membership.

All this was no doubt inevitable in a group of the size and character of the Association. The rank and file of member-firms were headed by executives who had little time for active participation in affairs not directly concerned with the most immediate problems of their business. But it was, nevertheless, exceedingly unfortunate, for it is very doubtful if the most intelligent and co-operative spirit of Illinois business thereby found adequate expression. By its very nature the Association was driven to find dramatic issues, both in government and labor relationships. It was, furthermore, under the strongest temptation to present those issues in the harshest light, and to express its own opinion in the most intransigent fashion. Only through such a policy could the Association attract attention, and focus interest upon itself as a "spokesman" for business.

The inclination for Glenn and his colleagues to regard the Association and its success as a career for themselves is only too obvious. For Glenn and his professional assistants the size and strength of the Association was direct and financial; their salaries depended upon it. For Piez, Butterworth and the others, it was the entrance into a half-world of public affairs and politics which, as long as the Association was successful, brought the satisfactions of prestige and leadership that many men crave.

This is, of course, precisely the same charge which the Association hurled again and again in the direction of the labor union; that its leaders did not represent the best attitudes and most intelligent interests of their membership. Be that as it may there is no denying the fact that many of the "issues" over which labor and capital fought so bitterly at Springfield were in reality somewhat artificial in character, and that in many instanc-

as co-operation would have been a simple matter had it not been for the spirit in which "issues" were approached by both capital and labor.

The legislative technique, organization, and leadership herein described were by 1916 all well developed within the Association. All remained essentially unaltered in character down to 1937, and numerous instances in which these generalizations applied will appear from time to time in later chapters.

CHAPTER X

THE PROBLEM OF TAXATION, 1906-1917

The Association has always been interested in protecting its members from what it considered to be "unfair," "unreasonable," or "discriminatory" taxation, and it must be added, that its efforts have been attended with a considerable measure of success. The earliest skirmish with the state over a matter of taxation occurred in 1904 when the Association took up arms against assessment of the capital stock of industrial corporations. An act of 1871 had provided for a tax to be levied against the capital stock of all corporations in the state. At the time of the passage of the law, however, almost the only corporations in the state were mercantile establishments, industrial corporations being almost unknown, and for many years the State Board of Equalization by general consent had refrained from assessing the capital stock of mining, agricultural, and industrial corporations. The Supreme Court in 1904, however, held that the stock of all corporations should be assessed,[1] and the Board of Equalization began to do so that year. Glenn and Eckhart felt that the original purpose of the law was being grossly violated, as the intent of the legislature had been to lay a tax not upon industry, but upon commerce, and they determined to destroy the tax.

Levy Mayer thereupon went to work drafting a bill to exempt the capital stock of industrial corporations from taxation, and the Association, under Glenn's direction, introduced and obtained the passage of the law through the legislature in May 1915,[2] the bill becoming law without the signature of the governor. It excluded the capital stock of corporations organized for "purely manufacturing or mercantile purposes" from assessment by the state Board of Equalization; it also contained a specific provi-

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[1] Hub v. Hamburg, 211 Illinois 43.

[2] Illinois Manufacturers' Association, Annual Reports, 1904, p. 14; Ibid., 1905, p. 4.

sion exempting such capital stock from any assessment whatsoever[3] In November, 1906, however, the Attorney General rendered an opinion to the Board that the act of 1905 was unconstitutional in that it provided for arbitrary classification and was thereby a violation of equal protection of the laws; thereupon the Board began once more to assess capital stock. The Association through Glenn now announced that it would fight collection in the courts,[4] and it furnished counsel, William Duff Raynie, in the case of the Consumers' Coal Company v. Miller, decided in 1908. In its decision the Court upheld the opinion of the Attorney General, and declared the law unconstitutional for the same reasons.[5] Since the decision the Association has submitted to the taxation of capital stock, but it has at times protested against what it considered to be an excessive or unreasonable levy.

The next question of taxation in which the Association became seriously involved arose in 1909 over the corporate income tax levied by the federal government that year. The revenue act provided for a corporate income tax of one per cent, and contained a section providing that corporate income figures be made public.[6]

Under the leadership of Glenn and President LeVerne W. Noyes the Illinois Manufacturers' Association rose in revolt against these provisions. November 29th, a delegation headed by Glenn and William D. Raynie went to Washington and laid their objections before President Taft and Secretary of the Treasury Franklin MacVeagh.[7] They claimed that while they had no objection to paying any reasonable taxes the federal government might think necessary, the corporation tax was discriminatory and was calculated to lay open the way to an excessive increase in federal expenditures. The publicity feature was held especially objectionable in that many small corporations who were in competition with partnerships and unincorporated businesses not subject to the law

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[3]State of Illinois, Laws of Illinois, 1905, p. 131; Joel Roscoe Moore, Taxation of Corporations in Illinois (Urbana, 1913), pp. 98-105.

[4]Illinois Manufacturers' Association, Annual Reports, 1906, p. 12.

[5]Consumers' Coal Company v. Miller, 236 Illinois, 149.

[6]U. S. Statutes at Large, XXXV (1909), 112.

[7]Chicago Tribune, November 30, 1909, p. 3; Illinois Manufacturers' Association, Annual Reports, 1909, p. 38.

would be ruined by having their statistics on income exposed.[8] The delegation obtained little promise of redress, however; and Haynie later complained that Taft was "utterly incapable of viewing the matter from the point of view of the small business man."[9]

The Association accordingly decided to start a campaign for the repeal of the law, and Noyes summoned a conference to meet in Chicago in January at the Congress Hotel.[10] Delegates were present from corporations and manufacturers' associations located throughout the country, and the discussions on the floor of the convention soon revealed that the other delegates were as angered by the law as were the officers of the Illinois Manufacturers' Association. Denounced as a slur upon the honor of American business men, the tax was held discriminatory and socialistic in tone. Although the convention had been called merely to object to the publicity features of the law, there was no doubt that a majority of the men present felt that the corporate income tax was an equally iniquitous provision.[11] After lengthy discussion a strong resolution against the tax was adopted,[12] and the conference ended by pledging the combined efforts of its members to de-

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[8] Illinois Manufacturers' Association, Annual Reports, 1909, p. 38.

[9] Illinois Manufacturers' Association, Corporation Tax Law Conference: Proceedings (Chicago, January 14, 1910), p. 15.

[10] The bulletin sent out by the Association calling the conference together read as follows: "It is imperative if corporations desire relief from the publicity required by paragraph six of the new corporation tax law that a united effort be made at once to induce congress to repeal that provision of the statute. The publicity requirement is discriminatory, is unfair, and is believed by many was inserted for political reasons. It gives a business organized as a partnership an advantage over a business organized in corporate form. . . . .

You are also requested to ask your members to ascertain how the senators of their states and the representatives of their respective districts will vote on the question of the publicity feature. Any information you may receive as to how any particular senator or representative will vote on this should be sent to this office promptly signed LaVerne W. Noyes. Illinois Manufacturers' Association, The Corporation Tax Law (Chicago, 1909).

[11] Illinois Manufacturers' Association, Corporation Tax Law Conference: Proceedings (Chicago, 1910).

[12] The resolution read as follows: "Whereas the representatives of this conference are of the unanimous opinion that this law as framed is inimical, not only to the interests of those represented but to the country at large as being at variance with

fest the act and appointing a committee to carry on the campaign.[13] The Association, however, continued to bombard its members with publicity opposing the law, urging manufacturers to write their congressmen against it and to contribute money to the Association's campaign for repeal.[14]

In February, Glenn took a step which aroused a storm of controversy. He addressed an open letter to Nicholas Longworth, speaker of the House, protesting against the corporate income tax. In it he charged Taft and the Republican National Committee with bad faith, since the corporate interests of the country had supported Taft for election on the assumption that their interests would be protected. He concluded the letter with the following:

> We do not think it fair for the president of the United States, after he received the support of the corporations, to enact a law that was discriminatory and unjust. We do not believe there is any law of God or man that justifies one in asking for help and giving a body blow in return. There is no intention of being disrespectful or unfair in any of the literature that goes out from this office, but I assure you that we will insist upon our rights and present the truth as

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established rights and principles, especially as infringing upon the domain of the sovereignty of the various states, as discriminating between those individuals operating as individuals and those operating through corporate bodies, as granting to the federal congress the right, by and through a tax on corporate relations, to find a means to create revenue which might lead to excessive governmental expenditures, and especially obnoxious by reason of the publicity which the law would give to corporate business as opposed to that which is carried on by partnership and individual enterprize; therefore be it

"Resolved that the unqualified endorsement of this conference be given to the efforts which are being made for the absolute repeal of the act; and be it further . . . .

"Resolved that pending the repeal of the act as a whole, congress is requested and urged to immediately abolish the publicity feature of the law, which is unfair, discriminatory, and unjust . . . ." Ibid., pp. 17-20.

[13]Noyes was made chairman of the committee, Glenn its secretary.

[14]Illinois Manufacturers' Association, Repeal of the Corporation Tax Law (Chicago, January, 1910). The bulletin, signed by Noyes and Glenn, contained the following: "Repeal the Corporation Tax Law. Quick Action On Your Part Will Produce the Desired Result.

Fully sixty per cent of the members of congress believe the corporation tax law is unjust, inquisitorial and discriminatory. Fully 40 per cent are ready to vote now for its repeal . . . . Please send in a contribution for $25 or for such an amount as you care to contribute unless you have already contributed to aid the campaign."

we find it.[15]

A barrage of bitter editorial comment on this letter did not move Glenn from his ground,[16] and he continued to campaign against the law. The battle came to an end in August when President Taft ruled that the publicity feature did not require publication or release to uninterested parties. The Association was content with this victory, although it still resented the one per cent income tax. In commenting upon the campaign against the publicity section the Association asked its members not to condemn its policies as too vigorous until they were appraised of all the facts in the case. Noyes stated that "it is my judgment that had we pursued any other course we would not have won our point."[17]

An interesting aftermath of this skirmish over the corporation income tax law occurred in 1913, when the Internal Revenue Bureau announced that it would begin enforcing that clause of the law which levied the tax not only upon corporate income, but upon the excess salaries which corporations might pay to their executives in an effort to escape its provisions. The Association immediately announced that should the Bureau attempt such collection in Illinois, the Association would fight the effort, and would lend counsel in an attempt to defeat the provision in the courts.[18] However, no court action ever followed, and it appears that the Association was satisfied that the Revenue Bureau was not carrying out such a policy.[19]

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[15]Graham Taylor, "Industrial Survey of the Month," Survey, XXIII (March, 1910), 986-987.

[16]The following editorial appeared in the Chicago Tribune: "We vigorously and emphatically disbelieve that the Illinois Manufacturers' Association either maintains or is willing to be put on record as maintaining that "having evaded the law" as Mr. Glenn quite candidly puts it, the Association collectively or individually now expects the president or any congressman to be affected by that cash transaction. Mr. Glenn may be more or less inured to such bargains. But we believe that the members of Mr. Glenn's association may be able to see the disconcerting moral resemblance of the obligation he contends for to the matter set forth in section 31 of chapter 38 of the Revised Statutes of Illinois--otherwise known as the bribery section of the criminal code." Chicago Tribune, February 12, 1910, p. 10.

[17]Illinois Manufacturers' Association, Annual Reports, 1910, p. 30.

[18]New York Times, September 24, 1913, p. 11.

[19]Illinois Manufacturers' Association, Annual Reports, 1913, p. 129.

CHAPTER XI

THE ILLINOIS MANUFACTURERS' ASSOCIATION AND NATIONAL POLITICS, 1911-1917

While the Association in the first decade of the nineteenth century was largely occupied with affairs of significance only to Illinois manufacturers, it had by 1910 become sufficiently aware of its own strength and influence occasionally to interfere in some matter of national concern. No subject interested the Illinois Manufacturers' Association more than the protection of the American market and access to foreign products, and it is not surprising to find that the earliest national policy of the Association was developed in connection with the tariff and foreign trade.

The Association has always been definitely protectionist. This point of view was clearly manifested as far back as the turn of the century when tariff reciprocity became a subject of some concern to all the country. By 1902, the annual reports indicated a fear of hostility on the part of most European nations toward the United States. Since, in the minds of the manufacturers, this condition existed, the then president, Charles H. Deere, urged that the national government would execute reciprocal trade agreements only with those nations which were willing to extend privileges of genuine value to American producers. Such agreements, it was believed, could be made without any abandonment of the principle of protectionism, for the United States could admit free of duty products which would not compete with those of domestic industry. That form of reciprocity was beneficial; other forms he felt to be merely injurious to the American market and an abandonment of a traditional American principle.[1] The idea of protectionism was not seriously challenged during the next few years, and the Association was busy with the problems of Illinois social legislation. But in 1913, President Wilson began to push the

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[1] Illinois Manufacturers' Association, Annual Reports, 1902, p. 16. In 1905, the Association participated in the American Reciprocity Tariff Conference, where it took a similar position in defense of American industries. Illinois Manufacturers' Association, Annual Reports, 1905, p. 16.

Underwood bill through Congress, and the Association was immediately interested. It feared that the reductions provided would prove ruinous to American industry; and while it recognized that "the public interest demanded tariff revision," it felt that the provisions of the bill were drastic and were not fair to American industry. A sounder principle, the Association's directors believed, was that of tariff reciprocity, and the bill should be amended giving the president power to negotiate reciprocal trade agreements with foreign powers. The law should further provide that before any of the reductions in the act took effect, the president should have obtained tariff concessions equal to those granted by the law to foreign producers. Any other policy, the Association argued, was a gross violation of the traditional American policy of protection, and was thoroughly unfair to those industries which were being sacrificed to foreign producers without any assurance at all that the American producer would benefit thereby.

In accordance with these views, John E. Wilder, one of the directors of the Association and president of the National Association of Tanners, was authorized by the board of directors to call a national conference of industrial leaders to confer at Washington on the bill. Representatives of over sixty industries affected by the law met in Washington in May, 1913, and after some discussion drafted resolutions condemning the principle of unconditional reduction and urging the inclusion in the act of a provision authorizing the president to negotiate reciprocity agreements with foreign powers in return for which the president was to have authority to place certain dutiable articles upon the free list and to reduce the duties on other articles.[2] The convention also drafted a letter to Senator F. M. Simmons, chairman of the Senate Finance Committee embodying the sense of this resolution and the ideas expressed by the directors of the Illinois Manufacturers' Association on the protection of the American market.[3]

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[2] Manufacturers' News. May 15, 1913, p. 6.

[3] Congressional Record, Sixty-third Congress, Third Session, L (May 8, 1913), 84. The resolution sent to the Senate Finance Committee read in part: "Resolved that it is the sense of this convention that a clause should be enacted in connection with the pending tariff legislation expressly providing that the reductions in the dutiable list and the additions to the free list shall be extended, in the case of nations maintaining tariffs against arti-

These suggestions were of course not adopted in the Underwood law. During the next two or three years it was the feeling of the Association that no small part of the ills from which American industry seemed to be suffering could be charged to the prevailing tariff system, which was alleged to have destroyed American markets at home and presently reduce American wages as well.[4] In December, 1915, the Association called a conference of leading manufacturers from all over the United States to protest the Underwood tariff. After many speeches arguing strongly for the protective ideal, the conference adopted the following resolution:

> Whereas the present European conflict and its ultimate cessation create economic conditions that compel immediate tariff readjustments to protect the rights and interests of the United States among the industrial nations of the world
> Whereas, the operation of the present tariff law has again demonstrated that the principle upon which it is based is detrimental to our national prosperity, be it
> Resolved, that it is the sense of this conference that we favor such immediate revision of the tariff as will provide ample revenue for the necessary requirements of government expenditures, and in addition protect the employment of labor and capital in the industries of our country from the dumping of foreign products on American markets, and from unfavorable trade conditions that result from differences in the cost of production at home and abroad.[5]

President Wilson did not propose to meet the problem through a protectionist revision, however; instead he proposed in December, 1915, the restoration of the tariff commission, the commission to be given the power to advise the president concerning tariff schedules. The Association was none too enthusiastic over this plan, for it feared that it might be used to promote further reduction in duties. Glenn remarked through the pages of Manufacturers' News that "the tariff question is not one that will safely admit of compromise." The United States had been a protectionist nation "since Washington signed the first tariff act," and it would be a drastic mistake to commit the tariff "to the tender

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cles of American production, only so rapidly as such countries agree on their part to extend what the president shall deem a fair equivalent for our own large concessions."

[4] Illinois Manufacturers' Association, Annual Reports, 1914, p. 67; Ibid., 1915, p. 24; Illinois Manufacturers' Association, Bulletin: Revise the Tariff Law (Chicago, March, 1915).

[5] Illinois Manufacturers' Association, Annual Reports, 1916, pp. 88-89. Charles Piez was in charge of the committee appointed to carry out the resolution.

mercies of a so-called 'non-partisan' commission."[6] The Association did not want a tariff commission; it wanted upward tariff revision.

The tariff conference in Chicago in December was the opening gun of a campaign carried on throughout the United States by the Association and similar organizations for more protection. As a direct result of the December meeting a second and larger conference was called by Charles Piez to meet at Philadelphia on January 18th, to formulate further campaign plans.[7]

The convention met as scheduled and again adopted resolutions urging Congress to enact protective tariff legislation before disaster overtook the industries of the country. The committee recognized the importance of the wide-spread demand abroad in the land for a tariff commission, and granted the force of the idea that a non-partisan commission be established to take the tariff out of politics. But, insisted these gentlemen, the tariff commission was of secondary importance. There was, indeed, danger that the sentiment for a tariff commission would obscure a much more important truth: the crying need that for once and for all the tariff be put on a protective basis. For just so long as America had not succeeded in making up her mind as to whether or not the high protective principle was to become the permanent guide-post of American tariff policy, just so long would the tariff be in politics. To take the tariff out of politics was a most worthy, a most laudable ambition. But the way to accomplish it lay through the protective principle. Once that were fully recognized and the present law adjusted, let the commission be set up and entrusted to the keeping of protectionists. To put the creation of the commission ahead of upward tariff adjustment would involve a serious delay, perhaps a delay fatal to the welfare of American industry. Revise for protection, and then let the tariff commission come if its friends insisted upon it.[8]

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[6] Manufacturers' News, December 30, 1915, p. 13.

[7] Other members of the committee to organize the convention in addition to Piez were Max W. Babb, Allis-Chalmers Company; James E. Bennett, Printing Press Manufacturers' Association; Joseph R. Grundy, William H. Grundy Company; B. A. VanWinkle, Hartford City Paper Company; H. G. Crendorff, Parlin and Orendorff Company, Canton, Illinois. Manufacturers' News, December 30, 1915, p. 6.

[8] Manufacturers' News, February 3, 1916, p. 5. The follow-

While the Association took every possible step in the years before the war to protect the domestic market of its members from invasion by foreign producers, it also worked constantly to win a larger foreign market for its members. Active interest in the possibilities of successfully developing the foreign market appears to have first emerged in 1911, when the Association observed that its members frequently lacked foreign credit information. The Association decided to remedy this by mailing out periodically to its members a foreign credit tracer containing a list of foreign firms, with the request that they return the list with information upon any of the concerns therein listed. This information would then be compiled in the Foreign Trade Bulletin which the Association now began distributing to its members. The bulletin contained a "clear" list of firms with whom it was safe to do credit business,[9] and numerous other items useful to those shipping goods abroad, transportation facilities, currency rates, docking and warehouse charges, local business customs, etc. All this information was expected to prove of great value to member firms, many of whom were experiencing difficulty in making arrangements for foreign trade.[10]

The Association was not content with merely gathering information about foreign markets, however, for many of the mem-

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ing month Senator Lawrence Y. Sherman of Illinois presented a resolution to the senate from the Illinois Manufacturers' Association drawn along the same lines as that of the Philadelphia committee. It read in part as follows: "There has been a growing conviction on the part of the American public that the tariff should be taken out of politics and that the only way in which this can be accomplished is by the creation of a permanent tariff commission . . . . .

There is a danger, should this conviction continue to prevail, that two considerations of vital and immediate importance will be lost sight of: First, that the tariff must and will remain a political issue until this country has definitely and finally chosen between a tariff for the protection of American industries and a tariff for revenue only; and second, that the present tariff schedule judged by its effects on American industry before the war began, will be entirely inadequate to meet the extraordinary conditions that will obtain after the war . . . . . John M. Glenn, Secretary." Congressional Record, 64th Congress, 1st Session, LIII (March, 1916), 4048.

[9] Illinois Manufacturers' Association, Foreign Trade Bulletin, No. 1 (March, 1911), p. 1. The Association continued to publish the Foreign Trade Bulletin until 1922.

[10] Illinois Manufacturers' Association, Annual Reports, 1911, pp. 47-48.

bers wanted to explore trade possibilities personally. In 1911, a committee of prominent directors and members especially interested in Central American trade planned a trip to the Panama Canal.[11] Under the direction of President Edward N. Hurley, the S. S. Fuerst Bismarck was chartered at New Orleans, and a party of several hundred members sailed from that port in January. They spent several weeks cruising in the Gulf and Caribbean, and exploring trade possibilities in Jamaica, Cuba, the Canal Zone, and the Central American Republics.[12] In 1914, the Association repeated the experiment, this time on a more extensive scale. The foreign trade committee under the direction of Hurley organized a tour of several months in South America for the purpose of exploring trade possibilities.[13] Hurley was also asked by Secretary of State William Jennings Bryan and Secretary of Commerce Redfield to make an extensive investigation of banking and currency facilities in South America, with a view to the establishment under the Banking Act of 1914, of national branch banks in South America.[14] The Association's members to the number of several hundred sailed from New York on the S. S. Vauban on February 7th, and spent over two months in Brazil, Argentina, Chile, Bolivia, and Peru, returning to the United States in April.[15]

Early in 1915, the Association's directors, led by Hurley, concluded that it would probably prove of benefit to Illinois Manufacturers if permanent export branch offices were established on a co-operative basis in foreign countries. To set the

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[11] The Committee was composed of E. N. Hurley, Fred W. Upham, Per A. Peterson, George P. Blow, and H. G. Herget.

[12] Illinois Manufacturers' Association, Annual Reports, 1912, p. 3; Illinois Manufacturers' Association, Foreign Trade Bulletin, No. 4 (January 12, 1912), p. 1.

[13] Illinois Manufacturers' Association, Annual Reports, 1914, p. 65.

[14] New York Times, February 2, 1914, p. 6; Ibid., February 6, 1914, p. 15.

[15] Illinois Manufacturers' Association, Annual Reports, 1914, p. 3. Shortly after this, in September 1914, the Association began running advertisements in various South American newspapers, offering to find markets in the United States for South American manufacturers, and calling attention to various classes of goods manufactured in Illinois. Good results were reported from the scheme. Illinois Manufacturers' Association, Foreign Trade Bulletin, No. 16 (September 1, 1914), p. 1.

experiment in motion, the directors decided to engage the services of Marcus Howe Hull, foreign trade expert, and send him to Russia to make an investigation of trade conditions in that country. Twenty-four member firms, principally those manufacturing agricultural machinery, took part in the experiment. Hull carried an extensive supply of samples representing various products of Illinois industry with him. Unfortunately, the venture was crippled at the outset by the imminent collapse of the Russian government, and further exploration of the idea was cut off by American entry into the war in 1917.[16]

The directors of the Association did not believe, however, that it would be possible to undertake any great development of foreign trade unless the United States built up an adequate merchant marine. Hurley felt that foreign markets were captured by those nations which had ships to reach them. Therefore, the Association was directly behind the administration-sponsored Ship Purchase Act of 1915, for the development of the American merchant marine. To emphasize their interest in the passage of the bill, the directors in January issued a statement praising the proposed law, and asserting that American industry could never win foreign markets as long as foreign carriers fixed the tariff for hauling American goods. A merchant marine subsidized by the federal government would, if built, mean a rich harvest for the American manufacturer.[17]

There were interesting repercussions to this resolution. Senator Lawrence Y. Sherman of Illinois charged on the floor of the Senate that the resolution was part of a bargain between President Wilson and Hurley. He asserted that in return for Association support of the Ship-Purchase Act, Hurley was to be made a member of the newly constituted Federal Trade Commission. Indeed, according to Sherman, most of the directors of the Association were not aware that their names were appended to the resolution, and Hurley had in fact "railroaded" the resolution through the directors' meeting in the absence of most of the men on the board. Sherman backed up his charges by producing letters from

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[16] New York Times, March 28, 1915, p. 6; Illinois Manufacturers' Association, Annual Reports, 1915, p. 33; Illinois Manufacturers' Association, Foreign Trade Bulletin, No. 21 (November 1, 1917), p. 1.

[17] Congressional Record, 63rd Congress, 2nd Session, LII (February, 1915), 627-628.

several members of the board, including H. G. Herget, J. P. Tower, J. Wilkes Gardner, and George L. Avery stating that the resolution was passed in their absence, with but six of the twelve members present. The Association never denied or affirmed Sherman's charges, and President Wilson also remained silent on the question. Hurley was shortly appointed a member of the Federal Trade Commission, but it is only fair to add that he was already a man of some national position, and an authority of some standing in commercial and tariff matters. Hurley's connection with the national administration did play an important part, however, in reconciling the Association to the work of the Federal Trade Commission.[18]

In pursuance of the idea of building up the merchant marine, Samuel M. Hastings, then president of the Association, in 1915 made public a scheme drafted by him and approved by the Association's board of directors. The plan called for an act of Congress permitting the incorporation of shipping companies under federal law. The government was to guarantee the companies so incorporated a four per cent return upon their investment, and was to guarantee the capital of the firms itself whenever liquidation should become necessary. In return for this guarantee, the government was to have the right to approve the nature of the business, the route to be operated, and the number of vessels to be purchased. The government was also to have the right to set transportation rates at any level suitable to the public welfare. Ships were to be so designed that they might be converted at once into "auxiliary cruisers," suitable for naval service. The government's interests should also be protected by the power to buy, condemn, or otherwise remove the vessels from service at any time it was in the public interest to do so.[19] The Association continued throughout the year 1916 to urge the idea of a federal subsidized merchant marine.[20] In 1917 the Association advocated the

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[18] Ibid., p. 628. On the Federal Trade Commission, see below.

[19] New York Times, May 18, 1915, p. 16; Illinois Manufacturers' Association, Annual Reports, 1915, p. 7.

[20] Colin C. H. Fyffe, Association attorney, in a speech in Rock Island, Illinois, in January, 1916, stated that the present improvement in foreign trade was "temporary" and would be lost unless the government "stopped muddling" and took immediate steps to build up a post-war merchant marine. Manufacturers' News, January 27, 1916, p. 11.

development of the Emergency Fleet Corporation as a permanent subsidized merchant marine, either under a subsidy system or a federal guarantee of profits.[21]

The Association in 1916 had already become interested in the idea of holding on to the war-time foreign market in the post-war period. In July, President Samuel M. Hastings wrote a letter to President Wilson suggesting that we appoint a board of trade experts to visit the belligerent nations for the purpose of improving future and post-war commercial relations with the belligerent states. The president thanked Hastings for his suggestion, but observed that he believed the federal government could use the mechanism of the new tariff board for the purpose of exploring trade possibilities whenever that should prove necessary or advisable. He also felt that the facilities of the Federal Trade Commission and the State Department were adequate for the gathering of trade statistics.[22]

During the early months of American participation in the war the Association continued to be vitally interested in the problem of post-war trade. It sponsored and approved the passage of the Webb bill to legalize corporate combinations for foreign trade;[23] it urged greater appropriations for the bureau of foreign and domestic commerce;[24] and it talked about a federal credit insurance plan for stimulating export shipments.[25]

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[21] In November, the foreign trade committee on behalf of the Association presented the following resolution to the American Manufacturers' Export Association, held in Chicago on November 10, 1917: "Whereas it is highly desirable to have and after the war to hold the American mercantile marine, and that our magnificent fleet continue for all time to sail under the stars and stripes; now therefore be it

"Resolved, that we urge the president and the Congress at this time to carefully consider and then enact such laws as will by subsidy direct bounty or otherwise bring about that vital aid to our foreign commerce." Illinois Manufacturers' Association, Annual Reports, 1917, pp. 47-48.

[22] Manufacturers' News, August 3, 1916, p. 15; Congressional Record, 64th Congress, 1st Session, LIII (August, 1916), p. 12380; Illinois Manufacturers' Association, Annual Reports, 1916, p. 65.

[23] Illinois Manufacturers' Association, Annual Reports, 1916, p. 66.

[24] Ibid., p. 98.

[25] Ibid., p. 96; Ibid., 1918, pp. 127-153. The plan suggested the chartering of a federal corporation, which would have

If the Association was anxious to have the federal government extend the benefits of the protective tariff to industry, if it was anxious to secure government control and regulation of shipping in the interests of foreign trade, it was equally interested in restricting the sphere of control of the federal government over domestic industry as far as possible. It was particularly annoyed by the Sherman Anti-Trust Law, which it considered outworn, and a slur upon the honor of American business. When the Supreme Court handed down its decision involving "the rule of reason" in anti-trust prosecution, the Association roused itself to action. It considered the decision a direct menace to American business, since it would now be necessary to decide upon the validity of every trust combination through court action. It did not believe that American business could withstand the successive shocks of a series of "trust-busting" decisions, nor the long period of uncertainty which would ensue during such court action. Had the time not come to dispose of the outworn Sherman Law? To them it appeared that the act had been developed to meet a particular evil in "a few of the industries" of the country, and prosecutions under it had been both sporadic and unequal. To revive it in full force now seemed ridiculous. It would be wiser, they said, to recognize that the trust was a development in response to a very genuine economic need:

> If a combination conserves waste and by so doing reduces the cost of production, it has an economic value that can be made to yield higher wages to the worker, lower costs to the consumer, and increased profits to the stockholder. If because of its size such a combination is liable to become a menace socially, then it should be subjected to a proper and efficient method of regulation, and not to a process of extermination.[26]

Furthermore, it was well known that big business by and large had faith in American ideals and was "obedient to the laws and to the dictates of honor and fair dealing." Was it not unfair to charge the mass of honorable American business men with lawlessness or any lack of honor? The growth of the trusts in the face of pro-

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on file the commercial standing of different businesses in foreign countries, and which would underwrite the credit transactions of American corporations with these businesses on a percentage basis.

[26] Illinois Manufacturers' Association, Annual Reports, 1911, pp. 34-35; Illinois Manufacturers' Association, Bulletin: The Sherman Law (Chicago, 1911).

hibitive legislative enactments demonstrated to their minds that the Sherman Law was definitely antiquated and that Congress ought to authorize the formulation of regulations of combinations engaged in certain forms of business activity.[27] At its meeting in December, the directors presented a resolution proposing that John E. Wilder, Edward N. Hurley, and Charles Piez draft and submit to Congress proposed legislation repealing the Sherman Law and laying down new comprehensive rules for the control of interstate business "that will be fair alike to the men who furnish the capital, the consumer and the wage-earner."[28]

Needless to say, the Association had no use for the idea of further trust regulation when President Wilson proposed the passage of the Clayton Act and the formation of the Federal Trade Commission. In an effort to prevent the passage of the two laws Hurley and Glenn went to Washington in May, 1914 along with officers of the Ohio Manufacturers' Association and the National Implement and Vehicle Manufacturers' Association. The delegates presented a petition to the president and to Congress stating that while their associations had no objection to the idea of a Federal Trade Commission properly constituted, they objected to one which was discriminatory.[29] Furthermore, they argued that laws so profoundly effecting the interests of American business should not be passed until the members of the business community had become aware of their implications. President Wilson in his reply to the petition refused to consider any restraints upon his anti-trust program. It was better, he informed the delegates in an open message, to pass "sober legislation now than encounter the

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[27] Illinois Manufacturers' Association, Annual Reports, 1911, pp. 34-35. Illinois Manufacturers' Association, Bulletin: The Sherman Law (Chicago, 1911).

[28] Illinois Manufacturers' Association, Annual Reports, 1911, p. 35. So far as could be learned, the proposed legislation was never presented.

[29] The remark about "discriminatory" legislation was a reference to the clause in the Clayton Law exempting trade unions from the operation of its anti-trust provisions. See Illinois Manufacturers' Association, Annual Reports, 1914, p. 67. This was one of the principal objections of the Association to the law. Delegates of the Association to the convention were: E. N. Hurley, George P. Blow, Paul Schultz, M. C. Atwood, F. J. Millikan, George D. Roper, Henry W. Ackhoff, W. C. Hughes, J. P. Seeburg, A. R. Erskine, A. H. Mulligan, G. L. Walters, Dorr E. Felt, and W. H. Gladding.

necessity of radical action later."[30]

The Association's attitude toward the Federal Trade Commission, if not toward the laws it was expected to enforce, was somewhat mollified the following year when Wilson appointed Hurley a member and vice-president of the Commission. Shortly after the Commission organized for business it called upon the Association to appoint an advisory committee, "the committee to meet at frequent intervals with the Federal Trade Commission and give that body the sentiment of the manufacturers with references to problems that might arise with the Commission at various times."[31] It did not appear under such circumstances that the Commission represented any very immediate threat to American industry, and for the time being the Association proceeded to forget about the trade board. But the idea of anti-trust regulation remained offensive to Association officers, and from time to time they referred to the anti-trust laws as "offensive," "useless and outworn," and to the Federal Trade Commission as a "fifth wheel," a "meddling society," etc.[32]

The Association's officers, nevertheless, were sufficiently dissatisfied with the "anti-business" administration of President Wilson to go actively into the political ring in 1916 in favor of a "business candidate" for the presidency. Wilson's anti-trust policy and his low tariff "notions" they felt to be a direct threat to American economic prosperity, and they cast about for a presidential candidate who could "reconcile the conflicting interests of the businessmen and the workers." Accordingly, in

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[30] New York Times, May 29, 1914, p. 16.

[31] Illinois Manufacturers' Association, Annual Reports, 1915, p. 8. The committee was in charge of Charles Piez. Other important members were William Butterworth, H. G. Herget, D. E. Felt, and Per A. Peterson.

[32] For example, the following resolution of December, 1918: "Whereas a rigid enforcement of the penalties of the Sherman Act and the Clayton Act relating to combinations in many instances due to an inflamed and unreasonable public opinion, has worked harm to the industries of the country . . . . be it

Resolved, by the Illinois Manufacturers' Association that Congress be requested to enact such legislation as may permit combinations of manufacturers which are designed for the better protection and development of business and are not intended to eliminate healthy competition or for unreasonable purposes to create a monopoly in any branch of production." Illinois Manufacturers' Association, Annual Reports, 1918, p. 26.

January, 1916, Secretary Glenn attempted to start a boom for Judge Elbert H. Gary, chairman of the Board of Directors of the United States Steel Corporation.[33] The Association's directors considered him a "business man of the highest order, safe and sane in his views, and with the judicial temperament." Paul Schultz, prominent Illinois Manufacturers' Association director, issued a public statement that "the same qualities that have made Judge Gary a leader in the industrial world would be of great value in the chief executive of a nation." E. C. Westman, another prominent member, stated that "once the public becomes educated to the fact that their general welfare depends upon the administration of the affairs of the nation upon conservative business principles it will be difficult to elect any man except one of the high type of Judge Gary."[34]

Judge Gary was no doubt a nearly ideal candidate from the conservative business man's point of view, but it was obvious, in spite of Glenn's remark about "reconciling the conflicting interests of the business men and the workers," that he was entirely too closely connected with great corporate interests ever to gain the support of union labor and the farmers. The day was too recently passed when the "trust" had been the symbol against which agriculture and labor alike had rallied; and the day when the American people should be convinced of the wisdom of "government conducted by business men on business principles" lay decades in the future. The Gary boom met with no adequate response except among officials of other industrial groups, and Glenn presently allowed the matter to drop. Many of the officers and directors perhaps were of the same opinion as James E. McMurray, of the Acme Steel Goods Company, when he remarked that "Judge Gary is so high a type of citizen that it is doubtful if he could be elected."[35]

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[33] New York Times, January 8, 1916, p. 4.

[34] Manufacturers' News, January 13, 1916, p. 11. The statements of several other prominent members in support of Gary were also printed here.

[35] Ibid., January 13, 1916, p. 11.

CHAPTER XII

THE ILLINOIS MANUFACTURERS' ASSOCIATION AND THE RAILROADS, 1902-1917

The relations of the Illinois Manufacturers' Association with the railroads have been in some respects contradictory. As the representative of a group of shippers the Association has frequently found itself in opposition to the rate-making policies of the roads, but as an employers' organization it finds itself in sympathy with the railroads in their efforts to deal with the labor problem. Not infrequently the Association has actively taken up the cudgels in behalf of the roads.

It is an interesting fact that the first public declaration of policy of the Association on the railroads was a demand that the powers of the Interstate Commerce Commission be reinforced. In 1902, the Association began a campaign of publicity among its members for amendment of the Act of 1887 with a view to giving the commission power to regulate the rate structure effectively. A great increase in the amount of governmental control, President Conkey declared, was a vital necessity, since the railroads had become a virtual monopoly. "When it comes to dealing with the public they group themselves together and act as one interest."[1] This intolerable condition, the directors felt, could only be remedied by effective federal legislation.[2]

This agitation continued until the final enactment of the Hepburn Act of 1906. The Elkins Act of 1903 was regarded by the Association and by shippers everywhere as but a truce, since it did not set up effective rate control, but merely checked secret rate cutting by making deviation from published tariffs a criminal offense.[3] In 1904, Glenn and William Butterworth, of Deere

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[1] Illinois Manufacturers' Association, Interstate Commerce Act Amendment (May, 1902).

[2] Illinois Manufacturers' Association, Annual Reports, 1902, p. 5.

[3] I. L. Sharfman, The Interstate Commerce Commission (New York, 1931), I, 36-37.

and Company, lent their active support to the "Bacon movement," a campaign for congressional rail rate reform led by many large commercial and industrial organizations in the middle west.[4] At the same time the Association urged its members to support the Cooper-Quarles bill, which Congress considered and shelved during 1903 and 1904.[5] In his annual message to Congress in December, 1904, President Roosevelt brought the matter to a head by asserting that the need for railroad legislation was "a paramount issue." Under this spur the Esch-Townsend administration bill passed the house, and although the measure failed in the senate, the latter body did begin a general investigation of the problem of rail reform in the United States.[6] To the Quarles bill and to the subsequent senate investigation, the Illinois Manufacturers' Association lent its hearty support. It sent out bulletins to its members and publicized widely the ideas behind the new legislation in an effort to combat the powerful campaign against regulation being waged by the railroads. President E. A. Eckhart, who was particularly interested in this problem, directed the efforts of the Association at this time, and one of the booklets he wrote upon the subject of rail legislation is worthy of especial attention, since his assertions were supported by a brand of social philosophy for which the officers of the Association but seldom expressed any great sympathy.

Eckhart began his arguments with the statement that a railroad was not a private but a public institution. It had received grants of public lands, was protected by the state, and operated under government charter. An enterprise the recipient of so many privileges from organized society ought certainly in some degree to be subject to public regulation. Furthermore, Eckhart said, the movement toward rail consolidation had gone so far that a "condition of practical monopoly existed in transportation." It was quite certain, at any rate, that the railroad

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[4]Convention Called To Support Reform of the Interstate Commerce Law, Proceedings (Chicago, 1904), p. 3 ff.

[5]Illinois Manufacturers' Association, Annual Reports, 1904, p. 14.

[6]William Z. Ripley, Railroad Rates and Regulation (New York, 1920), pp. 496-497. On the senate investigation see Fifty-ninth Congress, First Session, Hearings Before Senate Committee on Interstate Commerce. Senate Document 243, 5 Vols. Washington, 1905.

business was sufficiently monopolistic in character that the usual laws of competition would never guarantee reasonable rates nor protect the public against outrageous practices. Strict regulation was, in the last analysis, a rather conservative proposal, for its only alternative was government ownership and operation, an essentially radical notion which most of the members of the Association were not prepared to support.[7]

Eckhart summed up his argument with this statement:

> It is clearly apparent, therefore, that the public welfare demands a reasonable and effective supervision and regulation of transportation charges and practices; that the unrestricted use of the enormous power of the American railroads, which power is rapidly expanding with the extension of new lines and the concentration of control, would be attended with a grave menace to the tranquility and advancement of the nation.[8]

The Association's work for federal control continued until the passage of the Hepburn Act in 1906, for which the Association's officers petitioned, and which it thoroughly had played a considerable part in stirring up sentiment in the middle west in favor of the law.[9]

While the Association was thus working for federal rate control, it was engaged in a long drawn out quarrel with the railroads over "the uniform bill of lading." In 1904, the roads announced that they were about to put into effect a new bill of lading by which the carriers assumed the ordinary common law liabilities of the shipper for the safety of goods in transit, and in return freight rates were to be increased twenty per cent on certain classes of commodities to cover the liability assumed. The Association did not propose to accept this innovation, and Glenn petitioned the Interstate Commerce Commission to investigate the problem, while at the same time he called a conference of shippers in the middle west in June, the outcome of which was the formation of the American Shippers' Association, organized to combat the new bill of lading.[10] In July, officials of the new

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[7] B. A. Eckhart, Relations of Shippers and Carriers (Chicago, 1905).

[8] Ibid.

[9] Illinois Manufacturers' Association, Annual Reports, 1907, p. 4.

[10] Illinois Manufacturers' Association, Annual Reports, 1905, p. 6

group appeared before officers of the American Railway Association and endeavored to convince them that shippers had not succeeded in dodging their old common law liability, and that the railroads were therefore doing the shippers a grave injustice in the arbitrary rate increase accompanying the new form. The issue was left undecided, but the roads promised not to put the new bill into effect at once. In December, Glenn again petitioned the Interstate Commerce Commission, and a hearing was granted in Chicago on December 5th. The Commission once more postponed any decision, however, pending further investigation; but privately the roads promised the Association that the new form would not go into effect until April.[11] In February, 1906, a temporary agreement was finally reached by which the status quo was continued pending thorough study of the matter by the Interstate Commerce Commission.

Meanwhile Congress had taken a hand in the matter, with the passage of the so-called "Carmack amendment," which fixed the liability for shipments upon the initial railroad carrier.[12] This of course forced the railroads to abandon their original position, and in its 1906 reports the Association noted with satisfaction that the agitation of the Illinois Manufacturers' Association and like bodies had been largely responsible for this section of the Hepburn Act.[13] With the question of liability settled the Association had no objection to the adoption of a uniform bill of lading by the railroads. In co-operation with the Eastern Carriers' Association, it drafted a bill of lading form which was eventually adopted by all the lines to the satisfaction of the shippers.[14]

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[11] Ibid., p. 6.

[12] U. S. Statutes at Large, XXXIV (1906), 595. The principal purpose of Congress in passing the law was to end the chaotic confusion in regard to responsibility that had hitherto prevailed in state and federal courts. See M. G. Roberts, Federal Liabilities of Carriers (Chicago, 1918), I, 526-40.

[13] Illinois Manufacturers' Association, Annual Reports, 1906, p. 5.

[14] Ibid., 1907, p. 5. The new form was approved by the Interstate Commerce Commission. See 6 I.C.C. 250. In 1915, Congress passed the Cummins amendment to the Hepburn Act, which denied to the carrier the right to limit liability by any provision in the bill of lading compelling the shipper to accept an arbitrary valuation in consignments. Sidney L. Miller, Inland Transportation (New York, 1933), p. 319.

In April, 1910 a dozen middle western railroads led by the Chicago, Burlington and Quincy filed notice with the Interstate Commerce Commission of proposed freight rate increases averaging about fifteen per cent.[15] The Association considered this a violation of good faith in the first instance, since in 1908, Fred W. Upham, Illinois Manufacturers' Association director, had been assured by a committee for the railroads that no action would be taken without first conferring with representatives of the shippers.[16] The association also believed the increases to be unjustified for a number of reasons, and it proceeded to protest through John E. Wilder, director of the traffic committee. Wilder wrote to the presidents of thirty-eight railroads in the United States proposing that the whole subject of rate advances be made one for conference with the shippers. Only a few lines paid any attention to this suggestion, whereupon the Association in May, appealed through its attorney, William D. Haynie, to the attorney-general of the United States.[17] Action was now commenced by that official in the federal district courts for a temporary injunction to restrain the roads from putting the advance into effect. The temporary injunction was granted, and the matter was then referred to the Interstate Commerce Commission for final settlement.[18]

The official report of the Burlington Railroad to the Commission was taken by Haynie as typical of the railways' arguments. The Burlington affirmed that for the last five years passenger and freight rates had remained stationary or had fallen slightly, while at the same time, the cost of operation had considerably increased. This increase, the road stated, was ascribable to three factors, increased costs of materials, higher taxes, and higher wages paid to employees. Thus the average daily wage paid by the Burlington had risen from $2.04 to $2.33. Taxes paid per mile of road had increased from $215 to $329 per mile of road,

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[15] Case known as Western Rate Cases in 20 I.C.C. 243-399.

[16] Illinois Manufacturers' Association, Annual Reports, 1910, p. 6.

[17] Ibid., p. 7; Illinois Manufacturers' Association, Convention Held in Opposition to the Proposed Increase in Freight Rates (Chicago, 1910).

[18] 20 I.C.C. 245.

while a single item, rails, cost $2.06 more per ton than in 1905.[19]

The Association admitted that these contentions on the face of affairs might justify the increase, but Haynie claimed that they were misleading. In the first place, the reason that taxes upon the road had advanced was that the property owned by the roads was growing constantly in size and value. This growth in value had occurred chiefly because of an increased business resulting from the economic development of the country, and not because of any increased efficiency of the railroad; thus the Burlington was in effect seeking a rate increase to pay the taxes on its own unearned increment. Furthermore, the average rate received per ton or per passenger mile was not the significant figure in calculating railroad profits; instead the important figure was the total tonnage of the road per annum, and in this respect the traffic of the Burlington showed a great increase from year to year. Thus the passenger miles of the Burlington increased from eight hundred to twelve hundred millions in the years 1905-1910, while the ton miles rose from fifty-two hundred to seventy-four hundred million. The amount of traffic in passengers had thus increased fifty per cent, while freight traffic had risen thirty-three per cent.[20]

It was true, the Association admitted, that the wage bill of the Burlington had grown from twenty-three and a half millions in 1905 to thirty-six millions in 1910, but this was not entirely because of a higher wage level, but rather because of a larger staff of employees.[21] But, what was more important was that the amount of work done by each employee in relation to the wage paid had increased, for while freight business rose fifty per cent, the number of employees increased but twenty-eight per cent. In other words, the higher wage was mere recognition of the fact that

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[19] Thus the average amount received from each passenger travelling on the Burlington for each mile carried had fallen from 19½ mills in 1905 to 19 mills in 1910, while the average amount received for the carriage of freight per ton mile had fallen from 8.35 mills to 7.33 mills. See Illinois Manufacturers' Association, Annual Reports, 1910, p. 8. See the tabulation of operating expenses and revenues for the Burlington in 20 I.C.C. 325-326.

[20] Illinois Manufacturers' Association, Annual Reports, 1910, p. 10.

[21] In 1905 the Burlington employed 410 men per 100 miles of line, while by 1910 this figure had risen to 536. Ibid., p. 11.

each employee was doing more work.[22]

The Association argued that the figures for the Burlington were typical of all the lines in the country. Thus the sixty-six large roads of the country aggregating over one hundred forty thousand miles of lines showed an aggregate capitalization of three billion two hundred million dollars, employed over a million men, and paid out two-thirds of a billion every year in wages. Taxes had doubled since 1905, and operating expenses had increased one-third in the same period. But operating income had also risen; in fact, it had increased thirty-three per cent after the payment of all taxes, and net corporate income had actually increased sixty-two per cent. Dividends declared in 1910 were forty-two per cent higher than in 1905, having risen from one hundred nineteen million dollars to one hundred seventy-one million dollars, while corporate surplus had increased by twenty-five million dollars.[23]

Glenn, Haynie, and Wilder believed that this picture called for rate reduction, not rate increase.

The decision of the Interstate Commerce Commission was suspended for several months while it gathered additional evidence, and in 1911, it finally announced its verdict, which supported the contentions of the shippers and the Association in nearly every respect. It held that the evidence proved the roads to have earned between five and six per cent per annum on invested capital between 1905 and 1910, and while it refused to commit itself to any hard and fast rule as to what constituted a "reasonable return," it concluded that no advance was justified under "present conditions." The Commission asserted that the substance of the railroads' contention could be summed up in the phrase, "we need the money," and upon that basis the Commission refused to consider the advance requested as justified. It was the responsibility of the roads to establish that the present rate structure drove away further investments, led to a decline in the quality of the service, and thereby injured the public at large. This they had not done, and since the Commission could be bound only the larger considerations of the public welfare, it could not grant the increase.[24]

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[22] Ibid., p. 11. [23] Ibid., pp. 17-18; 20 I.C.C. 326-328.

[24] 20 I.C.C. 316-337, 378-379.

In 1914, the classified carriers petitioned the Interstate Commerce Commission again, this time asking for a rate increase of but five per cent. The Association's traffic committee, composed of Wilder, Glenn, and Per A. Peterson, Rockford manufacturer, decided that the advance was now justified, and in June, the directors stated in a resolution that unless the railroads were allowed the increase, they would not have sufficient earning power to attract the capital necessary to maintain efficient service.[25] After extensive hearings, in which the Interstate Commerce Commission gathered masses of detailed evidence on the question, the Commission determined that the roads were in fact entitled to a higher income, and it granted the plea for a five per cent increase.[26]

At the same time the Association offered assistance in obtaining the increase of 1914, it was engaged in fighting the attempt of the roads to impose a charge of two dollars or more per car for "car-spotting" and trap-car services on industrial spurs. The Association considered that the service involved in car-spotting and handling L.C.L. lots was properly included in total shipping rates, and furthermore, since many manufacturers furnished their own services, to charge for car-spotting meant an unjust discrimination between shippers. The Interstate Commerce Commission had previously held that spotting and trap-car services were not a part of the contract of transportation of a public carrier,[27] and in 1914, the carriers consequently decided to impose their charge of five cents a ton, with a minimum charge of two dollars. The Association immediately protested. In February, Glenn and Colin Syffe, attorney for the Illinois Manufacturers' Association, went to Washington to argue before the Commission that the charge was unjustified.[28] At the same time, a number of prominent Association officials, headed by H. G. Herget, Charles Piez, and William Butterworth met in Chicago and adopted

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[25] Illinois Manufacturers' Association, Annual Reports, 1914, p. 70; Illinois Manufacturers' Association, A Legislative Program to Restore Business Freedom and Confidence (Chicago, 1914).

[26] 31 I.C.C. 271; Sharfman, op. cit., III, 48-71.

[27] General Electric Company v. New York Central and Hartford Railway, 14 I.C.C. 237.

[28] Manufacturers' News, February 26, 1914, p. 6.

a resolution against the innovation.[29]

When the Commission took occasion in February to write to the Association asking for information relative to private spurs and sidings among Association members, the Association replied in a strong letter by Charles Piez, P. A. Peterson, and John E. Wilder, that it would furnish the information, but as for the proposed charge the Association respectfully protested "against any such action, as we consider it unfair and unjust discrimination against shippers who have supplied themselves at their own expense with the additional terminal facilities, of which the railroads secure the benefit."[30] In spite of these protests, the Commission tentatively permitted the railroads to put the charge into effect in April, although at first it was to apply only "to industrial or plant railroads for work beyond a reasonably convenient point of exchange." The roads immediately established a rate of five and one-half cents a ton with a two dollar minimum, a charge which R. A. Hale, L. F. Berney, and W. E. Caves, of the Association's traffic committee estimated would be equivalent to a freight rate increase of about twenty per cent. The Association at the same time, however, was assured in a wire from Secretary G. B. McGinty of the Commission that the question of spotting charges was still a matter of consideration before the Commission, and that further hearings would be held on the question.[31]

While the Association was defeated in its first skirmish with the railroads, therefore, the question was not yet settled. During the next year the Commission heard testimony and gathered evidence submitted by manufacturers' Association and other shippers' groups. In 1915, the Commission came to the conclusion that its tentative decision had been incorrect, and the trap-car and spotting charges were ruled out.[32] The Association remarked in December that its efforts "in this case alone saved the shippers thousands of dollars."[33]

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[29] Ibid., p. 6. The resolution was also signed by the Iowa State Manufacturers' Association, the Rockford Manufacturers' Association, The Manufacturers' Association of Racine, The Fox River Valley Manufacturers' Association, and the Indiana Association of Manufacturers.

[30] Ibid., p. 9. [31] Ibid., March 12, 1914, pp. 5-7.

[32] Car Spotting Charges, 34 I.C.C. 609.

[33] Illinois Manufacturers' Association, Annual Reports, 1915, p. 40.

In 1915, the Association came in conflict with the railroads again, this time on the matter of trans-continental freight rates. When the Panama Canal was opened in 1914, the low water freight rates from the Atlantic sea-board to the Pacific coast had put middle western manufacturers and the transcontinental railroads at a serious disadvantage. The east coast manufacturers obtained the far western business, while the rail lines were hurt by the new competition on the water. The Association felt that since the canal had in part been paid for by the taxes of middle western manufacturers, it was unfair that the latter suffer the effects of cheap water competition set up by the canal. In 1915, Glenn and Fiez appeared before the Interstate Commerce Commission, and as a result of their testimony and other evidence submitted the railroads were to put into effect a low long-haul rate schedule from the central west to the Pacific coast.[34] Unfortunately for the interests of middle western manufacturers, this victory was only temporary, for in 1916, the railroads, in an effort to obtain eastern shipping in competition with the canal, put the eastern rate schedule to the far west on a "postage-stamp basis"; that is, they made the same rates apply from Boston, New York, Philadelphia, etc., as applied from Chicago and other middle western points to the far west. In justification for this step it was asserted that the Panama Canal had during 1916 ceased to be a competitive factor, since the demand for European shipping was so great that no vessels were available for the coastal trade. The canal was also out of service because of slides.[35] The new rates would have taken effect in September, 1916, but the Association and other middle western groups protested to the Interstate Commerce Commission. Fyffe filed a brief against the new rates in August, and the same month Oscar Bell, of Crane and Company, and Frank Bentley, of the Illinois Steel Company, went to Washington and presented a petition signed by hundreds of Association members asking for a rehearing of the Commission's order granting its consent to the proposed rate change, "on the ground that the rates were unreasonable and unjustly discriminative."[36] In answer,

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[34] Ibid., 1915, pp. 40-41; Commodity Rates to Pacific Coast Terminals, 32 I.C.C. 611; 34 I.C.C. 13.

[35] Sharfman, op. cit., II, 52; Reopening Fourth Section Applications, 40 I.C.C. 55.

[36] Manufacturers' News, August 3, 1916, p. 13; Ibid.,

the Commission suspended the rates and gathered further testimony of the subject, and left the middle western rate structure with its differential.[37]

While the Association and the railroads were thus frequently at cross-purposes in their attempts to adjust the rate structure, in the matter of railway labor policy there was active cooperation between the two groups. One noticeable instance of cooperation occurred in 1915, when organized labor in Illinois attempted to force a "Full-crew bill" through the Illinois General Assembly. This act would have required the railroads materially to increase the number of men in each freight crew, and would also have prohibited the railroads from making up freight trains in excess of fifty cars. The object of the law of course, was to increase the number of jobs for organized labor upon the roads in Illinois, and this purpose the Association considered highly objectionable. Glenn personally led the attack against the bill in the state legislature. Employing his usual skillful tactics, he interviewed legislators and sent out bulletins warning members that the passage of the law would cost Illinois shippers many thousands of dollars and would result in the passage of further legislation increasing the number of workmen in other industries.[38] When the bills came to a vote in the house of representatives, they met defeat.[39] In later years the Association was accustomed to refer to the defeat of this law as one of its most notable achievements.[40]

August 17, 1916, p. 12; Illinois Manufacturers' Association, Annual Reports, 1916, pp. 83-84.

[37] Transcontinental Rates, 46 I.C.C. 236; 48 I.C.C. 79. In the last analysis the Association was demanding adjustment of the rate structure in accordance with two mutually inconsistent propositions. It objected to a low transcontinental rate from the eastern seaboard to the far west on the ground that such a provision violated the provisions in the law against long-haul discrimination. At the same time it demanded a low rate from the middle west for exactly the same reason as the railroads demanded it from the east; that they could not otherwise compete with the Panama Canal in the far western area.

[38] Illinois Manufacturers' Association, Bulletin: The Full Crew Bill (March, 1915); Illinois Manufacturers' Association, Annual Reports, 1915, p. 5.

[39] Journal of the Illinois House of Representatives, 1915, p. 738.

[40] Illinois Manufacturers' Association, Illinois Manufacturers' Directory (Chicago, 1920), p. xx.

The following year the Association once again supported the railroads in their difficulties with organized labor. In March, 1916, the Railway Brotherhoods presented a demand to the roads for the inauguration of an eight-hour day for all trainmen, the reduction from the ten-hour day to be accomplished without any reduction in pay.[41] The railroads at first offered to arbitrate the matter, but the unions were adamant, and finally in August, the latter called a strike of all trainmen, to go into effect September first, unless the railroads granted the eight-hour day before that date.[42] At this juncture the Illinois Manufacturers' Association took a hand in the affair. During August it sent letters to over twenty thousand manufacturers throughout the United States, "calling attention to the unfairness of the demands of the railroad employes to the public, and the vast army of unorganized employes." The Association also urged the recipients of this communication to appeal to President Wilson to intervene for the protection of shippers, the railroads, and the general public.[43] At the same time a bulletin of the Association to its members urged the latter to support the railroads, since the eight-hour day would undoubtedly mean slower trains. Furthermore, vital principles were at stake, since:

> Capital has surrendered practically every principle except the right of arbitration. A concentrated effort on the part of antagonistic forces is being made to tear down this bulwark.
>
> Ten hours' pay for eight hours' work on the railroad means ten hours' pay and eight hours' work in your factory and business house. It also means slower transportation, because a bonus on overtime will not move a train rapidly. Can you stand for slower freight movement than you have? It is hoped that members of the Association will express their views by wiring President Wilson at once . . . . ."[44]

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[41] New York Times, March 21, 1916, p. 7.

[42] Ibid., August 23, 1916, p. 1; Ibid., August 29, 1916, p. 1.

[43] Manufacturers' News, August 24, 1916, pp. 5-6. "There is a grim lesson in the amazing experience the country is now undergoing. We have seen how an organization of 400,000 trainmen has held 100,000,000 people by the throat under threats of a strike that literally would starve the country into submission." See also New York Times, August 24, 1916, p. 3. Glenn in his telegram to Wilson requesting that he support arbitration, asserted that the Railway Brotherhoods' demand would mean an increase in freight rates of $100,000,000 per annum.

[44] Illinois Manufacturers' Association, The Rail Strike (August, 1916).

At the same time the Association itself passed resolutions supporting the railroads,[45] and it wired President Wilson demanding that he force a settlement of the question at issue only "after mature deliberation and a most comprehensive investigation of the effect of the demands upon all the people,"[46] while on August 28th, Glenn suggested in a wire to Wilson that he call a conference of representatives of the Illinois Manufacturers' Association, the Chicago Association of Commerce, and similar groups "for the purpose of discussing practicable means of averting the strike."[47] August 26, the Association called a conference of manufacturers' organizations from all over the east and middle west to meet in Chicago August 29 for the purpose of deciding what steps should be taken to assist the railroads.[48] When the conference met, it passed resolutions urging upon the country the gravity of the situation and the importance of a settlement by arbitration without yielding to the demand for the eight-hour day. The Association's president, Samuel M. Hastings, in the principal speech

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[45] S. M. Hastings, Association president, wired the railroad executives that "shippers generally in the middle west, and employers of labor feel that your cause is their cause and stand ready to back you in every way. We want you to know that you are not standing alone, that you have our support and we are doing all we can to back you up in the position you have taken. Be firm and stand for arbitration." New York Times, August 25, 1916, p. 3. Glenn also wired Elisha Lee, of the Railroad Managers' Committee in Washington, the whole-hearted support of the Association in resistance to the Brotherhoods's demands. Ibid., August 26, 1916, p. 2.

[46] Manufacturers' News, August 24, 1916, p. 6. In commenting on the wire, Manufacturers' News remarked, "professional politicians, dilittante sociologists, who never did a day's work and play with social questions while squandering the money earned by shirt-sleeved sires, mercenary reformers whose game in life is to exploit the workingman, high salaried labor officials who thrive on strikes and industrial disorder--the whole army of opportunists, malcontents and incompetents presently will begin the raid upon the hard-earned products of the thrifty."

[47] New York Times, August 28, 1916, p. 3.

[48] Ibid., August 25, 1916, p. 3; Chicago Tribune, August 26, 1916, p. 2.

[49] "The question before us is shall we abandon the great principle of peace through arbitration and open the door to constantly recurring arbitrary threats of strikes and now add to the burdens of the people the increased compensation demanded by these few leaders? If we yield to their arbitrary demand now we must expect a constant repetition of similar demands in the future, accompanied by similar threats. Shall the people be condemned to

before the convention remarked that "in their arbitrary demands these powerful labor employes with their $15,000,000 treasury fund, seem absolutely indifferent to the sufferings of 100,000,000 people." The conference ended after despatching a message to President Wilson and Congress demanding that the principle of arbitration, "long recognized in labor disputes," be resorted to before any strike was permitted to occur. Before the conference dissolved, it appointed a committee to call upon the President as soon as possible and explain the viewpoint of the manufacturer to him. Dorr E. Felt, Herman E. Hettler, and Glenn represented the Illinois Manufacturers' Association on the committee, which did not act at once but waited to see whether the strike actually would occur.[50]

The strike never did occur. The same day in which the manufacturers' conference assembled, Wilson went before Congress and asked for the passage of an eight-hour law for all trainmen, in compliance with the demands of the Brotherhoods.[51] Three days later Congress passed the Adamson Act, which was immediately signed by the president and became law.[52] The Association felt this to be an unfortunate capitulation to the demands of the union dictatorship, a surrender which involved a serious sacrifice of the public interest.[53] In the opinion of Glenn, Hettler, Felt, and other members of the Association, Congress might better have disposed of the problem by "enacting legislation empowering the Interstate Commerce Commission to fix the hours and wages of employes engaged in Interstate Commerce." Under such a system, strikes could be made illegal, pending investigation and mediation by the Commission.[54] In December, 1916, a committee composed of Charles Piez, Dorr E. Felt, A. H. Millikan, and F. O. Bell

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their burden without investigation, without hearing, without decision by any impartial tribunal?" Manufacturers' News, August 31, 1916, p. 5; Chicago Tribune, August 30, 1916, p. 2.

[50] Manufacturers' News, August 31, 1916, p. 8; Chicago Tribune, August 30, 1916, p. 2.

[51] New York Times, August 30, 1916, p. 1.

[52] Ibid., September 2, 1916, p. 1.

[53] Manufacturers' News, September 12, 1916, p. 5.

[54] Ibid., September 12, 1916, p. 5.

went to Washington at the suggestion of the directors to lay these ideas before the Newlands committee.[55] As matters developed, however, public opinion accepted the Adamson Law as an intelligent solution of the question, and the Association allowed the matter to drop. Notwithstanding this outcome, the Illinois Manufacturers' Association continued to be interested greatly in the railway labor situation, and during the 1920's it was on more than one occasion to lend its support to the railroads in their dealings with the Brotherhoods.

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[55] Illinois Manufacturers' Association, Bulletin: Regulation, Incorporation, and Damnation (Chicago, 1916); Manufacturers' News, December 7, 1916, p. 10. The Association also recommended enlargement of the general regulatory powers of the Interstate Commerce Commission, and the passage of a federal railroad incorporation law. Illinois Manufacturers' Association, Annual Reports, 1916, pp. 60-61.

CHAPTER XIII

THE ILLINOIS MANUFACTURERS' ASSOCIATION AND THE WORLD WAR

The Illinois Manufacturers' Association did not take a a cheerful view of the European war during the first few months of the struggle, for it was impressed by the discontent and depression so prevalent in the United States, difficulties which it felt were in part caused by the European conflict. As a consequence, the Association applauded the attempts of President Wilson to bring about a conclusion of the war during 1915 and 1916.[1] Neither could the Association be described as especially sympathetic with either side in the war, although it resented British interference with American commerce, and commended the efforts of President Wilson to guarantee freedom from allied blockades and British interference with the mails.[2]

Early in 1916, however, a subtle but perceptible change came over the attitude of the Association toward the war. While it still applauded the efforts of the peace-makers, and still professed a complete neutrality of sentiment, it began nevertheless to emphasize the importance of military preparedness. In February, bulletins went out to all members urging them to "make soldiers of factory employes." The factories of America, it was stated, had available the best human material in the world for organizing an army, and it ought to be organized into companies and regiments and given regular military service. The army thus developed would be a "world-beater," capable of defending America against the best armies in the world. In addition the workers

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[1] In July 1916, the directors passed resolutions petitioning President Wilson to appoint a committee of from twelve to twenty leading American organizations in all stations of the world, and spread the gospels of the victories of peace and ideals of American business. Manufacturers' News, July 13, 1916, p. 6. The petition was inspired by approval of an assertion by President Wilson that American business must accept greater social responsibilities along with greater profits. Illinois Manufacturers' Association, Annual Reports, 1916, p. 16.

[2] Manufacturers' News, October 12, 1916, pp. 9-10.

would receive valuable "training in the form of discipline that every man needs from the cradle to the grave," and the benefits for health and industrial efficiency would consequently be great. Military training would also take the place of the athletic programs now prevalent in many large industrial plants in the middle-west. Women ought to be permitted to join the industrial army in an auxiliary capacity, for there were countless uses for women in war-time. They made good nurses, canteen operators, and were useful "for a thousand things in national defense." The army thus created, the Association warned, should be used only for the defense of the nation. "It should never be used, of course, for police duty, for strike service, or for anything that would not meet the approval of the workers. It must be the country's army --nothing more, nothing less." Service in the industrial army should also be entirely voluntary.[3]

The Association noted with enthusiasm in April that the packing firm of Swift and Company had taken its advice, and was organizing its men into a regiment equipped with Springfield rifles and regulation army uniforms.[4]

The demand for military preparedness in industry was shortly followed by a demand for military preparedness in government. In April, in alarm at "the impending danger to our country on account of the lack of sufficient means of defense," the directors wired the Illinois delegation in Congress, and arranged with them a conference to be held in Washington on April 26th. The purpose of the meeting was "to discuss the situation with our representatives in congress, and assure them of the support of the industrial interests in adequate measures for the protection of the United States against any contingency of war."[5] Accordingly some two hundred manufacturers under the leadership of Association officials[6] travelled to Washington and there entertained

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[3]Illinois Manufacturers' Association, Bulletin: An Industrial Army (February, 1916); Manufacturers' News, February 10, 1916, p. 6.

[4]Manufacturers' News, April 6, 1916, p. 6.

[5]Manufacturers' News, April 6, 1916, Front Cover.

[6]Officials of the Association who travelled to Washington included: President Samuel M. Hastings, K. K. Knapp, LaVerne Noyes, Col. Milton J. Foreman, of the First Illinois Infantry; William Mather Lewis, Secretary of the Navy League; Hale Holden, President

the entire Illinois delegation in Congress at a banquet. Speeches were made impressing upon the legislators industry's belief in preparedness and its desire to support a campaign directed toward that end.[7] This expedition did not pass without its reverberations in Illinois and in Congress. The Chicago Federation of Labor adopted a stinging resolution condemning the trip to Washington as conceived in the interests of those seeking to profit by war contracts and financed by the ill-gotten gains of manufacturers grown wealthy supplying goods to the warring nations of Europe. The banquet, the resolution asserted, was for the direct purpose of bringing pressure upon Congress to adopt preparedness legislation of immediate profit and benefit to Illinois manufacturers. These resolutions, together with various newspaper comments, were inserted in the Congressional Record for April 25, 1916, under a "leave to print."[8] The attack inspired Congressman William T. Rainey of Illinois to a defense of the Illinois Manufacturers' Association and the motives of its recent expedition. He attacked the resolution of the Chicago Federation of Labor as a reflection upon a great organization which had played an important part in building up the industries of Illinois to their present pre-eminent position. He asserted that, contrary to the insinuation of the Chicago Federation of Labor, no member of the Association was in a position to profit from war or munitions contracts. (He did not remark upon the possible benefits to be derived from contracts not strictly of a munitions character.) He stated it as his belief that the expedition to Washington "had been conducted out of

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of the Burlington Railroad; G. R. Meyercord, John G. Spry, Dorr E. Felt, John S. Miller, William Nelson Pelouze, George T. Tower, and John M. Zane. Manufacturers' News, April 6, 1916, p. 6.

[7] Manufacturers' News, April 27, 1916, p. 5. In a last minute exhortation to members, the Association ran a bulletin in Manufacturers' News, April 20, 1916, front-page, reading thus: "WANTED, PATRIOTS: ARE YOU A PATRIOTIC MANUFACTURER? Have you the best interests of your country at heart? Have you any red blood in your veins? Do you believe the United States should be prepared to preserve the liberty, the lives, and the property of our people? If you do you should go to Washington with the Illinois Manufacturers' Association and confer with the Illinois members in Congress on a program of constructive military and industrial preparedness. This is not the time to hide behind the skirts of pacifists." The bulletin was captioned on either side by American flags.

[8] Congressional Record, 64th Congress, 1st Session, Vol.53 (April 25, 1916), appendix, 811-812, 1050.

the purest and most patriotic of motives" and that the interests of the Illinois Manufacturers' Association in desiring the defense of its country coincided with the interests of all patriotic Americans who wished "to see America retain her place in the sun."[9]

Before this controversy had closed, the Association was exerting itself to muster patriotic sentiment in Chicago through a more positive demonstration of strength. It combined with many other groups to promote a big Preparedness Day celebration to be staged on June 3rd. May 25, 1916, it released the following bulletin:

> MARCH NOW OR FIGHT LATER
> MARCH NOW OR YOU WILL HAVE TO FIGHT LATER
> Do not follow the example of the foolish virgins. Trim your lamp or get trimmed, that is the question.
>
> Following up its action in sending a delegation to Washington two weeks ago, to advocate preparedness, the Illinois Manufacturers' Association has joined with other organizations in Chicago to make the great parade a huge success. The officers, clerical staff, and men of every plant in Chicago should be in line.[10]

The Preparedness Day celebration and parade was a notable success. According to newspaper reports, members of the Illinois Manufacturers' Association played an important part in the success of the ceremonies. Many companies of industrial troops were in line in the parade.[11]

Following the Preparedness Day celebration, the Association opened a drive to gain enlistments of industrial units in the Illinois National Guard. A prominently featured article in Manufacturers' News urged members to combine their units with the National Guard, on the ground that unless industrialists were successful in the ambition to build up satisfactory troop units, the federal government would be forced to form units which would be

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[9] Ibid., 53 (April 27, 1916), 6935-6936.

[10] Illinois Manufacturers' Association, Bulletin: March Now or Fight Later (May, 1916); Manufacturers' News, May 25, 1916, p.11.

[11] Chicago Tribune, June 4, 1916, p. 2. The committee in charge of Preparedness Day in Chicago included; Glenn and Directors William N. Pelouse and Milton J. Foreman. The Chicago Federation of Labor condemned the whole celebration as a capitalistic scheme for war profits. Chicago Tribune, June 4, 1916, p. 7.

without any local significance and would be beyond local control.[12]

The Association at this time also began a campaign to obtain for Illinois its share of contracts for army and government supplies, on the ground that its members were not obtaining a fair share of orders in view of the extent and capacities of Illinois industry. It therefore attempted to bring pressure in Congress through Senator Sherman and Representative Martin Madden[13] to give Illinois Manufacturers a greater opportunity to bid on government contracts. Representative Madden replied with detailed instructions for contacting the quartermaster's department of the regular army at St. Louis.[14] Through this effort and others of the same nature, the Association was successful in putting Illinois industry in touch with the growing stream of war contracts and orders for army and government supplies.[15] Throughout all this activity, the Association continued to profess its interests in peace, but when at last the moment came when Wilson broke relations with Germany, it applauded the President's course, asserted that war was better than peace without honor, and that as for the break with Germany, "we must abide by the consequences, grim though they may be." It concluded by asserting that no nation in the world was better prepared for war than were the industrialists of Illinois; in the last year they had supplied Europe and the United States with thirty-five million dollars in firearms, six hundred sixty million dollars in explosives and five hundred million dollars in steel, copper, and brass. The membership was exhorted to "hoist the American flag, keep cool, and keep the machinery going."[16]

War was declared in April, and almost the first thought of the Association was for war contracts. April 9th, Samuel Hastings, then president of the Association, telegraphed Senator John Y. Sherman and other members of the Illinois delegation in

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[12] Manufacturers' News, June 15, 1916, p. 12.

[13] A former president of the Illinois Manufacturers' Association.

[14] Illinois Manufacturers' Association, Bulletin: Here's Your Chance (June, 1916).

[15] Illinois Manufacturers' Association, Annual Reports, 1916, p. 8.

[16] Manufacturers' News, February 8, 1917, p. 5.

Congress suggesting that the government might save considerable time by abandoning the system of competitive bidding on government contracts and substituting a scheme whereby the average peace-time profit was arbitrarily added to the cost of production and all orders apportioned at the resultant set price.[17] Before long the Association was charging that the army contract system was hopelessly outmoded, and that only red tape stood in the way of Illinois industrialists, who were ready, eager, and impatient to start their machines to turning out government goods.[18] A week later the Association exclaimed that "Illinois manufacturers have shown their patriotism to the nation. During the country's greatest need they have cast aside all thought of profit." After applauding the patriotism of its members the Association announced further that Edward N. Hurley[19] of the Hurley Machine Company, a former president and present active member of the Association was leaving for Washington to obtain detailed information regarding government contracts and the requirements of the government in war supplies.[20]

For awhile no more was heard on the subject of government contracts, but in the fall of 1917, difficulties began again. Members of the Association were complaining that the middle-west was not obtaining its fair share of government contracts and the Association bent its efforts to find out why this was true, and to remedy the situation.[21] Behind its efforts there was a definite sense of dissatisfaction with the way the government was handling its "obligations" to the leaders of industry in Illinois and in the middle-west. In September when the War Convention of American Business met in Philadelphia,[22] one of the subjects for

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[17] Congressional Record, 65th Congress, 1st Session, 54 (April 11, 1917), 521. The action had the direct approval of several peeker-members of the Association including J. Ogden Armour, Edward A. Cudahy, Thomas E. Wilson, L. S. Swift, and Edward Morris.

[18] Manufacturers' News, April 12, 1917, p. 6.

[19] Edward N. Hurley was president of the Illinois Manufacturers' Association in 1908. He was prominently associated with the organization for a great many years many times serving as a member of the board of directors.

[20] Manufacturers' News, April 19, 1917, p. 5.

[21] Illinois Manufacturers' Association, Annual Reports, 1917, p. 6.

[22] Called at the suggestion of the Chamber of Commerce of the United States.

debate was "The duty that business owes the government in war." The directors of the Association saw another side to the matter. They wired the Chamber of Commerce requesting that the Convention also discuss the problem: "The duty that government owes to business in war." Commenting on its request the Association remarked that "it may not be amiss for the Illinois Manufacturers' Association to call attention to the fact that government owes industry something. It is the effort of those who keep the payrolls going that enables the government to draw upon its citizens for taxes that carry on the war. It is industry that furnishes 75 per cent of the men in arms . . . . ."[23]

In October, President Hastings appointed a special committee of the members to go to Washington under the chairmanship of Charles Piez of the Link-Belt Company in an effort to secure information concerning steel contracts and government steel prices. It was the hope of the Association that the information might prove of value in obtaining more contracts for Illinois Manufacturers.[24] Evidently their efforts did not meet with any particular success, for the Association now began specifically to complain that Illinois was not obtaining its share of war contracts; instead their contracts were being awarded indiscriminately to eastern sea-board manufacturers who supplied the government at excessive costs. The government was "awarding 86 percent of its purchases to the region east of the Alleghenies, and was remiss in its obligations to Illinois and the middle west." Chicago, the Association argued, was the industrial capital of America. It had the capital, the transport facilities, the raw materials and factories to supply the entire needs of the government, and in failing to take account of these facilities, the government was falling down woefully in its conduct of the war. "Half of the

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[23] Manufacturers' News, September 6, 1917. The resolution of the directors is reproduced there. The directors on September 4th also approved a resolution drafted by Charles Piez of the Link-Belt Company asking the convention (1) to commend the work of the Railroad Committee of the Advisory Council of National Defense for its work in greatly increasing the carrying capacity of the railroads (2) to recommend a vast increase in the size of the American Merchant Marine. Piez, at the request of the Board of Directors spoke on these resolutions before the Convention. See Illinois Manufacturers' Association, Annual Reports, 1917, p. 7; Manufacturers' News, September 13, 1917, front cover.

[24] Manufacturers' News, October 18, 1917, p. 6.

officials in Washington ought to be back on the farm," and their efforts were "wasting the lives of American soldiers in France."[25] Furthermore, the Association's argument ran, the government's policy was draining skilled labor away to the eastern sea-board, and the result would create a grave labor crisis for the middle-west when the government was at last forced to call upon the middle-western manufacturers for aid.[26]

After considerably more fuming during the course of the

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[25]The Association based its complaint on an inquiry conducted by President William Butterworth into the productive capacity of Illinois manufacturers. Manufacturers' News, January 10, 1918, pp. 9-10.

[26]Ibid., p. 10. A week after this protest appeared the Association wrote the President that the Garfield Coal Order of the United States Fuel Administration (closing down certain industries for five days and making every Monday a coalless day) was crippling Illinois industry. The protest follows: "To the President, White House, Washington D.C., These directors of the Illinois industry's Manufacturers' Association in meeting assembled respectfully urge that you so modify the order of the Fuel Administration, effective Jan. 18, 1918, as to permit the operation of all industries to fifty per cent of their normal capacity during the five days named in the order. Such a modification will enable the plant owner to maintain his organization and will reduce by one-half the pecuniary loss of the wage-owners. We urge also immediate action to increase production at the mines and the clearing of the transportation lines by an embargo on all shipments except food and fuel for a week if necessary.

"Suppression of energy, curtailment of all manufacturing industry and prevention of opportunity arbitrarily to work will work incalculable injury. Signed D. E. Felt, Wm. M. Pelouse, F. S. Thaurer, Paul Schulze, Geo. R. Meyercord, Herman Rettler, Samuel M. Hastings, Colin C. H. Fyffe, Gen. Counsel." Manufacturers' News, January 17, 1918, frontispiece; also Illinois Manufacturers' Association, Bulletin: Garfield Coal Order (January, 1918). The Association presently announced that its General Counsel, C. H. Fyffe, had interpreted the order to mean that plants could "work overtime to make up loss in production due to the shut-down order." Such an arrangement, the opinion said, was entirely a matter of personal contract between the Association's members and their employees. Manufacturers' News, January 24,1918, p. 9. For this advice, the Illinois State Federation of Labor in its weekly bulletin accused the Association of resisting the Garfield order. See Illinois State Federation of Labor, Weekly News Letter, February 9, 1918. Ultimately the Association corrected its opinion, however, for on January 29th, the Association sent out a bulletin to its members quoting the opinion of F. B. Noyes, director of Conservation, to John E. Williams, Illinois Fuel Administrator that "any increase of the working time on other days of the week by industrial establishments for the purpose of making up the lost time brought about by the fuel administrator's order prohibiting work on Mondays, is considered by the fuel administrator an evasion of that order and a violation of its spirit." Illinois Manufacturers' Association, Bulletin: The Garfield Order Interpreted (January 9, 1918).

winter over "unfair" policies in letting government contracts, the Association finally decided to take constructive action. In March it announced, in trial-balloon fashion, that the only way to get government contracts was to "conduct an aggressive campaign," since Illinois manufacturers had been "far too modest in pushing their claims." Hence, the Association concluded, it was thinking seriously of establishing a bureau at Washington which members of the Association might work for war contracts, and which would supply valuable information to purchasers concerning war needs.[27]

This idea was enthusiastically received by the membership, and the Association went ahead formulating a concrete plan for handling pressure for war contracts. Late in March a convention of all the members of the Association was called in Chicago at the suggestion of Samuel Insull, Chairman of the State Council of National Defense. The establishment of a Washington bureau was endorsed, and a committee of manufacturers was appointed to map out a definite plan of action.[28] These men were entrusted with the task of conducting a manufacturers' survey in Illinois and informing the government of the Illinois capacity for production of war supplies and munitions. They were also to suggest to the government that a branch of the quarter master's office be set up in Chicago with samples for Illinois manufacturers to follow in production, and to make a survey of storage room available, with a view to furnishing the government with six million square feet of warehouse space.[29]

The newly organized committee operating under the name of the Illinois Manufacturers' War Industries Association, held a meeting at the LaSalle Hotel on April, 1918, and began mapping out a constructive plan of attack "to secure war supply contracts in a systematic and thorough manner." It was decided that the

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[27] Manufacturers' News, March 14, 1918, p. 8.

[28] The committee consisted of J. W. O'Leary, of Arthur O'Leary and Son Company; Simon O'Donnell, president Chicago Building Trade Council; Samuel W. Hastings, president Computing Scale Company of Chicago; C. G. Frisbie, president Cornell Ward; T. E. O'Brien, president Leader Iron Works, Decatur; J. Howard Jayne, Miller and Jayne Manufacturing Company; Garnet D. F. Kenney, Cutter and Proctor Stove Company; William Butterworth, president, Deere and Company, Moline.

[29] Manufacturers' News, March 28, 1918, p. 15.

new Washington office would be opened immediately, to be in charge of an Illinois Manufacturers' Association staff and keep in close touch with the ordinance and quartermaster's department of the army, the Shipping Board, and the Navy Purchasing Department. The bureau would amass a large amount of dates concerning Illinois Manufacturers and their capacities, the information to be instantly available to members of government offices whenever there was a possibility of obtaining contracts.[30]

The Washington office proved an immediate success as soon as opened. Between April and December, 1918, it was directly instrumental in obtaining contracts for over one hundred ten million dollars of war supplies for Illinois manufacturers. The operation of the bureau made it unnecessary for individual manufacturers to go to Washington to negotiate for contracts; instead the bureau handled these negotiations and then turned the completed arrangements over to the manufacturer in question. The amount of the direct contracts obtained is not an adequate measure of the actual success of the bureau, however, for through the publicity, propaganda and information which it supplied to government offices in a constant bombardment, immense contracts were obtained in the Illinois region, which, it was believed, would not otherwise have been obtained.[31]

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[30] Manufacturers' News, April 4, 1918, p. 14. While the committee was in session a telegram was received from E. N. Hurley, then chairman of the U. S. Shipping Board, promising that a purchasing department was about to be erected in Chicago through which purchases of the Illinois district could be made.

[31] Illinois Manufacturers' Association, Annual Reports, 1918, pp. 152-153. The bureau had, on May 1st, a regularly enrolled membership of 100 big manufacturers, each of whom paid $25 per month for a period of six months in order to defray the expenses of the bureau. One service of great value to the Association's members was performed when the Board succeeded in lengthening the time limit between the advertising of bids and the opening of the bids by the various Washington bureaus. Formerly the time had been too short to make bidding by Illinois manufacturers possible. A second service was performed when Charles Piez, who during the war served as head of the Emergency Fleet Corporation, promised the Association to open a Chicago office with an assistant purchasing officer in charge. Manufacturers' News, June 6, 1918, p. 19. See also the Letter of the Paymaster of the Navy Department to the Illinois Manufacturers' Association extending the time allowed for bidding on navy contracts reprinted in Manufacturers' News, June 20, 1918, p. 8. On the value of the Washington Bureau and the problems solved see also William Butterworth, Address before the National Association of Cotton Manufacturers (May 3, 1918);

In spite of the success of the bureau the Association continued to complain that Illinois manufacturers were not being "given a show on government contracts." In July, it charged that government officials were deliberately neglecting the munitions capacities of Illinois manufacturers, and were instead building at great expense shell foundries and powder works along the eastern sea-board.[32] This long continued criticism of government officials finally aroused the ire of various officials at Washington, and the Association was attacked in the press for its too free criticism of the government. In Manufacturers' News for July 25, 1918, the Association defended itself. It asserted that government officials were mere representatives of the people; that there was no point in treating them as sacrosanct, especially since these officials were too often negligent of their business and of their obligations to industry. It finished its defense by firmly protesting its patriotic spirit, by pointing out that the "Hun" was the common enemy, and proposing that "We Wipe Germany off the Map."[33]

It was not alone with contracts that members of the Illinois Manufacturers' Association were concerned during the war, for when they obtained contracts, they found themselves facing a serious labor shortage. With the demand for all goods rising rapidly, the demand for labor rose correspondingly at the very time that the war was draining millions of men into the army. Under such a play of forces, wages not only tended to rise greatly, but labor had also much more control over conditions of employment and the hours of work than formerly. It was possible, if employees so desired, to enforce demands upon industry through the strike with a high degree of success. In a word, for members of the Illinois Manufacturers' Association, the war spelled "labor problems."

The Association set out to meet the difficulties of this situation with at least three different remedies. First, it attempted to promote the idea of anti-strike legislation. The argument ran that strikes were a waste of money and energy at a critical time in the nation's history. They paralyzed the attempts of

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Joseph Henry Foth, "The Influence of Trade Associations on Business" (MS, University of Chicago Library, 1924), p. 37 ff.

[32] Manufacturers' News, July 4, 1918, Frontispiece.

[33] Ibid., July 4, 1918, Frontispiece.

all loyal Americans to defeat "the Hun"; therefore, they were little better than treason and should be prohibited by law. The Association vigorously applauded the example of Indianapolis, which had prohibited strikes by legislation as against the public interest, and Glenn intimated that legislation of this variety could be adopted to advantage in every industrial community.[34]

There was available a somewhat more subtle weapon for attacking the power of labor than anti-strike legislation afforded: the contractual agreement by which the open shop was established and employees agreed not to strike. Once a contract was established, the Association arrested any attempt to strike as a conspiracy and an unlawful act against the employer. If the union was successful in setting a strike in motion, it was guilty of attacking a property right created by contract, and was liable in damages. "By the execution of these suggested agreements, the employer broadens the rights and remedies, narrows the rights of outside agitators, and lays the foundation against damages from labor troubles." The Association warned that employers must be exceedingly careful to "seize the right opportunity" to put such agreements such agreements into effect, for if wrongly executed, "the agreements might cause strikes, disturbances, or other trouble." It was suggested that perhaps it would be advisable "at the outset to confine such agreements to a selected list of the better class of employees."[35]

A somewhat more subtle approach to the same problem of high wages and powerful labor was the "co-operative movement" among manufacturers, which the Association attempted to promote. This idea took a number of forms. It was obvious, for instance, that manufacturers might agree among themselves to maintain the open shop, and the united front thus presented to labor organizers would do much to thwart the efforts of "labor agitators." A second possibility was a general agreement among competitors whereby all parties to the understanding would promise not to compete for one anothers' labor. In a serious shortage of labor the temptation to "steal" labor from other manufacturers was great, and the benefits to be derived from an agreement among producers whereby

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[34] Manufacturers' News, May 24, 1917, p. 5.

[35] Manufacturers' News, June 7, 1917, p. 8. The suggestion came originally from the American Anti-Boycott Association, but the Illinois Manufacturers' Association looked upon it with approval.

they conferred and reached understandings upon such situations would be very great for all concerned. One of the main factors arousing unrest among labor would be done away with through such agreements, the Association believed.[36]

Finally, the Association sought to remedy the labor shortage itself. Speaking through the pages of Manufacturers' News, Glenn suggested that the acute shortage of unskilled labor could be remedied by the importation of Chinese coolies. The French government had already resorted to this practice with very considerable success, the Chinese were dependable and steady, and could be used for the more menial tasks of labor in industrial centers. Perhaps it would not be amiss to import some five hundred thousand coolies under a "cast-iron contract of license system." Such an expedient would be temporary in purpose, but undoubtedly beneficial to every class in society.[37]

While the Association worked to obtain more war contracts and offered suggestions to solve the labor shortage of its members, it also followed rather anxiously the enactment of war revenue legislation by the federal government. When the war came in April, 1917, the national government had immediately to concern itself with the problem of revenue to meet the enormous increase in federal expenditures. Late in April, the house of representatives began consideration of a revenue measure, which, among other provisions, contained a section levying an excess profits tax, graduated from twelve to fifty per cent upon the income of corporations in excess of their "normal" prewar earnings. An exemption of eight per cent upon invested capital was permitted.[38] This form of taxation appealed to the Association as unfair to business, since, it argued, it favored business that was badly financed, or had badly watered stock. Such a business would show

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[36] Manufacturers' News, September 27, 1918, p. 13. The attempt to develop "co-operative methods" of dealing with the labor shortage was behind the participation of the Association in the University of Illinois Conference on Labor Problems Resulting From the War, held at Champaign in February, 1918.

[37] Ibid., July 25, 1918, p. 6.

[38] New York Times, April 12, 1917, p. 1. The amount of the excess profits tax was to be determined by computing the "normal" prewar income of the corporation as an average of the years 1911, 1912, and 1913. Income in excess of this "normal" figure was then to be taxed upon a graduated scale ranging from 12 per cent to 50 per cent. An exemption of 8 per cent upon invested capital was granted.

corporate earnings of below eight per cent, while the conservatively financed business, operating under war expansion, would show big paper profits, and would have to pay an unreasonable tax. Furthermore, "the law would deprive a conservative business of the surplus badly needed to carry out the great program of expansion entailed by new war demands," and might therefore "cripple the productive capacity of industry at a critical time." The whole bill, which proposed to raise nearly two billion dollars by this form of taxation was unwise, for the government was in fact attempting to raise too great a proportion of its funds by taxation. It would be wise for the United States to follow the example of the British government, which was raising by taxation only about twenty-five per cent of the expenses of the war.[39] On April 22rd, a committee of the Association arrived in Washington and began work against the tax bill. All Illinois congressmen were interviewed, and on the 27th, Samuel Hastings discussed the matter with the House Ways and Means Committee. He presented an alternative suggestion to the provisions of the bill the suggestion that a flat tax of sixteen per cent upon corporate income be levied in lieu of the excess profits tax. This would give the government a more substantial return from over-capitalized corporations, and it would enable honest business men meeting war requirements to lay aside a much needed surplus for expansion.[40] These arguments proved effective to the extent that the house by amendment abolished the graduated scale upon excess profits, but it substituted a provision calling for a flat tax of fourteen per cent upon excess profits. This passed the house in spite of the opposition of the Association, which credited itself with having secured the adverse votes of fourteen members of the Illinois delegation against the measure.[41]

The fight begun while the bill was in the house was now continued in the senate. The Senate Finance Committee ultimately reported out the house bill with an excess profits tax graduated

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[39] Several members of the Ways and Means Committee were seriously impressed with these arguments. See New York Times, April 21, 1917, p. 3: Ibid., April 28, 1917, p. 4.

[40] Manufacturers' News, May 31, 1917, p. 8; New York Times, May 24, 1917, p. 1.

[41] Manufacturers' News, May 31, 1917, p. 8; New York Times, May 24, 1917, p. 1; Congressional Record, 65th Congress, 1st Session, 55 (May 23, 1917), 2818-2819.

from twelve to fifty per cent and with the maximum exemption allowed lowered from eight to six per cent of the invested capital.[42] In addition, the bill, as modified by the Jones amendment, called for an undistributed surplus tax of fifteen per cent per annum on all corporate earnings above twenty per cent of invested capital not declared in dividends.[43] Both measures the Illinois Manufacturers' Association considered highly objectionable, and it banded together with other organizations to defeat them. Late in June a meeting was held in Washington of representatives of all the big manufacturers' associations in the country, and this meeting proceeded to appoint a committee, of which Hastings and others from the Illinois delegation were members, for the purpose of defeating the obnoxious provisions of the law.[44] During July, the committee held conversations with the members of the Senate Finance Committee and presented its objections, which centered upon three points, the sliding scale tax upon excess profits, the senate provision lowering the exemption on corporate profits from eight per cent to six per cent, and the Jones amendment taxing corporate surplus. The arguments against the first provision were substantially the same as those offered in the house of representatives, but the six per cent exemption provision of the excess profits tax came in for especial attack. It was claimed by the Association committee that this established the notion that six per cent was a fair return on capital investments, whereas, it was argued, ten per cent was a fairer basis for establishing a "normal" level of profit. Six per cent did "not make up for the risks involved in lean years," or the "prospects of total destruction of a business through competition." The six per cent clause

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[42]The senate bill called for a tax to be levied according to the following table:

That profit note in excess of 15% of "normal " profit,								12%
"	"	From 15 to 25%	in	excess	of	"	"	, 16%
"	"	" 25 to 50%	"	"	"	"	"	, 20%
"	"	" 50 to 75%	"	"	"	"	"	, 25%
"	"	" 75 to 100%	"	"	"	"	"	, 30%
"	"	" 100 to 150%	"	"	"	"	"	, 35%
"	"	" 150 to 250%	"	"	"	"	"	, 40%
"	"	" 250 and above		"	"	"	"	, 50%

An exception of but 6% of invested capital was allowed. See New York Times, July 1, 1917, p. 1; Ibid., July 4, 1917, p. 5.

[43]Ibid., July 16, 1917, p. 3.

[44]Manufacturers' News, July 12, 1917, p. 16.

was thus an exceedingly dangerous one, and the "only fair thing to do was to replace it with a straight tax upon all profits."[45] The Association sought to enlist the members of its organization in its fight against the law: it sent out a number of bulletins during July denouncing the act; and it urged its members to write their congressmen in protest against its objectionable provisions.[46]

To the Jones amendment, the Association offered the argument that it would destroy corporate surplus badly needed for the expansion of industry called upon to supply the war-time needs of government. Moreover, it claimed, paper profits in the form of undeclared dividends did not often represent actual cash, but instead money already re-invested, expanding realty values, etc., and in such instances, "corporations would have to borrow the money to make the payments required by the law." This form of taxation also imposed a double burden upon capital. If the corporation first paid a tax upon individual profits, and then later declared a dividend, such dividends would again be subject to a federal income tax payable by the stock-holder.[47]

The attitude of organized capital did not have any perceptible effect upon the decision of the senate, which on September 5th, adopted the report of its Finance Committee unchanged,[48] after an unsuccessful attempt by Senators La Follette and Bankhead to raise the excess profits tax to a maximum of eighty per cent.[49] In the conference committee, the differences between the senate and the house bill became the subject of acrimonious controversy, the eventual result being a compromise measure. An exemption of seven per cent of invested capital was fixed upon as a satisfactory compromise with regard to the excess profits tax, and the senate graduated scale was retained, the percentages even being raised slightly. The direct corporate tax upon private profits

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[45] Ibid., July 12, 1917, p. 16.

[46] Illinois Manufacturers' Association, Bulletin: The Excess Profits Tax (July 10, 1917); Manufacturers' News, July 13, 1917, p. 12.

[47] Manufacturers' News, September 6, 1917, p. 14; Ibid., August, 2, 1917, p. 10 and p. 13; Ibid., August 16, 1917, p. 12.

[48] Congressional Record, 65th Congress, 1st Session, 55 (September 5, 1917), 10050-10051.

[49] New York Times, August 30, 1917, p. 1.

was not abolished but was lowered to four per cent. In this form the bill finally became law.[50] Both of these provisions the Association viewed with a marked degree of disapproval, but it accepted them as inevitable, and prepared to make the best of what it considered a very bad bargain. In September, President Hastings remarked that "it appears that industries are to be handicapped in production by what might be termed unwise taxation . . . . But we must not sulk. We must not quit. Win we must!"[51]

The Association's problems of taxation followed very much the same pattern in 1918 as in 1918. When the revenue bill came up for consideration in the house, the Association did its best to raise the exemption in the excess profits tax to ten per cent, and this time it succeeded. Borah C. Sullivan of the Association's War Revenue Committee argued the matter out successfully before the Ways and Means Committee on June 25, 1918, and that same day Chairman Claude Kitchin of the Ways and Means Committee announced the adoption of a specific exemption of two thousand dollars plus ten per cent of invested capital.[52] This provision was retained when the bill reached the senate. At the same time, however, the Committee adopted a basic income tax of eighteen per cent upon all undistributed corporate income regardless of any exemptions provided in the excess profits tax.[53] The bill as reported out of the House Committee also provided for an excess profits tax upon a sliding scale running up to seventy per cent, and an alternate war profits tax of eighty per cent upon all income above the prewar "normal" level. Should the war profits tax exceed the excess profits tax, it was to be paid in lieu of the latter.[54] These measures the Association regarded as a "premium upon insolvency," and it attempted to have them removed. The pro-

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[50] U. S. Statutes at Large, XL (1919), 303 ff.

[51] Manufacturers' News, September 6, 1917, p. 6; Illinois Manufacturers' Association, Annual Reports, 1917 (Chicago, 1917), p. 27.

[52] New York Times, July 26, 1917, p. 1.

[53] Ibid., July 24, 1918, p. 1.

[54] The scale set up in the excess profits tax provided for: A tax of 30 per cent upon all net income of invested capital up to 15 per cent. A tax of 50 per cent upon all net income of invested capital between 15 and 20 per cent. A tax of 70 per cent upon all net income of invested capital over 20 per cent. New York Times, August 25, 1918, p. 9.

tests of the Association, the American Bankers' Association, and the National Association of Manufacturers were partially successful, for the Finance Committee removed the eighteen per cent tax upon undistributed corporate income. It refused, however, to alter the provision calling for an eighty per cent war profits tax, although it did permit insertion of a section allowing a credit exemption of any losses sustained in 1917, 1918, and 1919.[55] With these modifications the bill became law in February, 1919.[56] The Association was not satisfied with the act, but it was convinced that its work had been of substantial value to organized capital in reducing the war burden upon corporate income,[57] and it is difficult to take exception to this conclusion.

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[55] Ibid., December 17, 1918, p. 17; Congressional Record, 65th Congress, 2nd Session, 56 (December 16, 1917), 8068; Illinois Manufacturers' Association, Annual Reports, 1918, p. 135; Ibid., 1919, p. 26.

[56] In substance the bill provided for (1) an excess profits tax to be levied in the following manner:
A tax of 30 per cent upon that profit not in excess of 20 per cent of the "normal profit."
A tax of 65 per cent upon that profit in excess of 20 percent of the "normal" pre-war profit.
Specific exemption of $3,000 and 8 per cent was allowed.
(2) An alternate war profits tax of 80 per cent upon all profit in excess of the normal pre-war profit, a specific exemption of 10 per cent being allowed. This tax was to be collected in lieu of the excess profits tax if it amounted to a larger total tax.
(3) A 12 per cent "normal" levy upon all corporate income not affected by the excess profits or war profits taxes. See U. S. Statutes at Large, XLIV (1919), 546. The tax is analyzed in the New York Times, February 9, 1919, section II, p. 1.

[57] Illinois Manufacturers' Association, Annual Reports, 1919, p. 26.

CHAPTER XIV

THE OPEN SHOP DRIVE

As the World War drew to a close it was clear that the post-war period in the United States was likely to be one of sharpened industrial conflict between capital and labor. The reasons were varied. For one thing, the war had inaugurated a period of great industrial activity; both profits and wages were abnormally high, especially in terms of expanded monetary unit. This condition, of course, could not last, and as production contracted, both capital and labor were sure to feel the pinch of falling income. The industrialist, as he saw his war profits dwindle and even become losses, would inevitably seek to reduce his operating costs, and since wages were "abnormal," he would lower wages and reduce his pay-roll expense wherever possible. In so doing he was bound to run directly into the interests of the laborer, who even in the period of post-war prosperity was feeling the pinch inflated living costs, and who would inevitably resist firmly any attempt on the part of his employers to reduce his wages. Even before the war ended, there was a sharpening of industrial conflict in the United States which boded ill for the period of post-war deflation.

The promise of sharpened industrial conflict was re-inforced by the spirit of patriotism which the war period had developed in industry and in the country at large. In a desperate struggle "to save the world for Democracy" a strike was a blow at the nation's military efficiency, and when industrialists and government alike denounced the strike as high treason, the general public was inclined to apolaud the sentiment expressed.[1] It was difficult to enter the concept of the war-time relationship of capital and labor to the changing economic realities of a post-war world, in which the strike, and union activities in general

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[1] In an address before an audience of ship-builders at the Wilmette Iron and Steel Works in July, 1918, Charles Pies, Illinois Manufacturers' Association director, called the striking ship-builders at Oakland, California, "damned traitors," "The

were no longer "treason" but were instead legitimate weapons and tools of collective bargaining.

If there was no longer a war, there were now "The Reds," and a portion of the American public, reacting sharply from the liberal Wilsonian period of social reform at home and amity abroad, was convinced that the Bolsheviks were a real threat to American civilization. Many conservatives in Congress and in the press insisted that the labor unions were full of them. Every American knew about the I.W.W. Those in command were no longer forced to bear the title of "traitors" instead they were dubbed by the Illinois Manufacturers' Association and others of like mind the "labor radicals," "labor Agitators," or the "labor reds." Under these circumstances it was easy for the industrialist and the general public alike to convince themselves that the labor union was a menace to American civilization. A good portion of the talk against unions centered in the thought that the union idea and the closed shop were "contrary to the American way of life."

It was against this kind of a background that the Illinois Manufacturers' Association entered into a new period of belligerency in its attitude toward organized labor. During 1919, the Association interfered prominently in a number of big strikes throughout the country in an attempt to settle the dispute against the strikers or the union party. In August, when there were recurrent rumors of a rail strike, and when Congress had under consideration legislation which eventually led to the Transportation Act of 1920, the Association sent its Traffic Committee, led by Charles Piez, before the House Interstate Commerce Committee to request a law that would forbid either strikes or lockouts on railroads. Employees accepting jobs with the railroad would by law be forced to waive the right to strike. As a substitute Piez proposed the erection of a board of arbitration consisting of six men, two to be representatives of the public, two of the railroads, and two of the labor unions. Whenever a dispute arose, it was to be referred to the board upon appeal of either labor or the railroads. The decision of the board would be final, subject only to review by the Interstate Commerce Commission. Piez argued that the interests of the public in satisfactory rail service were

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very fact that they threaten to strike is rotten," Piez said. Manufacturers' News, July 18, 1918, p. 6.

absolutely paramount to the interests of either the railroads or the unions, and that both parties should therefore be forced to sign agreements subjecting themselves to the findings of this body.[2]

In September, a wide-spread strike tied up the steel industry in and around the Chicago district. Plants at South Chicago, Gary, Waukegan, and Lake Forest were involved and the industry in this vicinity came to a general stand-still. The subject of dispute was unionization--a number of men had joined a nascent steel workers' union, which the American Federation of Labor was attempting to organize, and, accompanied by a large number of non-union men, had struck in demand for recognition and a wage increase.[3] There was some violence in connection with the strike, which resulted in the establishment of a Senate Investigating Committee to study the disturbance. The Illinois Manufacturers' Association believed that the strikers were controlled by the "Reds," and that the strike was really not a voluntary expression on the part of the workers but the "result of coercion by professional labor racketeers."[4] On September 26th, the Association's board of Directors wired the Senate Committee suggesting the following questions:

> 1. Whether the attempted organization of the steel workers was the result of voluntary action on the part of the employees, or the result of effort and pressure from professional organizers.
> 2. What proportion of the organizers and leaders of the steel strike are revolutionaries?
> 3. The Chicago Tribune published a statement of one of the organizers that they were very successful in organizing the foreign element in the steel plants, but unsuccessful in organizing the American element.
> What were the arguments that persuaded impressionable foreigners but failed to persuade American Workmen?
> 4. Was the strike the result of deliberate, voluntary and unrestricted action of the majority of the men reached by secret ballot?
> 5. What was the exact language of the strike resolution in which a vote was taken?[5]

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[2]The New York Times, August 22, 1919, p. 5.

[3]Commons and Associates, History of Labor in the United States, IV, 489; Samuel Yellen, American Labor Struggles (New York, 1936), pp. 266-272.

[4]Illinois Manufacturers' Association, Annual Reports,1919 (Chicago, 1919), p. 32.

[5]New York Times, September 29, 1919, p. 1.

These proposals are interesting, for in them will be found the substance of the Association's contentions concerning most labor unions and most strike situations: that the average laborer is not interested in strikes or unions but asks only the right to work and be let alone, and he is organized only through the pressure of professional agitators who victimize the worker of their own interests.

In November, the miners in the Southern Illinois coal fields struck for higher wages. The strike dragged on into December without settlement, and members of the Illinois Manufacturers' Association became indignant. They considered that the miners were already paid wages out of proportion to other costs, and that their demands were a threat to the industries of Illinois. Accordingly they decided upon a boycott. On December 5th, Secretary Glenn announced that individual members of his organization had begun a boycott of food, fuel, clothing, and other necessities as "retaliation against the strikers who are responsible for the fuel famine."[6] The boycott was not conclusive and the strike dragged on into an indefinite settlement.[7]

The boycott idea, was however, the signal that the Association was prepared to take more positive action against "labor difficulties." When the Industrial Relations Committee of the Illinois Manufacturers' Association met in Chicago the following February of 1920 the group decided that the key to the prevailing difficulties in labor lay in the extreme shortage of efficient workers. It was the belief of many of the men on the Committee that there probably was a sufficient supply of workers if only employers would co-operate actively in keeping down unreasonable demands for labor. As a result of these ideas the Association sent out a circular making the following suggestions to all members of the Illinois Manufacturers' Association:

> 1. Help wanted ads have become a cause of instability, and promoted labor shortage and shopping for jobs.
> 2. Therefore employers should not use display type when shopping for help.
> 3. Nor should employers mention hours of work, rates of pay or other inducements when advertising for workers.
> 4. Nor should employers use more than 25 agate lines of

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[6] Ibid., December 6, 1919, p. 1.

[7] Illinois Manufacturers' Association, Annual Reports, 1920, pp. 36-37.

advertising in any newspaper.[8]

Meanwhile the adamant stand of labor in the steel strike in the fall of 1919 had precipitated a general feeling on the part of manufacturers throughout the United States that a concerted attack upon the unions was necessary if industrial organization were not to be seriously undermined. In the steel strike, President Wilson had tried arbitration. At a great conference in Washington October, 1919, representatives of capital and labor had gathered together around a conference table, and had attempted to settle the steel strike amicably.[9] The utter failure of this conference to accomplish its purpose seems to have been the precipitating factor in the opening of the open-shop drive on a nation-wide scale, for very shortly, American Industries, the official publication of the National Association of Manufacturers began to talk about the evils of the closed shop, and to urge upon manufacturers everywhere the necessity of resistence.[10] The next few months saw the development of a spontaneous open shop movement all over the United States. Local and state-wide organizations among employers and manufacturers sprang up everywhere. By the autumn of 1920, New York had over fifty local open shop units, Massachusetts had eighteen, there were twenty such organizations in Connecticut and forty-six in Illinois. Michigan and California were also leading centers of agitation for the "new Ideal."[11]

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[8] Illinois Manufacturers' Association, Annual Reports, 1920, pp. 34-35. The Association noted with pleasure that "Toward the end of the year 1920 curtailment of production in some lines has enabled employers to retain the most efficient workers and production per capita has shown a gratifying improvement although in many lines it still falls short of the pre-war standing." The fall in production toward the end of 1920 thus solved this particular problem of "excessive competition" for labor quite satisfactory.

[9] Present were representatives of the A.F.of L., the four Railway Brotherhoods, the National Industrial conference Board, the National Association of Manufacturers, and the United States Chamber of Commerce. The public was also represented, in the person of Judge Gary, president of the U. S. Steel Corporation. Proceedings of the First Industrial Conference (Washington, 1920), pp. 4-5.

[10] American Industries, November, 1919, p. 6.

[11] Perlman, op. cit., pp. 489-490; Saval Zimand, The Open Shop Drive (New York, 1922), p. 5. Many of these organizations apparently existed merely on paper. Magnus W. Alexander, "Employ-

At first the Illinois Manufacturers' Association took no great notice of the new movement, but it soon swung in line. In July 1920 the Association opened its own open shop drive. It began to send out thousands of bulletins to its members, releases for the newspapers, articles for Manufacturers' News, etc., setting forth the virtues of the open shop as "A revival of the American spirit as applied to the industrial and commercial life of the nation." Towns and cities throughout the state were encouraged to form open shop associations and the Association freely published all the activities of those who were seeking to bring American industry back "to the American way of doing things." The attack of the Illinois Manufacturers' Association was so determined and enthusiastic that it was not long before it was recognized as the actual center of the open shop movement in the United States, and other organizations were pointing to the policy of the Illinois Manufacturers' Association as a model for similar groups to follow in the campaign.[12]

By October the movement toward local organization had gone far enough so that the Association felt it opportune to call a great open shop convention of employers. The convention of over five hundred manufacturers met at the LaSalle Hotel in Chicago on October 8th. Speeches were delivered by various delegates denouncing the tyranny of the closed shop system after which the following resolution was adopted:

> Resolved, By the members of the Illinois Manufacturers' Association here assembled that it is the sense of this meeting that the principle of the open shop be commended and approved, and that the moral support of the Association in all its relations be given freely to any and all seeking to put into actual effect the principle of the open shop.[13]

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ers Associations in the United States," International Labor Review (May, 1932), pp. 605-620. See also, National Association of Manufacturers, ed., The Open Shop Encyclopedia, (New York, 1921), pp. 1-221; Elbert H. Gary, "The Menace of the Closed Shop," American Industries (January, 1920), p. 14; Ernest F. Lloyd, The Closed Union Shop vs. The Open Shop (New York, 1920), p. 7 ff.

[12] Indianapolis Association of Employers, Special Information Bulletin (October 25, 1920), p. 6.

[13] Illinois Manufacturers' Association, Annual Reports, 1920, p. 12; see also the New York Times, October 9, 1920, p. 18. The resolution was introduced by George R. Meyercord, vice-president of the Illinois Manufacturers' Association. The meeting was presided over by Colonel William Nelson Pelouse, president of the Illinois Manufacturers' Association.

It may be interesting to examine the nature of the arguments which officers and members of the Illinois Manufacturers' Association were bringing forward to justify the determined leadership they were taking in the open shop campaign. One of the most important was that union domination "was a menace to free industrial control of plants by their rightful owners." It deprived the "true owner of property of the right of employing whom he might see fit under such conditions as the employer and employe might agree upon." The closed shop was, therefore, an interference with the right of private property and a menace to free contract.

The open shop was also preferable as conducive to greater industrial efficiency, whereas the closed shop fomented strikes, "sometimes made lockouts necessary," and in general engendered ill-feeling, hatred and violence in the relations between the employer and employe. The open shop, on the contrary, promoted industrial goodwill. It made it possible for the employer to hire the "best man for the best job," and to promote his men or discharge them on a basis of service "without being subject to the dictates of a walking delegate." The open shop idea was also dictated by the "principle of individual freedom." It was the right of every man to work where he could find work, when he pleases, and to leave that employment when he pleased, and it was the right of the employer to deal with him on the same terms. Opposed to the free relations of the open shop were the "labor dictators and walking delegates" who were not workers but parasites upon the laborer and employer alike. These men were often radicals who made a "practice of fomenting labor disputes in order to line their own pockets." The open shop movement would crush them and pave the way for a realization that the "truest and quickest way to social betterment was through sympathetic co-operation between employer and employe."

The open shop way, the Association asserted, was the American way. Because it guaranteed individual liberty, because it protected the right of every man to work under whatever conditions he saw fit to accept, because it "stamped out radicalism," the open shop was merely an application of the American ideal[14]

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[14]Secretary Glenn, speaking before the Michigan City Rotary Club on December 30th, said that the open shop was founded on the principle of Americanism, established more than a century ago, while the closed shop was advocated by those who are apostles of violence and force. Glenn in this address also demanded that a

of free opportunity and free individual responsibility.[15]

The campaign of the Illinois Manufacturers' Association for an open shop reached its climax on January 21, 1921, when a great open shop convention of employers and public leaders was held in Chicago. This "American Idea Convention," as it was called, brought together thousands of influential people from all over the country, and in the speeches and resolutions offered, the "American Way" once more received a full airing.[16] The convention was the inspiration for dozens of minor open shop movements that sprang up in cities all over the country during the course of the next year.[17]

With this convention, the drive for the open shop came to a climax. The Illinois Manufacturers' Association continued to stand firm for the open shop, and if anything, its agitation

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Secretary of Labor be appointed who was not representative of the two million union men but rather of all the American people. He also said that the maintenance of the open shop depended upon Congress's refusal to restrict immigration. New York Times, December 31, 1920, p. 24.

[15]These arguments may all be found in the articles in Manufacturers' News and in the bulletins of the Illinois Manufacturers' Association on the open shop. See Manufacturers'News, July 1, 1920, pp. 9-10; Ibid., September 30, 1920, p. 11; Ibid., October 14, 1920, p. 7; Ibid., October 21, 1920, p. 7; Ibid., December 30, 1920, p. 9. See also the address by the "Open Shop Congressman" Blanton of Texas at the December, 1920 meeting of the Illinois Manufacturers' Association at which labor unions were vigorously attacked and the open shop idea applauded. Congressman Blanton was a leader in the national open shop movement. Blanton's speech consisted in an attack upon trade union domination, especially of the American Federation of Labor. Of his speech the Association's report said: "rarely has a speaker been received with more enthusiasm and appreciative applause than was Congressman Blanton. He unquestionably had his audience with him from start to finish." Illinois Manufacturers' Association, Annual Reports, 1920, p. 6. See also National Association of Manufacturers, ed., Open Shop Pamphlets, Nos. 1-11 (Washington, 1920) for a sample of the arguments offered by Blanton.

[16]Staley, op. cit., p. 354; Illinois Manufacturers' Association, Annual Reports, 1921 (Chicago, 1921), p. 36.

[17]Chicago Tribune, January 22, 1921, p. 6. One of the direct repercussions of the convention was a bill introduced into the Illinois legislature entitled, "An Act for the Better Protection of Public Welfare Against Unwarranted Strikes and Lockouts." It had the support of the Illinois Manufacturers' Association, but it was tabled. Journal of the Illinois House of Representatives, 1921, p. 866; Illinois Manufacturers' Association, Annual Reports, 1921, p. 30.

for "free labor" and against "labor dictators" continued to increase during the next few years. But the campaign now centered upon particular issues: immigration, the Illinois miners, and the anti-injunction law. Of these, the campaign against immigration restriction was most closely identified with the open shop drive; indeed, the officials of the Association recognized it as but a special phase of the same fight. The Association's immigration policy will,therefore,be taken up at this point.

CHAPTER XV

THE CAMPAIGN FOR FREE IMMIGRATION

Secretary Glenn and the other officials of the Association recognized that the open shop ideal rested upon a "free surplus of common labor." They recognized also, that the only way that this surplus could be retained was by preserving practically unlimited European immigration.[1] All attempts to limit or restrict the flow of immigrants were accordingly viewed with hostility, and when the American Federation of Labor opened its drive for immigration restriction at almost the same time the open shop campaign was going on, Secretary Glenn felt it necessary to strike back. He believed that there was "a well defined plan to work for immigration restriction as a deliberate aid to the closed shop," and all during 1920 the Association busied itself releasing publicity to members and to the public at large against the idea of restriction.[2] The Association was willing to consider passage of an act to keep undesirables out of the country, but it felt that there was a great need for the admission "of certain classes of immigrants to perform that class of common labor which the average American does not like and will not do."[3]

It is interesting to examine the philosophy of the Association upon the question of immigration restriction in some detail. While it quite frankly acknowledged self-interest in its efforts to prevent restriction, it also rested its efforts upon a broader foundation of defense: in brief, that unrestricted immi-

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[1] John W. Glenn, in a speech before the Michigan City Rotary Club, demanded a non-union man in the cabinet, as Secretary of Labor, and declared that the success or failure of the open shop movement rested upon whether or not Congress restricted the present free flow of immigrants into the country. New York Times, December 31, 1920, p. 24.

[2] Illinois Manufacturers' Association, Annual Reports, 1920, p. 38; Illinois Manufacturers' Association, Bulletin: The Immigration Scheme (Chicago, 1920).

[3] Illinois Manufacturers' Association, Annual Reports, 1920, p. 38.

gration was part of the "American way of life." Every American, said President Herman Hettler in 1922, had a right to work for the improvement of his station in life, and if he was to succeed in this ambition, he must be afforded an opportunity for promotion. "Unless there is someone to take his place at the bottom of the ladder, he cannot progress." But there would be no one to take his place unless a free flow of immigration is preserved. It might be said, therefore, that the American ideal of opportunity for every man rested in reality upon unrestricted immigration; "if immigration were cut off the worker would be chained to his job with no chance of advancement."[4]

In spite of the Association's efforts, however, the friends of immigration restriction succeeded in having the famous National Origins Act passed in 1921 which limited immigration to three per cent of the number of natives of each of the respective countries in the United States at the time of the 1910 census.[5] The Association adopted resolutions demanding immediate repeal of this act and its replacement with legislation limiting immigration only by physical, moral, and financial qualifications.[6] It warned the country that the results of the act would eventually be economic disaster and the widespread destruction of the country's manufacturing interests. The Immigration Committee at the same time released a study purporting to show that the sources of common labor in the United States, Poles, Italians, Russian Jews, etc., were emigrating to Europe faster than others of these nationalities were coming to the United States.[7] In December the Association publicized reports of the Illinois Free Employment Office indicating that there were but ninety-five laborers for every one hundred jobs at common labor in Illinois, and that there was an especially insufficient supply of common female labor in the state.[8] The reasons for this scarcity, the Association felt, were obvious, while its effects would be lamentable:

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[4]Illinois Manufacturers' Association, Annual Reports, 1922 (Chicago, 1922), p. 23.

[5]U. S. Statutes at Large, XLII (1921), 5.

[6]Manufacturers' News, July 13, 1922, p. 10.

[7]Ibid., July 13, 1922, p. 10.

[8]Illinois Manufacturers' Association, Annual Reports, 1922, pp. 23-24.

> The scarcity of labor is an artificial condition due to a deliberate and far sighted plan on the part of powerful interests to shut off the supply from Europe and create a labor monopoly in this country. The immigration Act, which restricts the entrance of Europeans to three percent of the number of any nationality found here prior to the war, has had the effect intended. Trade unionists and many well-meaning persons are delighted. They cannot see that a shortage in common labor will in the end restrict factory output and cause a corresponding shortage among skilled laborers, higher living costs including higher rent, and a possible halting of the prosperity which is now cause for national congratulation. Something will have to be done in the next few months to increase the supply of common labor in the United States, and the sooner public sentiment forces a repeal the better it will be for everybody. It is impossible for the industries of this country to expand without an adequate supply of labor at reasonable wages. The present immigration law is a bar to progress and is economically unsound.[9]

The Association accordingly began work for the repeal of the immigration law and its replacement by a "selective immigration act." In December, 1922 it co-operated in launching a nation-wide movement to lift immigration restriction, set in motion by the National Conference of State Manufacturers' Associations.[10] Delegates representing various sections of the country were called to a meeting of the "National Immigration Conference" at Chicago, where a number of speeches were delivered by notable business and professional leaders attacking the law. Resolutions were also adopted warning the country that disaster would follow upon the heels of the present policy of sharp restriction, and demanding that Congress repeal the law and replace it with one setting up a selective immigration policy.[11]

The Illinois Manufacturers' Association followed its attack on the law by sending M. H. Ward of Granite City down to Washington in January to testify before the House Committee on Immigration at a hearing on proposed relaxation of the law. Ward

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[9] Ibid., p. 24.

[10] At this time John S. Glenn, Secretary of the Illinois Manufacturers' Association was also secretary of the National Conference of State Manufacturers' Associations, and William Butterworth, long director, president, and active participant in the affairs of the Illinois Manufacturers' Association was president of the National Conference.

[11] Manufacturers' News, December 22, 1922, pp. 9-10. The conference was addressed by Dr. E. A. Steiner of Grinnell College, Iowa; J. W. O'Leary of Chicago, Chairman of the Immigration Committee of the Chamber of Commerce of the United States; and Samuel O. Dunn, editor of Railway Age, Chicago.

testified that the steel, tin-plate, and copper mining industries were already suffering severely from the labor shortage, and he renewed the demands of the Association for a selective immigration policy in lieu of the present system.[12] During 1923 the Committee on Industrial Relations of the Association carried on a constant publicity drive against the law of 1921, and in December the Association announced that its efforts would be continued until "the present law is modified to meet the requirements of industry."[13]

The Association was doomed to meet defeat on this issue, however, for in May of 1924 the Johnson Immigration Act was signed by President Coolidge. The act put restriction on a permanent basis, reduced the number of immigrants to approximately one hundred fifty thousand, and set a quota for each national group of but two per cent of those of that origin here in 1890.[14] The Association presented resolutions against the bill before its passage, but ultimately it recognized that public opinion was too strongly behind the policy of strict immigration restriction, and after 1924 the question was allowed to drop.[15]

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[12] Labor Review, January, 1923.

[13] Illinois Manufacturers' Association, Annual Reports, 1923, p. 29.

[14] U. S. Statutes at Large, XLIII (1924), 130.

[15] Illinois Manufacturers' Association, Annual Reports, 1924, (Chicago, 1924), p. 50.

CHAPTER XVI

THE MINERS' QUALIFICATION LAW

No industry in Illinois was more affected by post-war collapse, unemployment, and sporadic strikes than was the bituminous coal industry in central and southern Illinois. The difficulties of the industry were due to a variety of causes, "over-production, price-distortion, competition with other fuel and other coal mining areas, and post-war collapse. All played their part. The Illinois Manufacturers' Association was, however, especially interested in the labor aspects of the mining problem, and from time to time it came forward with a number of interesting suggestions. Late in 1919 the Association suggested that miners' wages in southern Illinois were much too high. They enabled a miner to earn enough to live on in one or two days per week. Hence the miner did not have to concern himself particularly about steady employment;" he could "work a few days, then go on strike for still higher wage rates and tie up the entire industry." Furthermore, the high wage rates would eventually bring many miners into the field and create unemployment as soon as production slacked off. Finally, the "abnormally" high wages in the mining industry would be sure "to create industrial unrest in other industries where business could not afford such high rates." Hence, the logical thing to do, the Illinois Manufacturers' Association argued, was to bring about a reduction of wages to a per-diem level where the men would be forced to work steadily five or six days a week in order to maintain their present living standards. This would be a much more "economic" situation in that it would quiet industrial unrest, for the men would now be too busy to think of idle strikes which would in any event disrupt their living standards; hence industrial unrest would cease. Other small income groups would also benefit from the lowered price of coal.[1]

It was obvious to the Association that if miners' wages were to be lowered, the Miners' Qualification Law would have to

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[1] Illinois Manufacturers' Association, Annual Reports, 1919, p. 16.

be repealed. This law, enacted by the state legislature in 1914, required every miner to have two years' apprentice experience and then pass an examination showing that he understood the safety requirements of his trade before he could be licensed by the state as a full-fledged miner. The law obviously had the effect of seriously limiting the available labor supply in the mines, and the Illinois Manufacturers' Association determined to do away with it if possible. In December, 1920, Secretary Glenn wrote a letter to every member of the state legislature demanding that the law be repealed.[2] His suggestion caused a furor in organized labor in the state and a resolution was adopted at the Annual Convention of the Illinois State Federation of Labor condemning Glenn and pledging every resource of the State Federation to resist the efforts of the Illinois Manufacturers' Association to repeal the law.[3] During 1921 the Association continued to release publicity against the law, claiming that its repeal was the solution to the high price of coal and unemployment and stagnation of the bituminous coal industry in Illinois.[4]

Early in 1922 the Association attempted more positive action to bring down what it considered to be the excessive price of bituminous coal. The Association's Coal Committee, headed by William Butterworth,[5] conducted an investigation into the cost of coal. The Committee found that the price of fuel to industrial consumers had advanced 105 per cent since 1914, its conclusions being based upon replies from more than four hundred large coal consumers among its membership. The causes for this advance, the committee found to lie largely in the high cost of mining, and here the chief difficulty was the high level of miners' wages. The report concluded: "An investigation of conditions at the mines, working rules and the practice of the men of laying off at frequent

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[2] Illinois State Federation of Labor, Thirty-Ninth Annual Proceedings (1921), p. 177.

[3] Ibid., p. 178.

[4] Illinois Manufacturers' Association, Bulletin: The Coal Crisis (February, 1921).

[5] The full membership of the committee was William Butterworth, president of Deere and Company, Moline; W. A. Forbes, president of the Rockford Malleable Iron Works, Rockford; A. B. Cochenour, president of the Chicago Insulated Wire and Manufacturing Company; and R. P. Lamont, president of the American Steel Foundries, Chicago.

intervals when work was available clearly indicated that labor was the chief reason for high fuel prices."

With this difficulty in mind the members of the Committee then held a series of conferences with the members of the Illinois Coal Operators' Association, and these gentlemen clearly "indicated that coal could not be reduced in price until there was a corresponding reduction on miners' wages."[7]

In May came the great 1922 coal strike which culminated in the famous "Herrin Massacre" of the following summer. By July production in the Illinois mines was entirely shut down and members of the Association feared that most of the industrial plants in Illinois would soon have to close if steps were not taken to re-open the mines. The Association still felt that the key to the difficulty was the Miners' Qualification Law, and that the act ought to be repealed. To leave the law in force, the Association declared, would be disastrous to the industries, consumers, and common working people of the state of Illinois. President Herman Hettler of the Association stated that "the interests of six million five hundred thousand in Illinois should be considered of more importance than the special interests of any organized body of men opposed to re-opening the mines." The Association followed up its appeal with a telegram from Hettler to Acting Governor Fred Sterling demanding that he call a special session of the state legislature to repeal the law in question, so that men "able and anxious to mine coal" could be put to work. Letters requesting repeal were also mailed to every member of the state legislature.[8] Sterling refused to call the session, saying that the time for it was inopportune, whereupon the Association sent him a very strong telegram stating that the law "placed in the hands of a few men, the leaders of the [union] organization, the monopolistic control of the digging of coal."[9]

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[6] Illinois Manufacturers' Association, Annual Reports, 1922, p. 31.

[7] Illinois Manufacturers' Association, Annual Reports, 1922, pp. 31-32; Manufacturers' News, December 14, 1922, p. 39.

[8] Manufacturers' News, July 27, 1922, p. 10; Labor Review, August 1922.

[9] Manufacturers' News, August 5, 1922, p. 3. The wire of the Association to Acting Governor Sterling was as follows: "Your telegram of July 31 received the Illinois Manufacturers'

Meanwhile the strike situation in Williamson County had proceeded to the point of violence. Late in June, nineteen strike-breakers were shot down near Herrin, Illinois, as a result of the widespread lawlessness and disorder in that area. For several weeks no positive action was taken, but by the end of July the officers of the Illinois Manufacturers' Association became impatient and began to demand that the guilty persons be brought to justice. July 27th the Illinois Industrial Council, a close affiliate of the Illinois Manufacturers' Association composed of local manufacturers' associations,[10] held a great convention attended by several thousand persons. The convention adopted resolutions demanding that state and local authorities take action, and it sent out appeals to all the members of the Illinois Manufacturers' Association to bring what pressure they could upon state and local officers.[11] On August 9th, the directors of the Illinois Manufacturers' Association succeeded in arranging a direct conference with Governor Len Small at the Congress Hotel. They presented the governor with two demands, first, that he put Williamson County, under martial law, since it was "obvious that

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Association deeply regrets that you as acting governor disregard the urgent need of a special session of the General Assembly for the following reasons:-

1. Because the mining laws in Illinois have placed in the hands of a few men, the leaders of the organization, a monopolistic control of the digging of coal.

2. Because the coal mines have been shut down since April 1, the surplus stock has been exhausted and a continuation of the present conditions will close down the factories, interrupt transportation, limit the food supply, and if continued until the snow flies, cause untold misery and suffering during the winter months in Illinois and the Northwest.

3. Because the outrageous statute will bring about an unemployment situation never before known in Illinois.

4. Because famine coal prices will cause an increase in rents and add to the cost of living in every particular.

5. Because the operation of this law closes to the public mines which have an annual capacity of 90,000,000 tons.

6. Because 90 per cent of coal mining can be performed by common unskilled labor, such as is available but not allowed to work in the mines on account of this jug-handled statute . . . . .

Herman H. Hettler, Presdt.
John M. Glenn, Secretary "

[10]Glenn was also secretary of the Illinois Industrial Council.

[11]Manufacturers' News, August 5, 1922, p. 8.

the local authorities could not enforce the law," and second, that he call a special session of the legislature for the purpose of repealing "that portion of the state mining law which forbids the digging of coal in Illinois by any except those who have state mining certificates, which gives a monopoly to union miners."[12] Governor Small acceded to the contention that martial law was needed in Williamson County but suggested that he make one more appeal to the local authorities to enforce order; if they did not bring action, he would then proceed to call in the Illinois National Guard. He was unwilling to hold out any hope that he would call a special session to repeal the Miners' Qualification Law, considered by the Association to be the crux of the difficulty, since he did not believe he could obtain a quorum in the legislature for such a purpose.[13]

The Association continued to press for a thorough investigation of the Herrin riots. It was convinced at any rate that:

> The coal strike has taught the public the arrogance and unreasonableness of the United Mine Workers of America. This militant union with many millions of dollars in its war chest has the public by the throat. The only thing that will break that strangle hold is the more powerful forces of public sentiment. Whatever may be said for or against the mine owners or the union miners' organization, there should be no appeal from the argument, that from the viewpoint of all interests it is absolutely wrong and contrary to our form of government and the constitution that such tremendous power for evil and suffering in general should be permitted to remain with one individual, namely the president of the Miners' Union.[14]

Thus the Illinois Manufacturers' Association once more found the

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[12] Ibid., August 10, 1922, p. 7; Chicago Tribune, August 9, 1922, p. 1; Illinois Manufacturers' Association, Annual Reports, 1922, pp. 34-35.

[13] Manufacturers' News, August 10, 1922, p. 7. The following officers, directors, and members of the Illinois Manufacturers' Association attended the conference: C. C. Heidrich, Jr., Peoria Cordage Company, Peoria; Samuel M. Hastings, Computing Scale Company of America; George B. Meyercord, The Meyercord Company, Inc.; H. P. Lamont, American Steel Foundries; T. E. O'Brien, Leader Iron Works, Decatur; John T. Llellwyn, Chicago Malleable Castings Company; Julius E. Weil, Rosenwald and Weil, Inc.; Peter S. Theurer, The Peter Schoenhofen Brewing Company; William Nelson Pelouze, Pelouze Manufacturing Company; Edward N. Hurley, Hurley Machine Company; Herman A. Poppenhausen, Green Engineering Company; Colin C. H. Fyffe, General Counsel; John E. Glenn, Secretary. See also Weekly News Letter, August 12, 1922.

[14] Illinois Manufacturers' Association, Annual Reports, 1922, pp. 24-25.

heart of the difficulty as it had in many previous similar situations: in the arbitrary autocratic power of a "labor dictator." When the state House of Representatives took steps in March, 1923, to investigate the Herrin riots, the board of directors immediately passed recommendations commending the chamber for its action.[15]

The Association continued to insist that the difficulty could also be remedied by bringing down the wages of miners to a level comparable with that of other industries in Illinois. Early in 1923 it conducted another investigation into the wages in all Illinois industries; it found that Illinois miners were in 1922 receiving an hourly wage of $1.04 an hour, seventy-five per cent higher than that in other lines. Furthermore, the Association contended, these wage rates were not justified by irregular conditions of employment, since miners were on the average employed as many days per year as were the workers in other major industries.[16] On the basis of its findings the Association protested to the U. S. Coal Commission against the renewal of the wage contract with the miners' union at the old rates of pay.[17] The appeal was unsuccessful and following this final attempt the Association began to turn its attention to still other aspects of the labor problem.

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[15] Manufacturers' News, March 24, 1923, p. 13.

[16] Illinois Manufacturers' Association, Annual Reports, 1923, pp. 31-32. The Association printed the following work schedule for Illinois:

Bituminous coal miners	207	days	per year
Clothing workers	206	"	" "
Shoemakers	195	"	" "
Building trades.	190	"	" "

[17] Illinois Manufacturers' Association, Annual Reports, 1923, p. 32. On December 28, 1923, Glenn sent out a bulletin to the members of the Illinois Manufacturers' Association protesting against the Miners' Qualification Law and asking for co-operation in obtaining the repeal of the measure at the next legislative session. He claimed the law was responsible for shutting out non-union labor from the mines, prevented the mines from being operated continuously, and fomented strikes. The circular is reprinted in Weekly News Letter, February 16, 1924. This was perhaps the last vigorous attack made by the Association on the law.

CHAPTER XVII

STATE POLICE BILLS AND LABOR CRIMINALS

The Association believed that there was another approach to the problem of strike violence of the sort that had broken out at Herrin. Adequate policing of strike areas, the Association asserted, would make lawlessness impossible. It was because the local enforcement officers were terrorized by union outlawry that violence occurred. The remedy lay in establishing a state police force of sufficient strength that it could keep order in any strike situation, or in any other situation in which law and order had ceased to be under the control of the local police.

In 1917 and 1919 Senator Dunlop introduced such measures into the state senate; but each time, although the bills received the mild support of the Illinois Manufacturers' Association, they were defeated.[1] That the bills did not pass beyond the early committee stages was principally because of the active opposition of the State Federation of Labor which felt that the measures would pave the way for compelling workmen "to submit to any conditions imposed upon them, and to continue work at their employers' terms, or upon their refusal, to be bayonetted, shot, or beaten up, and that after they [state police] had done that to a few of them the rest would soon submit."[2]

In 1921 Senator Dunlop introduced a similar bill again. It provided for a troop of from two hundred fifty to four hundred men to be appointed for life and dismissable only for incompetency, negligence or malfeasance. They were to be available for duty anywhere in the state; they were able to make arrests with warrants or without them upon mere suspicion of wrongdoing if necessary. The bill of course met the vigorous opposition of the Illinois State Federation of Labor. Surprisingly enough, however, it

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[1] Journal of the Senate of Illinois, 1917, p. 487; Illinois Manufacturers' Association, Annual Reports, 1919, p. 4.

[2] Illinois State Federation of Labor, Thirty-Ninth Annual Convention Proceedings (1919), pp. 97-98.

was not supported by the Illinois Manufacturers' Association because, in the Association's own words, "the law contained a section which plainly discriminated against manufacturers. The objectionable clause in the bill provided that the state police should not be used on strike duty except at the request of the Mayor of a city or the sheriff of a county approved by the governor."[3] When the Association was unable to obtain the repeal of this section, it withdrew its support from the bill and actively opposed it.[4]

Another vigorous attempt to pass the law was made in 1923. Senator Dunlop conferred with officials of the Illinois Manufacturers' Association in advance, and the senator assured the Association that the bill would not contain the objectionable clause which had cost the measure the support of the Illinois Manufacturers' Association in 1921.[5] Once introduced, the proposed law was referred to the Senate Committee on Military Affairs and a public hearing was held on the measure by the Committee the last week in February. President E. C. Heidrich of the Association defended the bill before the Committee, and it also received the support of the Chicago Motor Club, the Illinois Bankers' Association, and the State Insurance Federation of Illinois. It was attacked by Victor Olander of the Illinois State Federation of Labor, who claimed that the proposed constabulary would be a "political and not a criminal force."[6] Although the act was reported out favorably to the floor of the senate, it was killed there by an adverse vote, and that ended the 1923 campaign.[7] In 1925, a

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[3]Illinois Manufacturers' Association, Annual Reports, 1921, p. 14; Chicago Tribune, January 8, 1922, p. 10.

[4]Illinois Manufacturers' Association, Annual Reports, 1921, pp. 14-15. It appears that the Association was not the prime-mover in the campaign for a state police law, but that the impetus came from a self-appointed group known as the State Police Auxiliary Committee. "They went about collecting money for their operations from bankers, business men and manufacturers." Staley, op. cit., pp. 515-517. The State Federation claimed that Glenn admitted in public debate with Victor Olander that the Illinois Manufacturers' Association had been duped by this committee. See Weekly News Letter, April 9, 1921.

[5]Manufacturers' News, January 6, 1923, p. 3; Ibid., February 3, 1923, p. 3.

[6]Ibid., March 3, 1923, p. 8.

[7]Journal of the Illinois Senate, 1923, p. 679; Manufacturers' News, June 30, 1923, p. 11.

last determined effort was made to enact such legislation. Senator Dunlop introduced his bill, which again had the support of the Association.[8] Although it passed the senate,[9] it was killed in the house on a test roll call.[10]

The Association might not be able to persuade the state legislature that a state police force was necessary to hold in check the labor criminal, but it could at any rate take steps to guarantee that men convicted of crimes involving labor disputes went to jail and stayed there. Not all of them, it seemed, were staying there. Governor Small, during 1925 pardoned an unusual number of criminals, a considerable proportion of whom had been associated with so-called labor violence.[11] In August of 1925 the directors of the Illinois Manufacturers' Association, acting under the leadership of Charles Piez, then president, voted to organize a public crusade against Small's tactics. The following letter was presently mailed out to all members of the Association:

> Dear Sir:
>
> So great a crisis has arisen through the pardoning of criminals by the governor of Illinois that the directors of the Illinois Manufacturers' Association are seriously concerned. The policy being pursued by Governor Small through his wholesale penitentiary deliveries will wreck the very foundations of our commonwealth if permitted to continue.
>
> The pardoning of the South Chicago socialists and labor agitators last August 7th caps the climax. This flagrant miscarriage of justice is an important factor in the crime situation which we face in Illinois today . . . . .
>
> Won't you plesse back up our action by circulating simi-

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[8] Manufacturers' News, April 25, 1925, p. 13.

[9] Journal of the Illinois Senate, 1925, p. 1096.

[10] Journal of the Illinois House of Representatives, 1925, p. 1095. Manufacturers' News asserted that "organized labor defeated the bill with the same brow-beating threats and tactics that it used in passing the anti-injunction law . . . . . The tactics pursued by organized labor during the legislative session just closed should arouse public sentiment against labor leaders." Manufacturers' News, June 27, 1925, p. 7.

[11] The immediate cause of the Association's action was the pardoning of Theodore Vind, described by the Association as a socialist and labor agitator, sentenced from one to five years for conspiracy in a labor dispute, and Thomas Jakubowski, business agent of the hod-carriers' union, "who in August 1923 was sent to the penitentiary for from one to 25 years for murder. He shot and killed a street car motorman who was working on a building as a day laborer in his spare time to pay his wife's doctor bills." Illinois Manufacturers' Association, Annual Reports, 1925, p. 16.

> lar protests and obtaining the signatures of citizens of all classes as well as organizations, churches, clubs, fraternal societies, etc., and forward to this office as soon as completed?
>
> Please see or communicate with the state's Attorney of your county and discuss the policy of Governor Small with other county and municipal officers and do everything in your power to arouse public sentiment to the danger which confronts our state.[12]

Besides attempting to rouse its members to the seriousness of the situation, the Association forwarded an extremely vigorous protest to the governor over his conduct, and reminding him of his obligations to the state of Illinois.[13] It also attempted to gain the support of the Cook County State's Attorney in its movement, and in September it commended State's Attorney Crowe for his "determined stand against the evil of forfeited bail bonds."[14]

The action of the Association did not pass without both opposition and support. Many thousands of signatures were obtained to petitions which the Association circulated in its efforts to bring pressure against the governor for his policy.[15] On the other hand, the State Federation of Labor passed resolutions condemning the Illinois Manufacturers' Association for its action, and stating that the governor, in pardoning Theodore Vind and other "labor radicals" was acting justly and within the spirit of the law.[16] The Olivet Institute, a social settlement in Chicago also

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[12] Manufacturers' News, August 23, 1925, p. 26.

[13] Ibid., p. 26. [14] Ibid., September 12, 1925, p. 12.

[15] Illinois Manufacturers' Association, Annual Reports, 1925, pp. 16-17. One of the petitions the Association circulated read as follows: "WHAT YOU CAN DO TO STOP CRIME ILLINOIS SHOCKS THE WORLD BY ITS CRIME, ESPECIALLY IN THE CENTERS OF POPULATION.

"Murder, robbery, crimes against women, labor conspiracy, slugging and violence, fill the newspapers. No one's life and property are safe.

"Prison doors swing open too easily. A discharged convict is often a repeater.

"The Illinois Manufacturers' Association in an effort to arouse the people of Illinois to the gravity of the situation is securing signatures to a protest to Governor Small against indiscriminate release of prisoners. We are securing thousands of signatures. Will you help? We are enclosing copies of the petition. Get as many signatures as you can and return to Association headquarters at 231 LaSalle St. Chicago.

"Read the list of pardons, paroles and commutations of sentences. It will give you an idea of the situation. John M. Glenn, Secretary." Illinois Manufacturers' Association, Bulletin: What You Can Do To Stop Crime (Chicago, 1926).

[16] The Federation, in an infuriated resolution accused the

held a meeting and protested against the action of the Illinois Manufacturers' Association.[17]

In 1927 the Association again staged a campaign against crime, although this time the attack was not directly inspired by the pardoning of labor criminals. A great mass meeting was conducted on March 30th, "attended by over 2,000 earnest men and women." Resolutions were adopted looking forward to closer co-operation between the police, state's attorneys, and the courts, a cleaner jury system, an effective probation system, a housing program for slum clearance, adequate supervision for the delinquent and feeble-minded, and the universal exercise of the franchise by voters at public elections.[18] In 1929 the Association's president, James D. Cunningham, announced following the St. Valentine's Day Massacre, that the Illinois Manufacturers' Association would act at once to eliminate hoodlumism and outlawry in Chicago.[19] During the year it conducted a campaign to end crime in Chicago by the opening of the Century of Progress in 1933.[20] The Association still continues to be interested in the problem of maintaining law and order, whether it be in connection with the activities of the "labor racketeer," or simply those of the common criminal.

Association of banqueting and bribing state legislatures to control votes at Springfield. It also accused Charles Piez and John M. Glenn of hiring and protecting "thieves, gunmen and thugs of Chicago," presumably as strike-breakers. Illinois State Federation of Labor, Forty-Third Annual Proceedings, 1925, p. 96.

[17] J. M. Glenn, Remarks at the Semi-Annual Conference of the National Industrial Council, St. Louis, October 24, 1925 (Chicago, 1925). There was an amusing sequel to this meeting. In October the Olivet Institute wrote to Secretary Glenn asking him for a donation for their organization. This kind of indiscriminate support of social workers, Glenn remarked, was "equivalent to furnishing a large quantity of rope to hang yourself."

[18] Illinois Manufacturers' Association, Annual Reports, 1927 (Chicago, 1927), p. 10.

[19] Chicago Herald and Examiner, February 15, 1929, p. 1.

[20] Illinois Manufacturers' Association, Annual Reports, 1929 (Chicago, 1929), p. 9.

CHAPTER XVIII

THE ANTI-INJUNCTION LAW

Closely related to the fight over the state police was the struggle over anti-injunction legislation. In reality, the two issues were complementary phases of the same problem: the control of "stride situations." From an employer's point of view, the state police would have been a highly desirable bulwark to the forces of law and order within the state in defense of life and property in disputes with labor. From an employer's point of view also, the attempt to limit the issuance of injunctions in labor disputes amounted to an attempt to deprive the owners of property of a right to the protection of the courts in labor disputes where violence threatened. Labor's attitude toward the two forms of control was entirely different. The police bill meant protection for strike-breakers and the use of violence against strikers and union men, while the anti-injunction law meant that the employer could not invoke court action in his attempts to use violence against labor unions and strikers. Consequently it is not surprising to find the two types of legislation bitterly contested on the floor of the Illinois legislature year after year by the same opposing organizations. Just as the police bill was introduced in season and out by the Illinois Manufacturers' Association, the anti-injunction law was introduced at every legislative session by the representatives of organized labor.

The Illinois Manufacturers' Association was no stranger to the anti-injunction law, for it had opposed such measures in state and national legislatures since the turn of the century. But in the post-war period it had to meet a re-invigorated attack from organized labor, an attack which finally culminated in the successful passage of such a law in 1925. It may be of some interest to examine both the philosophy of the Illinois Manufacturers' Association in its resistance to these measures and the character of the legislative struggle which that resistance precipitated.

The basic reason for the opposition was that any law pro-

hibiting the courts from issuing injunctions against picketing, peaceful assemblage, or other forms of union action in labor disputes would withdraw from the property owner the principal guarantee he possessed against the destruction of his property by violence in a labor dispute. Or, as spokesmen for the Association frequently put it, there was "no such thing as peaceful picketing." Picketing was merely a means to unlawful coercion and intimidation through the threat it offered to property rights. The natural concomitant of picketing was "rioting, slugging, strong-arming, and the deliberate destruction of the employer's property."

The process of injunction not only protected the property owner, but in the view of Glenn and other Illinois Manufacturers' Association men, it also protected the laborer. For the right to work was a constitutional property right, just as the right to quit work or to bargain for better terms was a property right. The fact that one laborer or group of laborers had decided not to sell their labor to a particular buyer of labor had absolutely nothing to do with the right of another laborer to sell his labor to the same employer if the two parties to the new contract so desired. The labor market was free. Yet "the anti-injunction law would interfere with that right of the laborer to make a sale of his commodity, for it would protect picketing, the object of which was to prevent other laborers selling their services to the employer." Therefore, the anti-injunction law would interfere with the full exercise of the laborer to sell his property, i.e., his labor, and with the right of the employer to make full use of his property. On both counts, therefore, it was a denial of property rights without due process of law and contrary to the state constitution and to the Fourteenth Amendment to the Constitution of the United States.

Finally, agitation for the anti-injunction law represented but one side of the "labor agitator's attempt to impose the closed shop upon the employer and the worker." It was obvious that with all the legal guarantees against picketing and coercive action removed, the "labor dictator" would have much greater power to force free laborers into the union, for he could openly bring dire pressure upon the worker where previously the union boss worked only by indirection. The power of the employer to resist union demands for a closed shop would correspondingly be lessened,

for the union agitator now would have a powerful strike weapon in his hands with which he could cripple the employer if the latter attempted resistance. Thus the anti-injunction bills must be defeated in the name of the "American Way"--in the name of industrial democracy.[1]

The active fight for an anti-injunction law began again shortly after the war closed. The years up until 1925 were not auspicious for such a campaign, however; for labor was on the defensive and was compelled to spend its best efforts resisting the open shop drive. The bills introduced in 1919, 1921, and 1923 met a quick death at the hands of the Illinois Manufacturers' Association, the bills dying in committee after the Association had offered vigorous opposition at the public hearings on the measures.[2]

Organized labor was no more successful in its attempts to introduce an anti-injunction provision into the proposed state constitution drafted by the Illinois Convention sitting from 1920 to 1922. This Convention had been called largely at the behest of organized labor which hoped to be able to secure a number of reforms favorable to its interests.[3] The Convention met January 6,

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[1]For the Illinois Manufacturers' Association arguments and attitudes on the anti-injunction law see: Illinois Manufacturers' Association, Annual Reports, 1919, p. 5; Ibid., 1921, p. 11; Ibid., 1923, p. 25; Manufacturers' News, March 14, 1925, p. 344; Ibid., March 21, 1925, p. 368; Ibid., June 6, 1925, p. 12. In a successful attempt to defeat the 1919 law the Association sent out the following bulletin to all its members: "Law and order should be the bulwark of our commonwealth. House bill 32 not only destroys your ideal but it provides for mob rule. It is scheduled for passage in the House Wednesday morning. Numbers will count. If you have not already sent in the name of the individual who will represent you in Springfield Wednesday, do so by wire this morning. Union Labor will be there in force and the influence of one manufacturer is equal to the influence of twenty-five shop men . . . . . The Illinois Manufacturers' Association has kept this bill off the statute books for twenty years and it has done so only because the members of the Association have co-operated to bring about its defeat. Will you do it again?" Illinois Manufacturers' Association, Circular Letter: The Anti-Injunction Law (April 7, 1919). In an editorial on the 1921 bill Manufacturers' News remarked: "In practically every case reported the issue was not solely between employer and employe, but rather between law-abiding workers on the one hand and an irresponsible crowd of organized radicals and communists on the other." Manufacturers' News, March 31, 1921, p. 6.

[2]Illinois Manufacturers' Association, Annual Reports, 1919, p. 5; Ibid., 1921, p. 30; Manufacturers' News, March 31, 1921, p.6; Ibid., 1923, p. 25.

[3]The State Federation of Labor sought among other reforms:

1920 at Springfield, and labor organizations worked busily the next few weeks drafting a "charter of liberties" for organized labor, designed largely to free labor unions from injunctions and other forms of judicial restraint. On February 26th proposal "Number 232" was introduced into the Convention by William J. Sneed, on behalf of organized labor. The proposal read as follows:

> 1. The labor of a human being is an attribute of life and is not property.
> 2. The right of workmen to organize into trade and labor unions and to deal and speak through representatives chosen by themselves is declared and it shall not be abridged.
> 3. No court, judge, tribunal or any officer shall by any process, order or injunction, restraining order, decree or proclamation abridge the right of any workmen to quit any employment, either singly or in concert, nor the right of by peaceful picketing assemblage or the payment of strike benefits inducing others to quit or to refrain from working, nor shall any such acts be made or held to be unlawful, or to constitute an unlawful conspiracy. Nor shall any such process, order, injunction, restraining order, decree or proclamation interfere with the exercise of the legitimate functions of any organization formed for the purpose of advancing the interests of those who labor.[4]

This proposal dealt to some extent with propositions which already had well recognized legal standing and as such it was mere innocuous affirmation, but the third clause was a rather sweeping anti-injunction proposal, and the Illinois Manufacturers' Association determined to oppose it. On April 14th, the Convention sat in committee of the whole house upon the proposal, and Piez appeared before the body to offer testimony against it.

He opened his attack by asserting that the proposal to write an anti-injunction law into the basic law was unsound. The "constitution should confine itself to a declaration of principles and a guarantee to each and every citizen of equal rights," while, on the contrary, section 232 represented an attempt to single out one "group or class for special treatment." To Piez, this was

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the initiative for constitutional amendments, trial by jury in injunction cases, judicial review only by a unanimous court, home rule for cities, taxation of swollen fortunes, initiative, referendum, and recall, women's suffrage, old age pensions, provisions whereby the state might make home and farm loans, and provisions for compensation to World War veterans. The committee working for these principles was composed of John Fitzpatrick, William E. Rodriguez, Agnes Nestor, L. J. Saleh, T. R. Downie, H. C. Maddox, and M. L. Cunningham. Staley, History of the Illinois State Federation of Labor, pp. 430-431.

[4] Illinois Manufacturers' Association, Annual Reports, 1920, p. 14.

"subversive of the entire idea of such government as ours."[5] Furthermore, the provision was based upon the assumption that "ancient and legendary wrongs" still existed and required legal correction. This notion arose out of a "distorted perspective." Legislation was not necessary to social betterment. There was no provision in the existing constitution of this character, and yet "Illinois has in the last twelve years enacted legislation that has recognized the rights of the worker to safe, wholesome surroundings, to compensation in case of accidents, and has prevented the exploitation of children in industry."[6]

The law was, in fact, a step in exactly the opposite direction from the right one. There were "one hundred jobs for every eighty men" and "the constant and immoderate increases in wages" indicated "that the workman has an overwhelming advantage in bargaining power."[7] In view of this, Piez thought that it was "in fact necessary to limit the right to strike." In the case of the basic industries the "claim that such legislation condemns the men to involuntary servitude" was "arrant nonsense," for in such circumstances it should be recognized that the issue was no longer one "between employer and employe, but between the public and one of its members." Legislation limiting the strike was in fact inevitable, for "the American people will not tolerate political strikers, nor government by strikes and coercion." Sooner or later they would ask "for summary legislation against acts which aim to defeat the fundamental fact in American life that the rights of the individual end at the polls."[8] While Piez recognized that strikes had sometimes "been of enormous social service," and that except for the basic industries the right "must remain unimpaired," he also considered that

> strikes have become great instruments of oppression and the general strike, the sympathetic strike, in fact any strike where there is no grievance, where there is no trade dispute involving direct benefits to those engaged therein, and strikes in violation of an arbitration award or agreement should be declared unlawful. And it should be made unlawful for any person or association wilfully to induce, aid or support any such strike; and anyone injured or threatened with injury

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[5] State of Illinois, Proceedings of the Constitutional Convention of the State of Illinois, Convened January 6, 1920 (Springfield, 1922), p. 6.

[6] Ibid., p. 943. [7] Ibid., p. 943.

[8] Ibid., pp. 944-945.

by such strikes should be entitled to all the civil remedies in law and equity.[9]

In considering the necessity for such legislation, Piez thought it necessary to bear in mind the danger from the Communist, who "is prepared to go the limit to bring about revolutionary changes in our industrial system," and "the influence of the Communist by no means a small one in some of the existing labor organizations."[10] The opposition of the Association to the proposal was successful, for the Committee of the Whole refused to adopt it,[11] and in December, shortly before the adjournment of the Convention, it voted to substitute the following clause: "No law shall be passed denying the right of workmen to organize into trade and labor unions and to deal and speak through representatives chosen by themselves."[12] The Association ridiculed this proposal as a waste of the Convention's good time and expressed its sympathy for the members of the Convention who were forced to listen to "such drivel." Manufacturers' News remarked that the Convention might as well adopt a clause "providing that the legislature shall not pass a law denying the right of citizens to join the Masonic Order, the Elks, or the Presbyterian Church, the Catholic Church, or against a man being a Jew or Gentile."[13] This proposal was also defeated and organized labor in the end was unable to obtain a provision which might even by the remotest indirection have affected the issuance of injunctions. It is not surprising after this conclusion that the State Federation of Labor decided to oppose vigorously the constitution when it was submitted to the people.[14] Surprisingly enough the Illinois Manufacturers' Association opposed the constitution[15] also, and it

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[9] Ibid., pp. 944-945.

[10] Ibid., p. 945; Illinois Manufacturers' Association, Annual Reports, 1920, p. 14; Weekly News Letter, April 23, 1920.

[11] State of Illinois, Journal of the Constitutional Convention of 1920 (Springfield, 1922), p. 753.

[12] Ibid., p. 753; Manufacturers' News, June 29, 1922, p. 4.

[13] Manufacturers' News, June 29, 1922, p. 4.

[14] Staley, op. cit., pp. 440-448 gives the story of the campaign of the State Federation of Labor to defeat the law. Interestingly enough labor's active opposition was also based upon the income tax provision, which provided exemptions only for salaries below $1,200 for heads of families ($500 for other persons).

[15] Illinois Manufacturers' Association, Annual Reports, 1922,

was overwhelmingly defeated in the referendum that December.[16]

But in 1925, the forces of organized labor made a determined assault upon both chambers of the state legislature, and all the resources of the Illinois Manufacturers' Association were not sufficient to defeat the anti-injunction law. Bills were introduced in the house and senate by Representative R. G. Soderstrom, long a leader of organized labor in Illinois, and Senator Daniel Webster. After some preliminary skirmishing the bill was referred to the House Judiciary Committee; and notwithstanding that the Illinois Manufacturers' Association sent its attorneys under Colin C. Pyffe to testify against the bill's constitutionality,[17] and that numbers of manufacturers testified against the law, by a vote of seventeen to four it was reported to the floor of the house with a recommendation for passage.[18] Here, however, it met defeat by a narrow margin in a test vote,[19] and the State Federation decided to shift its attack to the senate. New bills in a somewhat modified form were now introduced on April 30th in the senate and the house; and the senate Judiciary Committee reported out the new bill on the floor of the senate on May 13th.[20] After considerable juggling the bill finally passed in the upper house on May 26th by a vote of twenty-eight to seventeen,[21] and was returned to the lower chamber. Here the Association massed its forces at the Judiciary Committee hearing on June 3rd, and Attorney Pyffe once more spoke against the law.[22] That committee nevertheless reported the bill out favorably on June 10th; and, in spite of a vigorous campaign which the Association directed through Representative Charles W. LaPorte, the bill passed by a vote of seven-

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p. 30. The Association's opposition was based in part upon the clauses which made possible the levying of an income tax.

[16] Chicago Tribune, December 15, 1922, p. 1.

[17] Illinois Manufacturers' Association, Annual Reports, 1925, pp. 14-15.

[18] Journal of the Illinois House of Representatives, 1925, p. 113; Manufacturers' News, March 14, 1925, p. 344.

[19] Journal of the Illinois House of Representatives, 1925, p. 412.

[20] Journal of the Illinois Senate, 1925, p. 828.

[21] Ibid., 1925, p. 948.

[22] Illinois Manufacturers' Association, Annual Reports, 1925, p. 15.

ty-eight to sixty-five.[23] It was promptly signed by Governor Small.[24]

The act closed a battle that had been fought for twenty years, and organized labor was of course jubilant at its great triumph.[25] The Illinois Manufacturers' Association, on the other hand, felt convinced that the bill could not have been passed if Governor Small had not been a "labor man," and if the manufacturers of the state had been awake to the dangers involved.[26]

It was the belief of the Association's attorneys that the law was unconstitutional and could be attacked in the courts,[27] and it determined to co-operate with other agencies in making the attempt. On November 28th, attorneys of the Association and allied organizations obtained a verdict in a clothing store picketing case, that the Illinois statute was unconstitutional. In handing down the decision Judge Denis Sullivan in the Cook County Superior Court stated that :

> the legislature has attempted to deny one class of citizens the protection of the courts while granting to other citizens

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[23] Journal of the Illinois House of Representatives, 1925, p. 891; Illinois Manufacturers' Association, Annual Reports,1925, p. 15; Chicago Journal of Commerce, June 11, 1925, p. 1.

[24] The new law read in part as follows: "Section 1. No restraining order or injunction shall be granted by any court of this state or by a judge or judges thereof in any case growing out of a dispute concerning terms or conditions of employment, enjoining or restraining any person or persons, either singly or in concert, from terminating any relation of employment or from ceasing to perform any work at labor or from peaceably and without threats of intimidation recommending, advising or persuading others to do so; or from being peaceably and without threats of intimidation upon any public street or thoroughfare or highway for the purpose of obtaining or communicating information, or to peaceably and without threats of intimidation persuade any person or persons to work or abstain from working or to employ or to peaceably and without threats of intimidation cease to employ any party to a labor dispute, or to recommend, advise or persuade others to do so." State of Illinois, Laws of Illinois, 1925, pp. 233-234; American Labor Legislation Review (March, 1925), pp. 233-234.

[25] Staley, op. cit., p. 436.

[26] Manufacturers' News, June 20, 1925, p. 6. Glenn wrote: "Manufacturers and other employers of Illinois received a very severe blow at Springfield through the passage of the anti-injunction bill . . . . . The bill will help no one, not even organized labor. It is apprehended as an incentive to violence."

[27] Illinois Manufacturers' Association, Annual Reports,1925, p. 14.

> under similar circumstances. To say to one class that its property may be taken from it or destroyed by another class without compensation or process is not liberty; it is inviting the tyranny of the mob.[28]

The court accordingly held the law unconstitutional as a violation of the due process clause.[29] The decision, however, was indecisive, for the Supreme Court refused to pass upon the merits of the law in this case. There was no final decision upon the constitutionality of the law until 1934, when the Illinois Supreme Court held the law valid. The Court stated that the right of peaceable assembly and persuasion was one which did not interfere with anyone's rights of property, and that was all the law guaranteed.[30]

Before this decision was rendered, however, the Illinois Manufacturers' Association had largely lost interest in the statute and it made no serious effort to have the law repealed. Peaceful picketing in reality did not seriously affect the balance of power in labor disputes, and the Illinois Manufacturers' Association was occupied in matters of greater moment. The Association did lend its assistance to the National Association of Manufacturers and to other organizations which were attempting to restrict the passage of federal anti-injunction laws. In 1928, there was introduced into both houses of Congress the Shipstead Anti-Injunction bill which in effect would have prohibited the federal courts from issuing injunctions against peaceable labor activities in labor disputes.[31] On February 8th, a hearing was held by the subcommittee of the senate Judiciary Committee to which the measure had been referred. Glenn attended for the Illinois Manufacturers' Association and spoke against the measure. He argued that the law would leave employers without power of protection for them-

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[28] Manufacturers' News, December 5, 1925, p. 7.

[29] Ibid., p. 7.

[30] Fenske Bros. et al. v. The Upholsterers International Union of America, 358 Illinois, 259.

[31] Congressional Record, 70th Congress, 1st Session, 69 (December 12, 1927), 475. Section 28 of the bill read: "Equity Courts shall have jurisdiction to protect property when there is no remedy at law; for the purpose of determining such jurisdiction, nothing shall be held property unless it is tangible and transferrable and all laws and parts of laws inconsistent herewith are hereby repealed." See Industrial Review, February 1, 1928; and Congressional Record, 70th Congress, 1st Session, 69 (May 26, 1928), 10050.

selves and their property, and that the law was unconstitutional.[32] At the same time a resolution condemning the bill in the strongest terms was adopted by the board of directors of the Association. The resolution termed the bill "revolutionary," "radical," and "utterly against the public interest." Such legislation, it was claimed

> is as much in opposition to the rights of employes who desire to work and be protected in that right as it is to employers. It would be an encouragement and invitation to violence by striking workmen and their sympathizers during every labor controversy and it is against the public interest.[33]

The bill failed to pass at this session of Congress,[34] but was presented again when Congress met in December, 1928. The bill was referred to the senate Judiciary Committee and James M. Donnelly, executive vice-president of the Association testified before the Committee on December 18th in opposition to the law. He asserted that "this bill simply reflects an effort on the part of a certain radical element of labor to deprive the employers of protection to which they are entitled."[35] This bill again failed to pass, and a similar measure introduced by Shipstead in 1930,[36] died on the floor of the senate in June of that year.[37] Once again members of the Association spoke against the legislation in question, and it was the feeling of the officers that the Illinois Manufacturers' Association had played no small part in preventing the enactment of a federal anti-injunction law.[38] The battle was not over, however, for the proposed law was introduced again and again during the depression in the deluge of "radical" social legislation that the Illinois Manufacturers' Association was obliged to encounter after 1930.

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[32] Industrial Review, March 1, 1928.

[33] Ibid., March 1, 1928.

[34] Congressional Record, 70th Congress, 1st Session, 69 (May 26, 1928), 10050. The bill was never reported out from the Judiciary Committee.

[35] Industrial Review, January 1, 1929.

[36] Congressional Record, 71st Congress, 2nd Session, 72 (December 9, 1929), 276.

[37] Ibid., 72 (June 26, 1930), 11764.

[38] Industrial Review, August 7, 1930; Illinois Manufacturers' Association, Annual Reports, 1929, p. 6. The Shipstead Act became law in 1935 without serious opposition from the Association.

CHAPTER XIX

CHILD LABOR

In 1924, Congress submitted to the states for ratification a proposed Twentieth Amendment to the Constitution, giving Congress the power to regulate or abolish the use of child labor. For the time being sponsorship of the amendment became an active political question, and the Illinois Manufacturers' Association came forward to lead the campaign against adoption in Illinois.

The child labor question was, of course, not new to the country in 1924. In 1916, Congress had enacted a statute proposing to limit the use of child labor in the United States through the power to control interstate commerce. The products of manufacturers employing children under fourteen years of age were denied to interstate commerce. Glenn had at first intimated that the manufacturers of the country would not oppose the idea of such regulation.[1] No active campaign against the enactment of the 1916 statute did in fact occur, but the Illinois Manufacturers' Association gradually began to develop a set of arguments against the idea of regulation.

It appeared first that the Association considered that the law was a product of the "silver spoon labor unions," whose main purpose was not the protection of the children but the creation of a "labor monopoly," which would enable them to "reap the profits of a rich labor market without interference."[2] While the Illinois Manufacturers' Association would not actively oppose the enactment of a congressional statute regulating child labor it would not support it, since it was a labor union measure, and a mere "political proposition."[3]

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[1] "Why does Congress not pass a child labor bill? The manufacturers of this country will not object. In Illinois, when the subject was under discussion at the last meeting of the General Assembly there was not one manufacturer put a straw in the way of the passage of the measure, and a number of others openly advocated it." Manufacturers' News, January 13, 1916, p. 7.

[2] Ibid., January 27, 1916, p. 7.

[3] Ibid., p. 7. "The Chicago Tribune insinuates that the

Child labor, the Association considered, was an excellent preventive of delinquency and crime. There were thousands of boys in Chicago alone who were unfit for further school work, who would be roaming the streets "as wild as rabbits" if the present law were enacted. Manufacturers' News reported numerous stories of young boys denied employment because of the child labor laws who ultimately became hardened criminals.[4] A boy who went to work, on the contrary, usually did so because he was "anxious to earn money either for himself or for a widowed mother,"[5] and was on the way to becoming a useful citizen.

The war brought a temporary end to the agitation over child labor, but the Illinois Manufacturers' Association officials had not forgotten their arguments and when the amendment was launched in 1924, the directors immediately attacked it. Glenn took the lead in organizing the business interests of the entire middle west in the campaign against adoption. In this work he co-operated closely with James T. Emery of the National Association of Manufacturers, which was also fighting the amendment. In launching the campaign against the law Glenn asserted: "In plain language the Amendment is a union labor scheme being pushed for the purpose of reducing the number of employees in the factory, on the farm and in the commercial houses, so as to make labor scarce and wages high at a time when every effort is being strained to make a dollar worth one hundred cents."[6]

A principal objection also was that the amendment was inspired by Moscow Communists:

> One of the most active organizations behind the proposed Twentieth Amendment is the Young Workers' League of America.

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manufacturers are not sincere in their declaration that they are not opposed to the measure. It insinuates that if the manufacturers wish to prove their sincerity they should go out and work for the bill now. Does the Chicago Tribune think that the manufacturers should join hands in the passage of a labor union measure?" See the editorial of the Chicago Tribune, January 22, 1916, p. 6, supporting the proposed law.

[4] Manufacturers' News, January 27, 1916, p. 6.

[5] Ibid., p. 6. See also Ibid., October 19, 1916, p. 15 for the editorial opposing the 16 year old state law proposed by the State Factory Inspector, Oscar Nelson, accounts of "baby bandits" activities, and the charge that "labor union monopolists" were behind the proposal.

[6] Chicago Journal of Commerce, September 3, 1924, p. 1.

> This is a section of the Young Communists' International, which in turn undertakes to execute the resolutions of the Fourth Congress of the Communist International, Moscow, which has for its program "the complete transformation of the conditions of juvenile labor and its social reorganization."
>
> Zinoviev is President of the Young Communists and his wife is the Commisar of Social Welfare of Leningrad. Madame Zinoviev expresses the Soviet theory of the Control of Youth in these words:
>
> "We must nationalize children. We must remove the children from the pernicious influence of the family. We must register the children or let us speak plainly, we must nationalize them."
>
> A fine doctrine for American boys and girls! Make them go to Communistic schools! "Destroy the influence of the family!" A fine doctrine indeed!

Glenn also quoted Senator King of Utah to the effect that Communistic statesmen and educators were familiar with the proposed amendment, that they approved of its aim, and considered it communistic in purpose and method.[8]

When the Association's directors in November drafted the program of the Illinois Manufacturers' Association for 1925, they adopted a plank in opposition to the amendment. The proposal would result in "forbidding all persons under eighteen years of age from engaging in all gainful pursuits," and was therefore "an unwarrantable interference with parental authority," setting up as it did, "bureaucratic regulation of the child by remote, expensive, and irresponsible authorities." The law, a mere "product of the labor dictatorship," could lead "only to idleness and crime," and was an "unjustifiable interference with the rights of the states." Finally, the amendment would work injury to the American farmer, "whose labor supply would be seriously impaired."[9]

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[7] Review for Executives, October, 1924.

[8] Ibid., October, 1924.

[9] Ibid., November, 1924; Illinois Manufacturers' Association, Annual Reports, 1924, p. 9; Manufacturers' News, November 8, 1924, p. 6. The directors and officials drafting the Association's program were: Edward Heidrich Jr., president of the Peoria Cordage Company, president of the Illinois Manufacturers' Association; Samuel M. Hastings, Dayton Scale Company; Frederick W. Upham, The Consumers' Company; Herman E. Hettler, Herman H. Hettler Lumber Company; Herman H. Poppenhusen, Hammond, Indiana; William Nelson Pelouze, Pelouze Manufacturing Company; George R. Meyercord, Meyercord Company; Charles Piez, Link-Belt Company; Edward N. Hurley, Hurley Machine Company; William Butterworth, Deere and Company; Dorr E. Felt, Felt and Tarrant Manufacturing Company; T. R. Gerlach, Joliet; Edward N. Monroe, Quincy; Julius E. Weil, Chicago. See also letter of George R. Meyercord, director Illi-

During January and February of 1925 Glenn was extremely active in the fight against passage of the amendment. He debated the subject before an audience at the University of Illinois,[10] he circularized the membership of the Association against passage of the amendment,[11] and he interviewed and wrote to dozens of senators and representatives in the Illinois General Assembly.[12] In the end it became obvious that the proposed amendment had no chance of being adopted and the campaign was dropped. In February Glenn issued a statement to the press on which he asserted that the amendment was "a labor conspiracy to make idlers and parasites out of America's future citizens."[13] In its 1925 reports the Association remarked with satisfaction upon the apparent defeat of the amendment and the active part that it had played in the Illinois campaign.[14]

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nois Manufacturers' Association to Mrs. Joseph T. Bowen, president Chicago Protective Association, December 22, 1924, reprinted in Manufacturers' News, January 3, 1925, p. 27.

[10] Illinois State Federation of Labor, Forty-third Annual Proceedings, 1925, p. 255.

[11] Illinois Manufacturers' Association, Bulletin: The Child Labor Amendment (January, 1925).

[12] Illinois Manufacturers' Association, Annual Reports, 1925, p. 32.

[13] Chicago Journal of Commerce, February 10, 1925, p. 1.

[14] Illinois Manufacturers' Association, Annual Reports, 1925, p. 32. The campaign for adoption was renewed in 1933.

CHAPTER XX

THE CONCILIATION OF LABOR

The open shop drive and the fight with the miners' unions, the quarrel with the State Federation over the Police Bill, crime, and the Anti-Injunction Law were all forms of direct combat between labor unions and the Illinois Manufacturers' Association. The Police Law, the Crime Campaign, and the open shop drive were all attempts to do away with what the Manufacturers' Association considered certain of the evils of the labor unions. The Anti-Injunction Law represented on the other hand an attempt of the labor unions to protect themselves against what they considered an unfair weapon in labor disputes--resort to the courts.

But the struggle between organized labor groups and the Illinois Manufacturers' Association did not always express itself in open conflict. There were other and more subtle methods of combating the influence of labor unions with employees and the public, and after 1924 the Association began to develop them. It might be possible in a number of ways to convince the employee that it was to his advantage to co-operate in a friendly and whole-hearted fashion with his employer; and it might also be possible to win the sympathy of the general public to the position of the employer and the manufacturer. In fact, the two forms of activity could be combined to good advantage.

Immediately after the war the Association had stressed the importance of organizing the foremen in the shops, of holding frequent meetings with them so that they might be brought to understand more satisfactorily the particular problems of the manufacturer, to acquire something of the employer's insight, and to express to the employees under them something of the employer's side of his relations with his workers.[1] And, of course, all through the open shop drive the Association had insisted that there were adequate substitutes within the shop for outside unions. The employee representation plan, properly organized,

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[1] Illinois Manufacturers' Association, Annual Reports, 1919, p. 8.

gave the employee a chance to remedy his grievances and to have a voice in the determination of his wages, hours, and working conditions.[2]

But from 1924 on, although the open shop drive as such lay behind it, the Association more and more turned to the development of methods that would conciliate the employee, would lead him to the conviction that the employer's interests were identical with his own, would, in short, give him an "employer-point-of view." In November, 1924, the Association began to broadcast a number of weekly radio programs every Tuesday noon, "designed to encourage a better understanding of the mutual relationship that should exist between those engaged in production whether as employers or employes." Mason Phelps, of the Pheoll Manufacturing Company, was given credit by the Association's directors for having conceived the scheme of radio broadcasts. In advocating the scheme at an Illinois Manufacturers' Association directors' meeting Phelps stated:

> One of the most serious influences against the prosperity and welfare of this country is the representation that there is and must be a struggle between capital and labor, that capital and labor are and must be hereditary enemies. Enlargement of this idea develops misguided socialism, then Bolshevism, and lastly anarchy.
>
> The only practical cure for such malicious misrepresentation is in the education of the masses. The great difficulty in the past has been a method of reaching the masses. The radio has made this impossible thing of the past now practical.[3]

One of the best methods that the Association could think of to build up a better feeling between capital and labor was to encourage the laborer to become a capitalist. When the worker became a stock-holder, he automatically shared in the employer-

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[2] Ibid., 1920, p. 16.

[3] Ibid., 1924, p. 7; Chicago Journal of Commerce, August 16, 1924, p. 1. Topics of the talks broadcast included: Americanization; Efficiency; Interest of Employes in the Total Manufacturing Output; Importance of Factory Employes to the Community; Mutual Interests of Capital and Labor; Wages and Production; Benefits of Vocational Training; The Power of an Idea; Health and Accidents; Thrift and Home Ownership; Great Inventors; Successful Manufacturers.

In charge of broadcasts were Mason Phelps, Pheoll Manufacturing Company; J. H. Sanborn, General Electric Company; A. B. Drummond, Wilson and Company; R. R. Howard, Howard Radio Company; N. J. Wetherell, Westinghouse Electric Company; W. E. Taylor, Deere and Company; James E. Donnelly, Western Cartridge Company, and J.M.Glenn.

point-of-view, and his interest in labor radicalism ceased. Hence, late in 1925, the Association began consideration of employee-participation plans, and employee thrift plans. Charles W. Bergquist, chairman of a sub-committee of the Industrial Relations Committee, made an extensive study of the methods then in use throughout the United States with a view to encouraging the adoption of some of these schemes by member-firms of the Illinois Manufacturers' Association. The report found that there were a number of such schemes in operation, that most of them worked very well, and that they gave the workers"an interest in their company that nothing else could produce." The report pointed out that in many corporations the ownership of stock and thrift certificates among employees had proceeded so far that it might even be wise to give these stock-holders representation on the board of directors of the firm such as any other group of investors would demand under like circumstances. This argument was based

> upon the incontrovertible fact that it is better for their employes to be given correct information about economics and industrial management by representatives in whom they have confidence and who are charged jointly with the problem of control with other members of the Board of Directors. It is pointed out that if such information is not furnished from legitimate sources, the tendency is for employes to secure their theory of economics of company methods from irresponsible agitators.[4]

From 1924 on the idea of employee-ownership was one of the favorite notions of the Association. It continued to argue in favor of the device through the pages of its own publications, and to send out bulletins in favor of the scheme.[5] In 1928 the Association through Vice President James D. Cunningham made a study leading to the conclusion that Illinois employees were already capitalists, since eighteen per cent of all the stock of Illinois corporations was held by employees--"working men or women."[6]

A third idea upon which the Association worked in these years was the Credit Union plan, by which employees might organize

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[4] Illinois Manufacturers' Association, Thrift Plans for Employees (Chicago, 1925); Manufacturers' News, December 8, 1925, p. 21. The Association in commenting upon the idea in its annual reports called it "the greatest insurance against the evils of radicalism." Illinois Manufacturers' Association, Annual Reports, 1925, p. 11.

[5] Review For Executives, August, 1924; Ibid., July 1, 1925; Industrial Review, July 2, 1928.

[6] Ibid.

themselves into groups and pay a small sum each week into an investment fund upon which they could draw in time of emergency at very low rates of interest. The scheme, the Association considered, would promote thrift, rescue employees in time of difficulty, and "start them on the road to independence." Perhaps most important of all was the observation that the unions "will prove an important step in teaching sound economics."[7] Since credit unions engaged in banking operations, it was necessary to secure permissive legislation. Accordingly, in 1925, the Illinois Manufacturers' Association sought and obtained the passage of legislation permitting the establishment of Credit Unions, their loan operations, investment organization, etc. With the necessary legislation on hand the Association participated in the organization of a number of model Credit Unions in business throughout the state.[8]

A fourth possible method of assisting employees and gaining their good will was through the organization of pension plans. Here the Association was not so enthusiastic. While many firms had pension plans and more were putting them into effect, the Association felt that "it is doubtful if any human institution has furnished better points for the theme of the variety of human wishes than pension systems and funds." While the Association recognized the great value of private systems financed and operated, it urged manufacturers to "proceed with extreme caution in installing them," lest they overstep themselves.[9] The time was to come, however, when the Association's enthusiasm for private pension plans would increase greatly, but that time awaited the agitation for state-financed old-age pension schemes accompanying the great depression.

Perhaps the most notable attempt by the Association to win an outside interest to the manufacturers' viewpoint came in 1924 when the Illinois Manufacturers' Association held a great convention of farmers and manufacturers with the avowed purpose of bringing out the common interests of the two groups. According

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[7] Illinois Manufacturers' Association, Annual Reports, 1925, p. 9.

[8] Ibid., 1929, p. 9; Review For Executives, July 1925; Manufacturers' News, February 21, 1925, p. 257.

[9] Illinois Manufacturers' Association, Bulletin: Industrial Pensions (October 1, 1928); Chicago Tribune, October 1, 1928, p. 26.

to Glenn, who worked diligently to bring the convention about, a "wave of radicalism" was "sweeping the farmers of the United States," and they were falling under the leadership of such false prophets as "Senator Brookhart of Iowa, Senator LaFollette of Wisconsin, and the two Johnsons." Glenn stated that while the leadership of these men obviously could not last, "their influence must be counter-acted by intelligent action."

The Association, Glenn stated, was sympathetic with the demands of the farmer; it was natural for agriculture to rebel against its present plight. But it must be made clear to the farmer that at the heart of the difficulty of farmer and manufacturer alike lay the exorbitant demands of organized labor:

> I shall recommend that the Illinois Manufacturers' Association take the initiative in bringing to the attention of all classes of people the danger of following such men as Brookhart and other radicals who have found their way to Washington.
>
> It is quite natural for the farmer to rebel against the existing situation. He represents about half of the purchasing power of the United States and he is kicking because he has to put up from nine to ten bushels of wheat, and sometimes eighteen bushels, to match one day's labor in a factory.
>
> The largest element in the cost of manufactured goods is labor, and the present wages are artificial and are maintained through union organizations because in many instances manufacturers follow the line of least resistance and yield to the demands of organized labor . . . .
>
> The manufacturer and the farmer have a great deal in common and now is the time for the manufacturer to do something that will aid his ally and customer. He should commence by cutting down the cost of production and removing the artificial element that is now maintaining the high cost in manufacturing, building, coal mining and railroad transportation.
>
> When a man gets $18 a day, or 18 bushels of wheat, for laying 800 bricks, something is rotten in Denmark.[10]

The convention was arranged during November in co-operation with O. E. Bradfute, president of the American Farm Bureau Federation, and came together on January 14 at the Congress Hotel in Chicago. About four hundred delegates from thirty-six states and representing all branches of industry and agriculture were in attendance. E. C. Heidrich, president of the Illinois Manufacturers' Association, acted as chairman of the convention. A number of resolutions were drawn up and adopted by the convention emphasizing the unity of interest between farm and factory, and making certain

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[10] Manufacturers' News, August 4, 1923, p. 6; Labor Review, December, 1923 stated that the purpose of the convention was to break the "radical alliance between farmers, the Railway Unions, and other labor unions."

recommendations of national policy.[11]

An interesting aftermath of the convention came in the criticism of the address made to the body by Fred R. Marvin, editor of the New York Commercial, who emphasized the great danger of communism in the United States. Manufacturers' News in an editorial answered the critics who had made sport of Marvin's warning by reminding them of what had happened in Russia:

> Before a small but highly organized body of Reds succeeded in enslaving 130,000,000 people, there were several thousand of the Russian intelligentzia who refused to believe that any organization of revolutionists could overthrow the Czar and wipe out personal property rights, turning the property of the thrifty over to the sans-coulottes. Thousands of the intelligentzia who fully believed that communism was a bugaboo, a straw and papier-mache either were stood up against a wall and shot, managed to escape from Russia after almost incredible hardships, or were put to work sweeping the streets, cleaning out the sewers or other menial work.[12]

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[11] Manufacturers' News, January 12, 1924, p. 15, p. 31; January 19, 1924, p. 4. Resolutions adopted included the following: Recommendation for the creation of a permanent Farmer-Manufacturer Committee by Congress; Approval of Co-operative Marketing of Farm Products; Continuance of Foreign Marketing Developments by Departments of Agriculture and Commerce; Development of Muscle Shoals with production of fertilizer the primary object; reforestation; a material reduction in taxes; immigration limited not by number but by quality; development of the merchant marine; development of Mississippi Waterways; recommendation that Transportation Act of 1920 be continued; opposition to government ownership or operation of public utilities; condemnation of all legislation designed to impair property rights; opposition to any attempt to deprive the Supreme Court of the right of Judicial review.

[12] Manufacturers' News, February 2, 1924, p. 3.

CHAPTER XXI

STATE SOCIAL LEGISLATION--1918-1930

Between 1907 and 1910 state social legislation had been a critical issue in the Illinois legislature, and the Illinois Manufacturers' Association had fought a steady battle on the floor of the Assembly to protect its interests in the enactment of safety legislation, workmen's compensation, and the women's ten-hour law. In the years just before the war, the interest in social legislation lessened somewhat, though it did not die; and before the war closed, this form of legislation was once again a chief concern of the Association. So successfully did it fight during the 1920's to protect its members that there were but a few pieces of social legislation enacted which the Association considered directly inimical to the manufacturers of Illinois.

One center of interest was the proposed eight-hour law for women, the same act which the Association had defeated in 1894. The Ten-Hour Law of 1909 was considered by reformers and labor unions to be a mere temporary expedient, and in the post-war epoch the proposed legislation was the subject of uninterrupted conflict. The Association based its opposition to the bill upon the assumption that it was acting in the interests of the women of Illinois since it was the right of all working women to judge for themselves how many hours they might choose to work daily. To interfere arbitrarily with that right was an invasion of personal liberty and an attack upon women's independence.[1] Such legislation also would interfere seriously with the earning power of women. Most employees received time and a half for overtime, and when women worked more than eight hours per day, they received fat pay checks.[2] The Association's officials sometimes presented testimony to show that overtime opportunities might

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[1] Manufacturers' News, March 24, 1923, p. 13; Illinois Manufacturers' Association, Illinois Manufacturers' Directory, p. xv.

[2] Manufacturers' News, March 17, 1923, p. 5.

more than double a woman's pay in the rush seasons of industry. Finally women did not need such legislation since nearly all the manufacturers of Illinois now had the eight hour-day anyhow.[3] The Association also contended that the law was not sought honestly by the female employees of Illinois industrial establishments but by misguided and selfish persons who pretended to act in their interests. Minister and church people with good intentions but no actual knowledge of social conditions, "club women of good heart but no contact with the industrial world," "crack-brained sociologists and professors who never did a day's work in their lives," were the ones who supported the proposed bills out of the depths of their ignorance. Professional labor leaders and union organizers who attempted to force the law through the legislature were more intelligent but more selfish. They were well aware that they did not speak for the working women of Illinois, and their efforts in behalf of the eight-hour law were but a screen for a more ambitious design of the "labor dictators," a law "limiting the hours of labor for men."[4]

Since the Illinois Manufacturers' Association "acted in the defense of the women of Illinois," the obvious plan of action was one calculated to impress upon the legislators the truth of the assertion that the women of Illinois themselves did not want the law. Whenever a bill began to receive the attention of the legislature, the Association mustered its members by bulletin and by letter to await the day when a public hearing was to be held upon the law. Meanwhile individual manufacturers held "secret ballots" to show the true sentiment of their employees, and usually the vote revealed overwhelming sentiment against the law. Manufacturers also bombarded the state legislators with personal letters, urging them to vote against the bill. When the day of the hearing arrived, the manufacturers, if the case seemed urgent, turned out in force accompanied by several hundred working girls, all of the latter prepared to testify that they were against the law, considered it an interference with their personal liberty, and felt that it would defeat their opportunities for better wages and for advancement.[5]

Since the action of the legislature in such instances was

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[3] Ibid., March 21, 1925, p. 375. [4] Ibid., November, 1927, p. 32.

[5] Ibid., March 14, 1925, p. 342; Ibid., March, 1928, p. 52.

critical, it was also necessary for the Association to lend its support to the members of the assembly who voted to defeat the law when it reached the floor. This might involve the sending of bulletins such as the following to the members of the Association:

> The Illinois State Federation of Labor has prepared a bulletin, which is being distributed broadcast among the men and women of the plants of Illinois, in which it singles out those members of the last legislature who voted against the confiscation of property and other anarchistic measures. The purpose in sending out the information in the way it is put together is to mark those who had the courage to vote in Springfield in accordance with their convictions. Every manufacturer should see to it that his influence is directed toward protecting those who vote for the measures on merit and not on prejudice or through fear . . . . .
>
> The purpose of sending you the subjoined bulletin referred to is that you may know who the legislators are who have been marked for slaughter by the labor leaders. Be sure to give all the publicity you can to the attitude of union labor leaders toward the candidates mentioned.[6]

After the defeat of the bill introduced at the suggestion of Governor Frank Lowden's commission in 1918, no serious fight arose over the eight-hour law until 1923. In January of that year the usual bill was submitted in the house by Representative Lottie O'Neill and in the senate by Senator William Jewell.[7] The Illinois Manufacturers' Association through Glenn immediately began an extremely vigorous campaign against the law. Thousands of letters and bulletins were released to members and legislators.[8]

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[6] Illinois Manufacturers' Association, Bulletin: To Manufacturers (August 24, 1918). The bulletin of the State Federation of Labor contained a legislative record of the last General Assembly including the vote of the members on the eight-hour law. See Weekly News Letter, September 7, 1918.

[7] Journal of the Illinois House of Representatives, 1923, p. 78; Journal of the Illinois Senate, 1923, p. 50, p. 575.

[8] A bulletin of the Association to its members stated the following objections:

"It would really mean a forty-hour week, as women prefer to have Saturday half-holidays.

"It would be difficult to obtain labor in sections of the state outside of the large industrial centers so that double shifts could be employed.

"Manufacturers would be subjected to the competition of other states where there is no eight-hour law for women.

"The eight-hour law does not obtain in the principal manufacturing states except in Massachusetts, where an effort is being made to repeal it.

"It has been found impossible to employ men and women in

So emphatic was the attack that it drew serious criticism from the Chicago Tribune in January.[9] Glenn answered with the statement that the proposed law was "class legislation," that the Illinois Manufacturers' Association "would never stand for any law opposed to the general good," and he charged the manufacturers of Illinois to forget the newspaper attack.[10]

The eight-hour bill was reported to the senate and the house Committees on Industrial Affairs, and on March 7, these two committees held a joint hearing in the senate chamber on the two laws. Glenn had organized the opposition quite effectively. Women employees of the Bell Telephone Company, the Midwest Tailoring Company, and the Western Clock Company appeared against the law before the committees,[11] in a meeting marked by a great deal

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the same plant owing to different schedules.

"It would reduce the pay of women workers.

"If the eight-hour law became effective it would mean the survival of the fittest women workers and thousands would be thrown out of employment.

"In all factories where the eight-hour day has been installed, especially where machine production is the rule, weekly production has been cut down in accordance with the reduction of hours per week." Manufacturers' News, February 24, 1923, p. 6. See also Illinois Manufacturers' Association, Circular: The Eight-Hour Law (January 22, 1923). In this bulletin the Association asserted that the law if enacted would "breed inefficiency, indolence, and socialism." Chicago Tribune, January 22, 1923, p. 13.

[9]The Tribune editorial asserted that "for years this Association has opposed virtually every measure proposed as amelioration of labor conditions, good, bad, and indifferent. Its opposition to the eight-hour amendment was therefore a foregone conclusion . . . . . All measures proposed in the interests of labor or social betterment are not worthy of support, but many are wise and just, and the record of persistent opposition of the Association indicates a state of mind neither intelligent nor public spirited. We doubt if there is a more reactionary policy in the country than that of the Illinois Manufacturers' Association, which seems dominated by bourbons of the narrowest variety. The last decade has shown a great broadening of view among employers and signs that industrial relations may be raised to a higher and more stable plane. But the attitude of the Illinois Manufacturers' Association remains where it was. We think that it is the result of bad leadership rather than of the deliberate opinion of its members." Chicago Tribune, January 23, 1923, p. 8.

[10]"The Association has done wonderful work in preventing the statute books of Illinois from being cluttered up with legislation that is not for the general good and that was supported by the whim of sensationalists and people of poor judgment." Manufacturers' News, January 27, 1923, p. 3.

[11]Ibid., March 17, 1923, p. 6.

of bitter controversy and conflicting testimony, and the members of the committee had difficulty in preventing a row on the senate floor.[12] The hearing was indecisive, however, and a second one was promised for March 21st. On March 13th, nevertheless, the house Committee on Industrial Affairs reported the bill to the floor of the lower chamber, where it was advanced to second reading. Glenn charged that the bill had been rushed through without ample opportunity being given for consideration of the manufacturers' objections.[13] The bill passed the house on April 25th by a vote of eighty-nine to fifty-six,[14] but that was as far as it progressed, for the senate version of the measure was killed before it reached the floor of the chamber.[15]

It was chiefly because of the difficulties encountered in the defeat of eight-hour legislation in 1923 that Glenn, President E. C. Heidrich, and Charles Piez decided to organize a Women's Bureau of the Association. It was the opinion of the directors that the influence of labor leaders, professors, and misguided enthusiasts was evidently very strong among women's clubs and federations. Women, "with their natural human and feminine sympathies," were "inclined to listen to the pleas of agitators" and thus "obtain an entirely erroneous notion of the true character of most social legislation." Labor leaders all too frequently pictured the manufacturer as rolling in wealth, and "treating his employees with less regard than a feudal baron exercised over his serfs." In remarking upon this situation Heidrich said that "we do not want to antagonize anybody, but we would like to have the economic facts presented in such matters as the eight-hour day."[16] In November, 1924, accordingly, the Women's Bureau was organized at a meeting at the Hotel Sherman in Chicago, more than one hundred women in executive positions throughout the state

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[12] Glenn, in remarking upon the testimony of the girls against the bill stated, "This is the most effective kind of opposition to the law." Labor Review, March 1923.

[13] Manufacturers' News, March 24, 1923, p. 15; Labor Review, March, 1923.

[14] Journal of the Illinois House of Representatives, 1923, p. 473.

[15] The bill was killed by passage of a motion to table all measures then in committee. Journal of the Illinois Senate, 1923, p. 1132.

[16] Manufacturers' News, November 8, 1924, p. 22.

being present. The Bureau was given a permanent secretary at headquarters, and came to play an important part in the Association's legislative activities.[17]

In 1925, the eight-hour law was again introduced in the house by Representative Lottie Holman and in the senate by Senator William Jewell.[18] The bill represented an attempt to conciliate some of the outstanding opponents of former years. Employees of telephone companies were to be permitted to work two hours overtime during emergencies; graduate nurses were exempt from its provisions as were canning factories during the busy season.[19]

The bills were referred to the Committees on Industrial Affairs of the two houses, and on March 10th, a joint meeting was held upon the bills. Rev. Patrick Maguire, professor of sociology at Bourbonnais College, appeared at this hearing and argued for the humane character and economic soundness of the proposed law. It was the complaint of Glenn and his legislative staff that Rev. Maguire spoke upon the conditions in Illinois industry with "as much assurance as though he had been engaged in manufacturing all his life . . . . ." On March 31st, twenty-nine leading industrialists of Illinois appeared at a second hearing of the two committees. They argued that the bill was not desired by the working women of Illinois, was in reality a product of the labor

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[17]The purpose of the Women's Bureau was stated to be, "investigating all social legislation.

"Presenting industrial questions from the factory and business viewpoint to organizations of women's clubs and to churches.

"Investigating both sides of every legislative bill. Federal and State in which women particularly are interested.

"Setting forth economic truths as opposed to arguments based upon emotion and impulse.

"Furnishing speakers on economic subjects." Illinois Manufacturers' Association, Annual Reports, 1924, pp. 8-10; Manufacturers' News, November 8, 1924, p. 22.

Another statement of the philosophy and aims of the Women's Bureau made by President Charles Piez in 1925 was,

"1. To show women's clubs that so-called welfare laws are in reality opposed to the best interests of the employees.

"2. To overcome prejudice against the employer by showing the facts regarding industry.

"3. To prove that union agitation is not the true voice of the employed." Illinois Manufacturers' Association, Annual Reports, 1925, p. 33.

[18]Journal of the Illinois House of Representatives, 1925, p. 67; Journal of the Illinois Senate, 1925, p. 411.

[19]Manufacturers' News, February 14, 1925, p. 207.

unions, that it would be ruinous to Illinois industry, and that manufacturers would be forced to leave the state and seek locations where legislation was more favorable to industry.[20] When the bill was voted upon by the House of representatives in May, it met defeat, and Glenn editorialized: "Exit the eight-hour law in Illinois for two more years at least."[21]

The eight-hour law was submitted again in 1927 and 1929,[22] but it did not have a chance of passing at either legislative session. The 1929 bill excepted nurses, canneries, night telephone operators, fruit packers, restaurants, hotels, and stores employing ten women or less, housewives, office employees, and farm labor. The compromise was considered a discrimination against industry by the Illinois Manufacturers' Association, and it easily defeated the law.[23] The eight-hour bill never did die, however, and was an important issue at every General Assembly until 1937 when it was finally enacted into law.

While the battle between the Illinois Manufacturers' Association and the State Federation of Labor over the eight-hour law was almost uninterrupted and one upon which no compromise apparently was possible, the history of workmen's compensation was one of conflict nicely balanced by bargaining and agreement. The Workmen's Compensation Act of Illinois was on several occasions successfully modified upward in the direction of more favorable rates, most of these adjustments being made through the medium of "agreed bills," reached after a period of bargaining between the representatives of the Illinois Manufacturers' Association and the labor unions. The typical pattern was one in which the State Federation of Labor introduced a bill having distinctly higher rates than were ultimately enacted. When the hear-

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[20] Ibid., April 5, 1925, p. 460.

[21] Journal of the Illinois House of Representatives, 1925, p. 543; Manufacturers' News, May 23, 1925, p. 12. "Why did the proponents of the bill not succeed? Because the working women themselves had enough influence with the members of the General Assembly to make them see that an eight hour law would not be to their interest." The vote was 73 yeas to 58 nays.

[22] Journal of the Illinois House of Representatives, 1927, p. 68; Journal of the Illinois House, 1929, p. 345; Staley, op.cit., p. 488.

[23] Industrial Review, May 15, 1929.

ings were held on the proposed measure, Illinois Manufacturers' Association representatives appeared and argued against the bill, usually with enough success that the bill had no chance of reaching the statute books. The Association then proposed compromise, committees were appointed to bargain for both sides, and eventually the agreed bill became law without opposition.

In 1921, the State Federation acting through John A. Walker submitted a bill which set up rates of compensation approximating those of the New York law. The Association was at first adamant and refused to consider the matter; eventually, however, Walker and Glenn came together and a compromise measure was passed which did make material upward adjustment in compensation levels.[24]

In 1923, the same procedure was adopted but no agreement resulted. John A. Walker of the State Federation of Labor, Charles Plez, P. A. Peterson, and John M. Glenn met together in February and attempted to agree upon a general plan of conference for all labor bills then before the General Assembly in that session.[25] Although at the time both sides were enthusiastic about the idea, nothing practical came of it, and the upshot of the matter was the introduction of the State Federation's pet compensation measure, the Compulsory State Compensation Insurance Law. Such a bill of course conflicted directly with the interests of the Illinois Manufacturers' Association's own insurance affiliate, the Illinois Manufacturers' Mutual Casualty Association, and Plez, Glenn, and the Association's attorney, Colin C. H. Fyffe, put forth their best efforts to defeat the bill. In April, they appeared before the house Judiciary Committee, to which the bill had been referred, and spoke against the law. A sub-committee was then appointed by the Judiciary Committee to consider the measure, but the bill never got past this stage.[26]

Efforts at compromise were more successful in 1925, when the Illinois State Federation of Labor through Representative Soderstrom introduced a bill calling for an average rate advance

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[24] Illinois State Federation of Labor, Thirty-Ninth Annual Proceedings, 1921, p. 85; Illinois Manufacturers' Association, Annual Reports, 1921, p. 19, p. 30.

[25] Manufacturers' News, February 17, 1923, p. 10.

[26] Labor Review, April 1923; Beckner, op. cit., pp. 701-702.

of fifty per cent over the previous law then in force. The Association sent out bulletins to its members in February asserting that workmen's compensation had cost the manufacturers of Illinois eleven million dollars in 1924, and that if this bill were enacted, an additional burden of six million dollars would fall upon their shoulders.[27] Even before the measure was introduced, however, the Illinois Industrial Commission, acting in the capacity of mediator, had brought Charles Piez and John A. Walker together in its offices to consult upon an agreed bill. These two men continued to bargain together for some weeks, at the end of which time they reached an agreement upon a modified act which was thereupon introduced and passed without opposition.[28] The law provided for substantial increases in the level of payment.[29]

The provisions of this law stood for four years. In 1929 Charles Piez headed a committee representing the Illinois Manufacturers' Association which negotiated for over two months with John A. Walker and other members of the Illinois State Federation of Labor. The result of their labors was a new agreed bill which

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[27]The bill raised the maximum death claim from $5,750 to $6,000, and the minimum claim from $1,650 to $2,500. It raised the minimum payment to a widow with one child from $1,750 to $2,750; a widow with two children from $1,850 to $3,000. It fixed the maximum payment to a widow with one child at $6,500 and $7,000 for two or more children under 16. Temporary total incapacity was raised from fifty per cent of earnings to sixty-six and two-thirds per cent, the minimum weekly payment for such temporary incapacity being set at $10 (formerly $7.50). Manufacturers' News, February 14, 1925, p. 207.

[28]Manufacturers' News, March 21, 1925, p. 375; Illinois State Federation of Labor, Forty-Third Annual Proceedings, 1925, pp. 255-265; Illinois Manufacturers' Association, Annual Reports, 1925, p. 9.

[29]The new law amended the state compensation act to provide:(1) A change in the title of the act to include employees outside of the state if the employment was made in the state. (2) Coverage of aerial service, any enterprise using sharp-edge cutting tools (intended to take in meat-grinders). (3) Increase in minimum death payments from $1,750 to $2,000 to widow with one child; increase from $1,850 to $2,100 to widow with two or more children. Increase in maximum death schedule from $4,000 to $4,100; widow with one child from $4,250 to $4,300. (4) Specific loss increases of an average of ten per cent. (5) Provisions to protect employees from liability and to guard against malingering. (6) Increase in minimum weekly compensation payments to eleven, twelve, thirteen, and fourteen dollars in case of one, two, three, and four children respectively. (7) Increase in maximum weekly payment to fourteen, fifteen, sixteen, seventeen, and eigh-

again substantially raised the whole level of compensation payments. The bill was introduced and became a law without opposition.[30]

While the Illinois Manufacturers' Association thus cooperated effectively with the State Federation of Labor in workmen's compensation legislation, it objected strongly to the idea of a federal act. In 1929, it opposed passage of the Federal Longshoreman's Compensation Act on the grounds that the bill would open the way for a general federal compensation act to be enforced in all states, which would greatly increase the present level of payments under state law.[31]

The State Federation of Labor from time to time during the 1920's played with the idea of a minimum wage law, and the measure frequently appeared in statements of the Federation's legislative program. However, but one serious attempt was made to enact the bill into law in this decade, probably because the Federation realized that the opposition of the Illinois Manufacturers' Association and other employer and manufacturing interests was a foregone certainty. The officials of the Illinois Manufacturers' Association looked upon minimum wage legislation as "socialistic" and "unamerican." The Association argued that the law would disturb the natural conditions of the labor market, that a fixed minimum wage would tend to become the maximum wage, and that the bill would thus affect adversely not only the manufacturers' welfare but the laborers' as well.[32] Fundamentally the bills represented, in the mind of Glenn and other officials,

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teen dollars in case of none, one, two, three, or four children respectively. Laws of Illinois, 1925, p. 379 ff.

[30] Illinois Manufacturers' Association, Annual Reports, 1929, p. 4. The new act provided: (1) Increase in maximum payments in death claims to $4,550 for widow with two children, and $4,750 for widow with three or more children. (2) Increase in maximum weekly payments for widow without children from $14 to $15; for widow with four or more children from $19 to $20. (3) Period of temporary total disability was set at sixty-four weeks. Industrial Review, May 15, 1929.

[31] Illinois Manufacturers' Association, Bulletin reprinted in Albion G. Taylor, Labor Policy of the National Association of Manufacturers (Urbana, 1928), pp. 154-155.

[32] Illinois Manufacturers' Association, Bulletin: Minimum Wage Law Socialistic (Chicago, 1921). A bulletin of 1915 stated, "Nothing shows more strikingly the steady trend toward socialistic

a general trend of government toward greater and greater interference with the conditions of free industry, an attempt "to extend the paralyzing hand of bureaucracy" over all business, and to bring it within the realm of government control.

Consequently when in 1921, the State Federation introduced a proposed minimum wage act in the state legislature, the Association through Glenn immediately organized an attack upon the bill. Bulletins were circulated among the members; and when the bill came before the house Committee on Industrial Affairs, Glenn and Ryffe appeared to testify against both the wisdom and the legality of the act. Eventually it was referred to a sub-committee for consideration, and from this body it never emerged.[33] While the minimum wage bill appeared upon the legislative program of the State Federation of Labor at every session of the assembly during the 1920's, the attempts to enact the law were never regarded by the Association as a matter for serious concern.

Glenn, Piez, Butterworth, and other prominent Association members could the more freely oppose legislation which attempted to raise wages because they were firmly convinced that high wages did not necessarily spell increased welfare either for industry or for the laboring man. High wages were often in fact a direct threat to prosperity, for they meant higher industrial costs, which in the last analysis must be absorbed in the final price of the goods; that is the cost of the wage must be borne by the consumer. High wages, then meant a high cost of living, and the high cost of living meant that the average man could buy less goods. If the average man could buy less goods, industrial production would have to decline; and the entire community, including the worker, the employer, and the consumer would suffer.[34]

A bulletin of the Association, released in 1923 summed up this argument quite clearly:

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ideas if not outright socialism than the adoption by 11 states of minimum wage laws for women and minors. . . . . ." Illinois Manufacturers' Association, Minimum Wage Laws (December, 1915). See also Glenn's testimony before the Industrial Relations Commission, IV, 3379.

[33] Manufacturers' News, April 21, 1921, p. 6. See also the earlier bulletins and articles on minimum wage legislation, Ibid., December 30, 1915, p. 16; Ibid., May 24, 1917, p. 12.

[34] Labor Review, January 1923; Manufacturers' News, June 22, 1916, p. 5.

> It is universally conceded that the cost of living is high and that all values, food, clothing, rent, are inflated almost beyond the power of the average man to pay. And it is becoming rather widely known that one of the largest contributing causes for this inflation is the disproportionate wages paid to certain classes of the population.[35]

The "certain classes of the population" which received a disproportionate wage were three: the miners of southern Illinois, the men engaged in the building trades, and the men in the railway brotherhoods. During the 1920's the Association issued bulletin after bulletin arguing that the wages of these groups were excessive. In 1922, a special committee of the Association made a study of the miners' wages for southern Illinois. Their report indicated that the average wage of Illinois coal miners had increased 105 per cent since 1914, that this wage was the principal factor in the "excessive" price of coal then prevailing, and that there could be "no prospect of a reduction in the cost of coal until there was a reduction in the wage of the miners." The reduction was an essential one if the mines of southern Illinois were to be saved from ruin, and if the industries of Illinois were to have coal at prices which would make industrial production possible.[36]

Housing was a second industry where the costs of production were "excessive." A 1920 estimate of the Association stated that the costs of labor in the building trades constituted fifty-seven per cent of the total; an estimate of 1923 put the figure at seventy-five per cent. As proof that the wage levels of the industry were too high the Association during 1920 sponsored and approved a project headed by Herman H. Hettler, one of the Association's officers, who as president of the Chicago Housing Association, supervised the construction and sale of 175 houses in Chicago on a low-cost wage basis. The houses were built at a cost "far below" prevailing building rates; the principal explanation was that the industry had paid a reasonable wage to the laborers

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[35] Labor Review, January, 1923; Illinois Manufacturers' Association, Bulletin, How Sky-Rocketed Wages Affect the Cost of Living (January, 1923).

[36] New York Times, March 23, 1922, p. 17; Illinois Manufacturers' Association, Annual Reports, 1919, p. 16; Ibid., 1922, p. 31. The Association continually returned to the idea that the main cause of labor trouble in the Illinois coal mines was the "abnormal wage scale." Chicago Journal of Commerce, June 21, 1924, p. 1.

on the project.[37] In 1924, Glenn issued a bulletin ascribing the paralysis in the building trades primarily due to the excessive wage levels in the industry:

> Extraordinarily high wages paid to building mechanics are factors that complicate the situation. With double pay for overtime and with the bonuses they are able to extract from contractors, the weekly pay check of the average building mechanic far exceeds the net returns of most manufacturers and businesses.
>
> There is a scarcity of plasterers and other building mechanics, and wherever possible is maintained intentionally and rigidly by the labor unions, for they profit wherever there is a shortage. That is one reason why the organized building trades have been so active in pushing restrictive immigration legislation. The high cost of building and rent are the inevitable result of the high cost of building labor.[38]

A third field where the Association felt that wages were far too high was that of railroads. The Association campaigned almost continuously during the 1920's to bring down the wages of the men in the railway brotherhoods on the theory that the present cost of transportation was a direct reflection of the monopolistic position which the brotherhoods held over the supply of railway labor.[39]

High wages might not only paralyze industry, but they frequently led to inefficiency, strikes, and industrial unrest. For instance, a bulletin of the Association released in 1919 during the coal strike in the Illinois mines suggested that the real difficulty was the excessive wage rate. When the men received a wage higher than that necessary to live upon, it did not mean that they increased their standard of living, became more industrious, and increased their efficiency. Instead it meant that they could earn a living by working only two or three days a week, could lay off unexpectedly, go on strike, and become generally quarrelsome and restless. The sensible solution was to give steady work at a wage which would make it necessary for the miner to work all week to support himself. There would then be no time for strikes,

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[37] Illinois Manufacturers' Association, Annual Reports, 1920, p. 13.

[38] Illinois Manufacturers' Association, Bulletin: Selfishness, Ignorance, and Taxes (June, 1924).

[39] Illinois Manufacturers' Association, Annual Reports, 1927, p. 17; Ibid., 1928, p. 11. This subject is discussed more fully below in the chapter entitled "The Illinois Manufacturers' Association and the Railroads, 1919-1930."

and present unrest would give way to industrial peace.[40] The commission which made a study of coal costs in 1922 offered the same explanation of discontent and strife and suggested the same solution.[41]

The problem of excessive wages might be solved, the Association believed, if the laborer were not allowed through a union to set a closed shop monopoly price for his services. The wage level set by the employer should, in effect, be a compromise between the demands of the laborer and the demands of the public. In the last analysis, said President Heidrich before the Congress of American Industry in 1927, "purchasers of commodities produced by the workers still have the final decisions as to whether the rate shall be paid." An intelligent wage could be set only by competition in the market, not through a labor monopoly.[42]

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[40] "If miners were given steady work at the present or increased wage rate that they will receive, the high wage would attract many more to the industry, and therefore a natural result would be an increase in the per diem or per ton wage. If the present situation exists a miner will be able to earn a living wage on two days a week work, which is not fundamentally economic, and is sure to cause additional unrest in other fields of labor." Illinois Manufacturers' Association, Annual Reports, 1919, p. 16.

[41] New York Times, March 23, 1922, p. 17.

[42] Illinois Manufacturers' Association, Annual Reports, 1926, p. 17.

CHAPTER XXII

FOREIGN TRADE--1919-1930

Before the war had closed, the Illinois Manufacturers' Association was already exploring the possibilities of wartime markets.[1] In the late summer of 1918, when it became apparent that peace was near at hand, the directors and officials began to talk of the appointment of a group of officials to make a tour of Europe in the interests of American trade and industry. The committee would not only be charged with the investigation of credit and market conditions, but it was felt that it could play an important part in building up good will for American industry. George R. Meyercord, Dorr E. Felt, William Butterworth, and John M. Glenn, who were pushing the idea of the "travelling good-will investigating committee" were sure that development of foreign trade would be of the utmost importance to American industry in the post-war period. The expanded capacity of American industry was dependent upon sustained foreign markets; without these markets there would be depression. Furthermore foreign trade, Meyercord contended, was without the peaks and depressions which so afflicted the domestic market. Hence the sustained development of foreign commerce would have a most salutary levelling effect upon American production, while maintaining industry at a much higher point than the domestic market could ever make possible. Meyercord, the leading spirit in the movement would have liked to have seen a national foreign trade commission appointed by President Wilson with the co-operation of the Illinois Manufacturers' Association. Some resentment was expressed when Wilson replied to this suggestion that the time was not auspicious for such an expedition.[2]

The Association was still certain as it had been before

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[1] Illinois Manufacturers' Association, Annual Reports, 1918, p. 127.

[2] Ibid., 1918, p. 127; pp. 143-144; Manufacturers' News, January 20, 1923, p. 7.

the war, that an increased merchant marine would play a vital part in America's post-war trade. In January, 1919, Meyercord and Glenn staged a conference of all members of the Association in Chicago, the purpose of which was to discuss the question of the need for more ships. Edward N. Hurley, past president of the Illinois Manufacturers' Association and then chairman of the Shipping Board, addressed the conference. He laid down as the proper aim of American business an American merchant marine which would carry the flag into every corner of the world and every port, and he suggested the idea of government subsidy as a method of dealing with European competition arising out of lower wages and cheaper materials. The members of the Illinois Manufacturers' Association passed resolutions, adopting his suggestions, and Meyercord was made chairman of a committee to work for these aims.[3]

Illinois Manufacturers' Association officials continued to be interested in the direct exploration of European markets, which they felt ought to open up in quantity, with the return of "Normalcy." In the spring of 1920, Glenn directed a letter to the Department of State in an attempt to solve the problem of trade relationships with those European powers who were suffering from badly depreciated currencies. He asked the State Department to determine whether the owners of factories in areas subject to reparation payments would be permitted to pledge their property as collateral on credit contracts with American manufacturers, in which American manufacturers and bankers agreed to furnish raw materials, meet payrolls, etc., in order that the European plants might get under way in their production programs. Glenn also enquired whether the owners of such factories would be subjected to the payment of an indemnity tax by the Reparations Commission (a tax which might impair the credit value of the factory). When the State Department replied in the affirmative to the first question and in the negative to the second, he felt that they had taken a long step "to relieve the industrial situation abroad, which in turn created increased demand for American commodities in export trade."[4]

In January, 1922, the directors of the Association, after

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[3] New York Times, February 23, 1919, p. 19.

[4] Illinois Manufacturers' Association, Annual Reports, 1920, p. 31.

considering the effects of the German currency crisis upon American trade with that country, passed resolutions that trade with Germany be put upon a gold standard basis. The directors considered that the depreciating currencies of Germany and Austria made it impossible to sell goods to these nations and also made it impossible for them to sell their goods in export and receive payment without incurring great loss. The resolution therefore requested the president to instruct the American representatives at the Allied Reparations Commission then meeting at Cannes to demand that German and Austrian exports be put upon a mandatory gold basis.[5] The State Department wired back to George R. Meyercord that it was following carefully the development of the European currency crisis, and that it was doing all within its power to bring about eventual stabilization. The State Department also forwarded a copy of the resolution to James Boyden, who was unofficially representing the United States on his own initiative in Genoa at the World Economic Conference going on there. Meyercord approved of this move, but he replied in turn that the business interests of the country were entitled to know why Secretary Hughes was keeping the United States out of the Genoa Conference.[6]

In October, Meyercord addressed a letter to Lloyd George, the British prime minister, repeating the argument that all European trade must be put on a gold basis before prosperity could be restored to the world. Since it was apparent that Germany and the other countries affected were either unable or unwilling to stabilize their monetary systems, the Allied Reparations Commission should undertake the task. "It is clear that the British government has at once the responsibility and the power to act."[7] The Association followed this letter up with a draft of a plan calling for the international stabilization of depreciated currencies. The plan was forwarded to Sir John Bradley, British member of the Allied Reparations Commission then meeting in Berlin.[8]

While it worked to solve the international currency problem, the Association was engaged in various efforts looking toward

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[5] New York Times, January 11, 1922, p. 6; Manufacturers' News, January 12, 1922, p. 6.

[6] Manufacturers' News, January 12, 1922, p. 15.

[7] Ibid., October 12, 1922, p. 6; Ibid., November 9, 1922, p. 4.

[8] Ibid., December 14, 1922, p. 39.

the development of new foreign markets for its members. In March, 1922, Glenn announced the receipt of a letter from the National Commissariat of Foreign Trade of the Ural District in Ekaterinburg, Russia. The letter, written upon ancient newsprint, gave a list of manufactured goods and raw materials and asked the Association to inform the Commissariat as to whether the goods could be marketed in Illinois. The Association passed the list along to its members and wrote in turn to the Ural Commissariat submitting a list of Illinois products with an eye to the development of a Russian market.[9] The following May, Samuel M. Hastings started a "Mexican Trade Movement" in the name of the Association. Hastings wrote letters to numerous trade associations, manufacturers, and commercial bodies throughout Mexico submitting lists of Illinois products and assuring the recipients that the Association stood ready to assist their members in finding markets as well as sources of industrial supply. He considered the Mississipi valley as ideally located for Mexican trade, and he thought that with the development of inland waterways the bonds of commercial union would be drawn even closer.[10]

Early in 1923, the Association became interested in plans for the International Chamber of Commerce Convention to be held in the spring of 1923 in Rome. E. C. Heidrich, prominent Illinois Manufacturers' Association director, felt that the Association might promote much international good will for the Illinois manufacturers through representation at the conference, and that the conference offered an opportunity to bring France and Germany, then at odds over reparations payments, together around a conference table where their difficulties might be ironed out by business men in a friendly and conversational fashion. Heidrich was sent to Rome in March as the head of a delegation from the Illinois Manufacturers' Association, and a number of prominent directors and members went with him.[11] Late in March Glenn cabled

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[9] New York Times, March 29, 1922, p. 11; Manufacturers' News, March 30, 1922, p. 12.

[10] Manufacturers' News, May 11, 1922, p. 10.

[11] Ibid., March 17, 1923, p. 6. Other officers and members who attended the conference were William Butterworth of Deere and Company, Moline; Samuel M. Hastings of the Dayton Scale Company, Chicago; Charles H. MacDowell of the Armour Fertilizer Works, Chicago; Adolph Mueller of the Mueller Manufacturing Company,

the delegation in the name of the Illinois Manufacturers' Association requesting that they use their influence to set up a commission of business men to work out a solution of the conflict between France and Germany.[12] When during 1924, the Reparations Commission finally adopted the Dawes Plan, the Association felt that its publicity efforts had played an important part in bringing about this settlement.[13]

During 1924, certain officers of the Association became impressed with the idea that the tangled net-work of international debts was in part responsible for the slow recovery of international trade. Charles Piez felt that the debt adjustment between France and the United States was proceeding too slowly. The halting negotiations were, he thought, delaying the restoration of settled business conditions between the two countries, and were thus holding up the full development of commercial relations. While he did not believe it wise that the debts be cancelled, he felt that the United States should extend more favorable terms,[14] and after some further consideration Piez went to work and drew up a long statement in the name of the Association, embodying certain principles which he considered ought to guide the Debt Commission and Congress in the pending negotiation. This document he forwarded to Senator William E. Borah of the senate Committee on Foreign Relations, in October, 1925. Piez argued that the present debt negotiations were delaying the arrival of settled international and financial conditions. "Further delay could be avoided by the realization by the United States that the war debts constituted a tremendous burden for the European nations involved," and that "if the United States required funding of the debts with normal interest rates, it would be thirty to

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Decatur; Silas Strawn of Montgomery Ward and Company, Chicago; and Ernest X. LeSure, Second National Bank, Danville.

[12] Ibid., March 24, 1923, p. 4.

[13] Illinois Manufacturers' Association, Annual Reports, 1924, p. 60. The Association adopted a resolution in June, 1924 commending the plan submitted by the Dawes Committee of experts to the Reparations Commission. Review For Executives, June 14, 1924.

[14] Illinois Manufacturers' Association, Annual Reports, 1924, p. 35. In 1920, however, the directors had adopted a resolution that it was in the best interests of the United States that the interest on war loans to foreign countries be paid and that the principle be repaid as quickly as possible. Ibid., 1920, p. 7.

sixty years before the debts could be discharged"; in a word, unless the United States consented to the funding of the debts at exceedingly low rates of interest, France, Britain, and the other countries involved would be paying upon the debt "long after all participants of the late war were dead and buried." Furthermore, Piez said, the actual question of whether or not the war debts would be paid did not rest with the United States at all, but with the European nations involved, and the United States should be realistic enough to keep this in mind in negotiating for settlement. This was not to assert that the United States should for one moment entertain any idea of cancellation so far as the principal was concerned. Piez did not believe that question to be involved, anyhow, since the European nations were ready and willing to pay the principal.

Piez, therefore, suggested that the Debt Commission negotiate a settlement of the French debt, with certain fundamentals in mind. First the settlement ought to be approached with the interests of the United States always uppermost, and not "as friends of Europe or Germany but as Americans." Cancellation was, therefore, "out of the question," if for no other reason than that such a course "would serve as an inducement to Europe to embark upon foreign wars." On the other hand it was of "no moment whether this nation fought to save democracy or to defend the interests of the United States," and we should recall also, "that we saved thousands of American lives by advancing the money when we did," and that while "we wanted our principal paid, it was not our desire nor our interest to make a profit out of the war." Were the debts of the European nations not reduced, they "would have to lay an extremely heavy burden of taxation upon themselves to discharge even the principal of the debt," at a time when the public debt of the United States was being rapidly retired. Furthermore, were the United States not generous in the settlements, the resultant "tremendous debt payments might disrupt the trade structure of the world."[15]

Glenn, in commenting upon Piez's letter to Senator Borah, stated that the Association stood for the injection of a few business principles into the war debt negotiations. "Had the negoti-

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[15] Piez's letter to Borah is printed *in toto* in the *New York Times*, October 26, 1925, p. 6.

sions been conducted between business men, they would have long since come to a successful conclusion," and the "government should take over a few of the principles which make American business men so successful."[16]

As might be expected, Senator Borah, who at that time was carrying on a hard fight in the press for the idea of payment in full with interest, did not take kindly to the suggestion of Piez and the Association. Borah made public a statement a few days later in which he claimed that Piez had taken a stand in favor of cancellation and therefore advocated thrusting the whole burden of the war upon the shoulders of the American tax-payer. This Piez in turn denied, and in a public letter to Borah he charged the senator with playing politics with the interests of American business. The very postponement of the issue for several years was evidence that the politicians at Washington were not facing the issue as they should. Let the politicians forget their own game and propose a settlement along business lines. Adjustment would then be a simple matter.[17]

There was one group which congratulated the Association upon the stand it had taken for war-debt settlement upon easy terms. It was the American Chamber of Commerce in France, which immediately sent the Association its congratulations.[18]

While the Association was thus exerting itself to build up a foreign trade, it was if anything even more protectionist in its attitude toward tariff legislation than it had been before the war. It took no great interest in the passage of the Fordney-McCumber Act of 1922, probably because post-war competition with American industries had not as yet become serious,[19] but by 1929

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[16] Manufacturers' News, October 31, 1925, p. 4.

[17] New York Times, November 12, 1925, p. 4.

[18] Manufacturers' News, November 14, 1925, p. 12.

[19] The directors did pass a resolution in June, 1922 supporting the act: "Congress is urged to use all speed in the passage of the tariff bill for the following reasons:

"1. The uncertainty surrounding the fixing of permanent tariff rates is impeding prosperity. Out of 280,000 manufacturers in the United States 200,000 are competing with foreign factories. In consequence about sixty-five per cent of the nation's producing payroll is affected by the failure to pass tariff legislation.

"2. At present the manufacturer is unable to draft his

it felt that American prosperity, the profits of industry, and the wages of the laboring man were being menaced by the "flood of foreign imports." It was of especial significance to the officials of the Illinois Manufacturers' Association that some twenty-four billion dollars in imports had entered the United States since the passage of the 1922 law; such a quantity threatened to bring imminent disaster to American industry.

James L. Donnelly, permanent vice-president and secretary of the Illinois Manufacturers' Association[20] thought that one fundamental deficiency of the 1922 act was that ad valorem duties were assessed as a percentage of foreign valuation, whereas any fair ad valorem system would assess as a percentage of American valuation.[21] The law ought to be changed in this respect, and since Congress was about to begin consideration of the tariff, Donnelly and Cunningham urged upon the directors the calling of a tariff conference of mid-western manufacturers to agitate the tariff question and decide upon the policies which manufacturers might profitably support in Congress.[22] Accordingly the directors

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program in advance as no wise manager would consider re-adjusting his factory before the tariff rates are fixed.

"3. If the rates on imports and exports are stabilized by a tariff bill an increase in the labor employed in manufacturing will result."

The resolution was signed by Directors W. C. Arthur, James L. Donnelly, T. E. O'Brien, Paul E. Belch, S. L. Avery, E. L. Mansure, Harry D. Oppenheimer, A. F. Schultz, W. L. Allen, T. R. Gerlach, Samuel M. Hastings, Edward R. Monroe, Charles Piez, Herman A. Poppenheusen, Frederick W. Upham, and Julius E. Weil, Manufacturers' News, June 22, 1922, p. 10.

[20] James L. Donnelly became executive vice-president and secretary of the Illinois Manufacturers' Association in 1928. He succeeded John M. Glenn who died in April of that year. Donnelly was at the time of his election secretary of the Western Cartridge Company of East Alton. He had been a director of the Illinois Manufacturers' Association since 1920, and first vice-president since 1926. Donnelly in 1929, was thirty-eight years of age. Manufacturers' News, October, 1928, p. 12.

[21] "This system of basing our ad valorem duties on foreign values has been a constant source of trouble in our international relations, has made it possible for some importers to undervalue the commodities they bring into this country, has defrauded our government of customs revenues, has deprived American producers and labor of the protection congress intended them to have, and has given the dishonest importer an unfair advantage over his honest competitor." Industrial Review, March 15, 1929.

[22] Ibid., March 15, 1929.

called a great conference at Chicago for April 5th, ten days before Congress took up consideration of tariff legislation. Delegates from all over the middle-west attended the session. The principal speakers were James B. Reynolds, former Assistant Secretary of the Treasury in charge of customs and former member of the U. S. Tariff Board, and Dr. Arthur L. Faubell, secretary of the American Tariff League which was co-operating with the Illinois Manufacturers' Association in the conference.

The agenda of the conference called for discussion of "the necessity for general upward revision of the tariff,"[23] and the resolutions adopted were thoroughly protectionist in sentiment, the first one declaring that "the growing volume of imports" was "an increasing menace to American industry." It was also the sentiment of the conference that the coming tariff bill would prove a great disappointment to the manufacturers of the country unless the Congress took more direct recognition of the overwhelming sentiment in the country at large for tariff protection. There was some encouragement, however, to be had from the fact that organized labor had "at last recognized its identity of interest in tariff legislation with the manufacturers of the country," and was supporting protectionism in industry.[24] The meeting closed with the adoption of a resolution that complete re-adjustment of the tariff be undertaken by Congress.[25]

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[23] Manufacturers' News, April, 1929, p. 36.

[24] Ibid., May, 1929, pp. 16-17; Chicago Tribune, April 6, 1929, p. 4; New York Times, April 6, 1929, p. 7.

[25] "Whereas the total importations of foreign merchandise into the United States under the Fordney-McCumber Tariff Act for the six years ended December 31, 1928, have amounted to $24,356,000,000, and

"Whereas this enormous volume of importations constitutes an increasing menace to American industry, agriculture and labor, and

"Whereas the Tariff revision hearings recently concluded before the Ways and Means Committee of the House of Representatives have brought out the need for a general revision of the tariff rather than a limited re-adjustment, now, therefore, be it

"Resolved that this meeting recommends to the Board of Directors of the Illinois Manufacturers' Association, the Wisconsin Manufacturers' Association and the Indiana Manufacturers' Association that if the forthcoming tariff bill as introduced in the House of Representatives provides for only a limited re-adjustment of the tariff that the Boards of Directors of the Illinois Manufacturers' Association, the Wisconsin Manufacturers' Association, and the Indiana Manufacturers' Association petition the

Congress did not undertake extensive revision of the tariff as the officials of the Association had hoped. Instead the senate, in some resentment against the efforts of revisionists to obtain a new tariff law, in September passed a resolution for investigation of the income tax returns of certain private corporations which had asked Congress for tariff relief.[26] The protest of the Illinois Manufacturers' Association was immediate. Donnelly condemned the resolution of the senate as being "unwarranted, futile, and prompted by purely political motives." It was obvious, he argued, that the information obtained by investigations of the incomes of a few prosperous firms "would be utterly misleading." It would not throw any information upon the prosperity of the average less prosperous manufacturer whose welfare Congress should have in mind in passing tariff legislation. Nor should successful business operations over one or two years be taken as a standard; "Congress ought instead to consider the prosperity of an industry over a period of several years including periods of depression." Also it might well be that a generally profitable industry was carrying one or two lines of production which were quite unprofitable because of foreign competition, and "to judge the advisability of protecting the product subject to competition by the general welfare of the industry would be grossly unfair."[27] The action of Congress in the lobbying investigation undertaken by that body in the winter of 1929-1930 was also subjected to severe criticism by Donnelly. This inquiry, undertaken by Senator Caraway as a result of a resolution passed by the upper chamber the previous October,[28] had been concerned almost entirely with the lobbying activities of Joseph R. Grundy, president of the Pennsylvania Manufacturers' Association, who was charged with having a hand in fixing the prevailing high rates

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Finance Committee of the United States Senate for a complete reconsideration of the tariff bill proposed by the Ways and Means Committee and request the Senate Finance Committee to hold hearings on the proposed bill with a view to a general upward revision of the tariff." Manufacturers' News, May 1, 1929, p. 51.

[26] New York Times, September 25, 1929, p. 1; Congressional Record, 71st Congress, 1st Session, 71 (September 10, 1929), 3500.

[27] Manufacturers' News, October, 1929, p. 7.

[28] Congressional Record, 71st Congress, 1st Session, 71 (October 1, 1929), 4115.

upon textiles, steel, and numerous other commodities.[29] Donnelly felt that the committee had committed a "gross breach of instructions" by "confusing the public mind on the tariff question" instead of carrying on a general investigation of all lobbying activities as they had been instructed.[30]

The Association was quite pleased when the house of representatives passed the 1930 bill and sent it on to the senate. It considered the bill to be "fairly satisfactory" to the manufacturing interests although it thought certain changes still desirable. The senate appeared ready in April to abolish the scheme of flexible tariff rates, and the Association protested, considering that this system ought to be retained, since it was "possible thereby to raise the tariff sufficiently to protect industry against any possible increase in foreign competition." This in turn meant the necessity for fewer tariff laws, and consequent lessening of the evils of industrial uncertainty that occurred every time the tariff was subjected to revision.[31] The Association did intercede directly for one industry: cement. On April 17th, Donnelly wrote in the name of the directors to the Illinois delegation in Congress requesting them to co-operate with Illinois industry by opposing the Blease Amendment to the tariff act, which exempted from payment of duty cement bought or used for government purposes, and demanding a cement tariff of eight cents a hundredweight.[32] This plea was made without success, the house voting down the cement tariff on May 1st by a vote of 167-221,[33] and the senate refusing to rescind the Blease Amendment.

However, the bill as passed in July was eminently satisfactory to the Association. The flexible provision of the old law was finally retained, while the general upward revision of the bill met with the approval of Donnelly, President Theodore

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[29] New York Times, December 11, 1929, p. 1; Ibid., December 12, 1929, p. 1.

[30] Industrial Review, February 8, 1930.

[31] Ibid., May 8, 1930; [32] Ibid., May 15, 1930.

[33] Congressional Record, 71st Congress, 2nd Session, 72 (May 1, 1929), 8165.

[34] Ibid., 71st Congress, 2nd Session, 72 (May 6, 1929), 8645.

Gerlach, and other officials.[35] The Association asserted in August, 1930 that there were already indications that production in many industries would actually be accelerated by the new law.[36]

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[35] Manufacturers' News, December, 1930, p. 20.

[36] Industrial Review, August 7, 1930.

CHAPTER XXIII

THE ASSOCIATION AND THE RAILROADS, 1919-1930

The Association recognized that governmental control of the railroads during the war was a necessary incidence of the struggle, but it was "unalterably opposed" to any intimation that federal ownership be set up as a permanent policy. In December, 1918, the annual convention of the Association adopted resolutions condemning government ownership, but approving the idea of federal control of the rate structure, and suggesting that a congressional committee be appointed to deal with the whole problem of necessary rail legislation.[1] The Association was consequently gratified when the Interstate Commerce Committees of the two houses of Congress began active consideration of railroad legislation early in 1920, and it attempted to co-operate actively in the submission of information and suggestions for the benefit of the committees.[2] In January, the Association through Charles Piez submitted resolutions to Congress urging that the government, upon returning the roads to private operation, guarantee the railroads an income of not less than five and one half per cent for five years. This the Association considered necessary if the roads were to "support themselves and guarantee credit."[3] When, later in 1920, Piez and Glenn had an opportunity to testify before congressional committees, they again urged consideration by Congress of a minimum guarantee of earnings. While the ultimate incorporation of the Recapture Clause of the Transportation Act had the effect of limiting rather than guaranteeing income, the Association felt nevertheless that the five and one half per cent figure established as the maximum rate of earnings before recap-

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[1] Illinois Manufacturers' Association, Annual Reports, 1918, p. 125.

[2] Illinois Manufacturers' Association, Illinois Manufacturers' Directory, p. xxi.

[3] New York Times, January 5, 1920, p. 15; Illinois Manufacturers' Association, Annual Reports, 1920, pp. 24-25.

ture began was in part the result of its representations.[4]

Since the Association had so recently emphasized the necessity of adequate revenue for the roads, it could not well object when the roads petitioned the Interstate Commerce Commission in 1920 for a general increase in the rate structure calculated to bring the income up to six per cent upon book valuation. Indeed, the necessity for increased rates to rehabilitate roads run down during the period of government operation was generally recognized, and it was the Commission itself which suggested that the roads file application for the increase. The outcome was a general rate increase of from twenty-five to forty per cent in freight schedules in the various district classifications.[5]

Even before this rate schedule had become effective, however, a serious business recession began which rapidly grew into the depression of 1921. It was the belief of Association officials that the increased rate schedule was in part responsible for continuance of business stagnation, and it undertook in negotiations to bring about a reduction of rates once more. In September, 1921, Hettler, Butterworth, Piez, Meyercord, and W. L. Allen met with the presidents of the leading railroads headed by Hale Holden, E. B. Storey, E. J. Taussig, and W. H. Finley, and in a series of conferences they informed the carriers "that many commodities could not move under existing tariffs."[6] The railroad executives admitted this, but asserted that their wage bill was so excessively high that they could not make any reduction. The strength of this assertion was in turn recognized by the Association, which co-operated with the roads all during 1921 and 1922 in their successful effort to bring down wage levels.[7] Meanwhile

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[4]The Association never looked upon the Recapture Clause in any very favorable light, and after 1927 it repeatedly urged its repeal. See Illinois Manufacturers' Association, Annual Reports, 1932, p. 6.

[5]Ibid., 1920, p. 24; 58 I.C.C. 220 ff.; Sharfman, op. cit., III, pp. 102-112. Increases granted were a twenty per cent increase in passenger fares, a forty per cent increase in freight schedules in the eastern group, twenty-five in the southern group, thirty-five per cent in the western group, twenty-five per cent in the mountain-Pacific group, and thirty-three per cent between groups.

[6]Illinois Manufacturers' Association, Annual Reports, 1921, p. 10.

[7]See below.

the Interstate Commerce Commission had undertaken a general investigation of the rate structure,[8] and after the reduction in wages in 1922, it in turn reduced rail rates by abolishing a portion of the increases granted in 1920. This it did, over the protest of the roads who contended that they had not earned up to the five and one-half per cent level established by the Transportation Act of 1920, on the ground that further industrial recovery was absolutely dependent upon reduction. In making the reduction the Commission thus recognized the force of the argument offered by the Illinois Manufacturers' Association and other shippers' groups in testimony before the Commission, that the exigencies of the economic situation rather than the immediate rate of return for the roads should govern rate changes.[9]

No further extensive alteration in the rate structure occurred until 1925, when in that year the carriers in the western division went before the Commission with the request for a general advance of five per cent in their territory, with an additional fifteen per cent increase for the carriers in the northwestern area. Murray N. Billings, now managing the Traffic Committee of the Association, felt that industries of the middlewest would absolutely be unable to absorb this charge. In view of recent reductions on agricultural commodities granted by the Commission, it was apparent to him "that manufacturers and other shippers will have to pay the difference."[10] Consequently the Association prepared and submitted extensive testimony at the hearings of the Commission at Kansas City in January. In common with a great many other shippers' groups the Association asked that the petition be denied, on the grounds that the proposed rate increase would tend to interrupt the flow of interstate commerce. Once more the railroads based their argument upon failure to earn a fair return, but again the Commission rejected the plea with the reply that "industry could not support the increase" and that

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[8] 68 I.C.C. 676 ff.; Sharfman, op. cit., III B, 115-153; Illinois Manufacturers' Association, Annual Reports, 1921, p. 24.

[9] 68 I.C.C. 676 ff. The Class I roads had earned but 3.51 per cent on their investment in 1921, over 2 per cent below the 5.75 level which the Commission regarded as a "fair" return for this group.

[10] Illinois Manufacturers' Association, Annual Reports, 1924, p. 16; Ibid., 1925, p. 8, p. 37.

there was "no existing financial emergency."[11]

Meanwhile the Association was engaged in a conflict with the roads and with other shipping areas over long and short haul differentials in the rate structure. The interests of the Association itself, as has already been indicated in an earlier chapter, were in fundamental contradiction here. While the Association was anxious to establish low through rates from the Illinois district to the south and the west,[12] it opposed at the same time the principle of low through transcontinental rates from the east coast on the ground that this principle destroyed the natural advantage which Illinois and other middle-western shippers received from their geographic position. In general the Association was willing to admit the validity of low through rates, and it sharply attacked the Gooding bill, introduced into Congress in 1926, which would have abolished entirely the right of the Interstate Commerce Commission to depart from a strict mileage basis in setting rates.[13] At the same time, the Association resented the application of this principle in rate setting from the east to the far west, inasmuch as the east was already at an undue advantage in transcontinental competition because of the Panama Canal and the result was "ruinous competition for middle-western manufacturers."[14]

The Association felt the acute importance of the question

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[11] 113 I.C.C. 3. The Commission alluded specifically to the fact that industry was in bad financial condition. Ibid., p. 36; Illinois Manufacturers' Association, Annual Reports, 1926, p. 11.

[12] Glenn, in testifying against the Gooding bill before the senate Committee on Interstate Commerce in 1926 asked, "How are we middle-western manufacturers to save our industrial lives if we are not permitted to obtain transcontinental transportation at rates that will enable us to compete with water transportation? This privilege you would deny us . . . . ." Review For Executives, February 25, 1926.

[13] Illinois Manufacturers' Association, Annual Reports, 1926, p. 11; Review For Executives, January, 1926, April, 1926; Chicago Journal of Commerce, January 27, 1926, p. 1. The Association remarked in its Annual Reports for 1926 that "passage of this bill would have been another barrier to our trade with the Pacific, for it would have effectually prevented carriers from charging a lower and competitive rate for long-haul cross country business." The bill was eventually defeated in the Senate. New York Times, March 25, 1926, p. 1.

[14] Illinois Manufacturers' Association, Annual Reports, 1927, p. 16.

after 1925, for in that year Congress enacted the so-called Hoch-Smith resolution, authorizing the Interstate Commerce Commission to conduct extensive investigations into the entire class rate structure in all districts, with an aim to the simplification of the system and the elimination of inequities.[15] These investigations continued over a period of about ten years, during which time the new schedules were the subject of great controversy. The Illinois Manufacturers' Association, in company with scores of other shippers' groups, submitted extensive evidence and testimony before the Commission, in an effort to defend the interests of Illinois shippers.and it was rewarded in part for its efforts when in 1928 in the Southern Rate Cases, the Commission accepted the idea of low through rates from the middle-west to points below the Ohio River.[16] The Association, in announcing this decision to its members, stated that "this will permit Illinois manufacturers, as a whole, to more evenly compete with the manufacturers of New England and Eastern territory east of Buffalo . . . . . ."[17]

Before the announcement of its decision in the Southern Rate Cases, the Commission had under consideration the Eastern Class Rate structure, and in this case also the Illinois Manufacturers' Association submitted extensive testimony. When, in 1929, the Commission made certain tentative decisions in the Eastern Rate Cases, Murray Billings and other Association officials were dismayed, for the Commission had applied the principle of low-rate long haul schedules between the east and west coast. The Commission also abolished the special intrastate rate structure within the state of Illinois. The Association felt that these decisions constituted a serious blow at the vitality of Illinois industry, and it petitioned the Commission to reconsider,[18] but in the final disposal of the cases in 1931 no extensive alter-

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[15] 43 U.S. Statutes at Large, 801.

[16] The decision of the Commission was based upon the theory that proportionate charges for terminal facilities are less long hauls. See 100 I.C.C. 669-677.

[17] Illinois Manufacturers' Association, Annual Reports, 1927, p. 36.

[18] Manufacturers' News, December, 1929, p. 56; Ibid., December, 1930, p. 83.

ation of the tentative transcontinental schedules was made.[19]

While the Association might quarrel occasionally with the railroads over the "iniquities" of the rate structure, it stood squarely behind the roads in their numerous difficulties during the 20's with the Railway Brotherhoods. At the close of the World War the railroads were involved in a mass of wage controversies with their employees,[20] and it was in part in an effort to clear up these difficulties that the establishment of some form of wage mediation board was recommended by the Illinois Manufacturers' Association. At the Congressional Conference Committee on Railroad Legislation Charles Pike introduced a resolution calling for Congress to "agree upon legislation that would provide a tribunal to settle all disputes as to railroad wages and working conditions," and which would "make it unlawful for two or more employees to conspire or combine to quit their employment for the purpose of compelling the railroads to change wages or terms of employment."[21] Such a law, if enacted, would of course, have made legal strikes of railroad employees impossible.

The demand of the Association for some effective railway labor tribunal was reflected in a great many quarters, and resulted in the enactment of Title III of the Transportation Act of 1920, which set up the Railway Labor Board. This body had the power to deal with all controversies involving wages, hours, and working conditions of railroad employees. In the decisions rendered, the authority of the Board was merely advisory, but it depended upon the force of public opinion for its decisions.[22]

The act also contemplated the establishment of a number of regional and national adjustment boards should the Railway Labor Board think it advisable. No sooner had the Labor Board been set up than the Railway Brotherhoods brought strong pressure to bear in an attempt to have a national adjustment board established with the power to make collective bargaining agreements

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[19] Sharfman, op. cit., III B, 619-635; 164 I.C.C. 340,365-367.

[20] Louis A. Wood, Union-Management Co-operation on the Railroads (New Haven, 1931), p. 70.

[21] Illinois Manufacturers' Association, Annual Reports, 1919, p. 7.

[22] Transportation Act of 1920, Title III, in U.S.Statutes at Large, 41, 469-478; Sharfman, op. cit., I, 181.

between the railroads and the unions. The Illinois Manufacturers' Association believed that the actual motive behind this attempt was the complete recognition and acceptance of the closed shop by the Board and the railroads, and a delegation headed by B. A. Eckhart of the Traffic Committee made a special trip to Washington to lay the objections of the Association before the Labor Board. Eckhart contended that while regional wage boards were advisable, the Transportation Act did not authorize national wage adjustment boards, and the Association believed them illegal. Their establishment, Eckhart asserted, would seriously impede the roads and thereby retard industries in their attempts to restore pre-war working efficiency.[23]

The Board did not attempt to set up any national adjustment body, however, but instead attempted to deal directly with the wage problem. July 20, 1920 it raised wages by twenty-two per cent, to the highest wage level in history.[24] The Association was alarmed, and in a communication to the Board it urged that wages "be based upon the productive service of railroad employees."[25] The Association had no cause for displeasure for long, however, for in July, 1921, the Board, after prolonged investigation, reduced wages twelve per cent. The result caused much resentment among the Brotherhoods, especially among the shopmen and carmen whom the railroads were apparently trying to divorce in sentiment from the more highly paid and better organized engineers and conductors. Protracted haggling and repeated threats of a walkout ensued during which time the Association repeatedly assured the railroads and the Board that their position was eminently just, and that the whole railway wage schedule was "inflated" out of proportion to the true value of the service rendered, and a burden upon the carriers, shippers, and the general public.[26] At the same time the railroads were indicating their willingness before the Interstate Commerce Commission to reduce their rate schedule should the wage level be lowered fur-

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[23]Illinois Manufacturers' Association, Annual Reports,1920, pp.15, 28.

[24]Wood, op. cit., p. 71; New York Times, July 21, 1920,p.3.

[25]Illinois Manufacturers' Association, Annual Reports,1920, p. 15

[26]President George R. Meyercord in October 1921 wired the

ther;[27] and while the Commission had no direct control over wages, the implication was clear.

In October the executives of all principal lines applied to the Board for a further wage reduction in order that "the public might be given the benefit of lower freight rates.[28] The Brotherhoods countered with a strike vote,[29] and in a telegram to President Harding the Association urged that the federal government back up the roads and that there be "no compromise in the present controversy between the carriers and the railroad union organizations."[30] At the same time the Association prepared to "dig in" for the strike by mobilizing its own trucking transportation facilities.[31]

No strike occurred at this time because the threatened reduction did not take place; instead the Board postponed the matter for further consideration. But in June, 1922, the railroads made a reduction of five cents an hour in the wages of the

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Board and the roads that "the deflation in our own industrial labor which has been procured at such frightful cost will have been in vain if railroad shop craft labor is sustained as a preferred class. Their wages are much out of proportion with the wages of men in manufacturing enterprizes." New York Times, October 16, 1921, p. 1. Illinois State Federation of Labor, Thirty-Ninth Annual Proceedings, 1921, p. 249.

[27] Sharfman, op. cit., III b, 25-26. Class I railroad earnings on invested capital amounted to 3.31 per cent on the Interstate Commerce Commission's valuation. The Commission estimated 5.75% as a fair return.

[28] New York Times, October 14, 1922, p. 1.

[29] Ibid., October 15, 1922, p. 1.

[30] Illinois Manufacturers' Association, Annual Report, 1921, p. 28; Illinois Manufacturers' Association, Bulletin: The Rail Strike (October 30, 1921) read in part, "The labor organizations took an unfair advantage of the war situation to force passage of the Adamson law and other measures under strike threats. These laws have given railroad labor advantages over other people who work for wages. They have placed railroad employees in a preferred class which operates greatly to the injury of employees in factories and other lines of endeavor. Other industries are changing from war-time levels. There is no reason why railroad employees should be exempt from the workings of economic laws. Manufacturers cannot pay wages demanded by railroad employees and obtain a manufacturing cost that will start buying."

[31] Illinois Manufacturers' Association, Bulletin: Prepare for the Strike (October, 1921).

shop crafts.[32] The shopmen at once struck against the decrease,[33] and the Labor Board on July 3rd replied with the rather amazing declaration (in view of its legal position) that the striking employees had "definitely severed their connections from the carriers that employed them." President Harding, also let it be known that his sympathies were with the railroads and the Board, whereupon the Illinois Manufacturers' Association wired him "hearty approval" of his position and added their earnest hope that "you will use the full strength of the governmental forces in upholding the dignity of the law and that you will employ every governmental agency if necessary to insure the uninterrupted progress of transportation and business."[34]

In spite of governmental pressure the strikers were determined not to yield, and the walkout continued into August, rail service being maintained with great difficulty. It was the belief of the Association that the strikers were engaged in extensive interference with interstate commerce, and when Attorney General Harry M. Daugherty began a series of investigations into the conduct of the strike, the Association offered its services in uncovering evidence.[35] After extensive inquiry, Glenn and Pick submitted a body of evidence to the Department of Justice, by the aid of which a series of temporary injunctions were granted in the federal district courts against the brotherhoods. On September 1st, the government successfully requested that these injunctions be made permanent.[36]

The injunctions broke the back of the strike. The men gradually drifted back to work during September and accepted their reduction in wages. Nevertheless, they had lost faith in the efficacy of the Railway Labor Board as "a friend of labor,"[37] and it is not surprising that they determined to seek legislation

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[32] Wood, op. cit., p. 74.

[33] New York Times, July 2, 1922, p. 1.

[34] Labor Review, July 1922.

[35] Illinois Manufacturers' Association, Annual Reports, 1922, p. 28.

[36] Ibid., 1922, pp. 18, 28; Wood op. cit., pp. 74-76; New York Times, September 2, 1922, p. 1.

[37] Wood, op. cit., p. 196.

abolishing it. The attack came in February, 1924, in the form of the Howell-Barkley bill, introduced into Congress at that time, which sought to abolish the labor sections of the Transportation Act of 1920. In place of the Railway Labor Board the new bill provided for four new boards (train service, shopmen, clerks and maintenance and marine workers) each to handle the disputes of employees in its classification. Nominations were to be made by employees and the railways. There was also to be a General Board of Mediation and Conciliation, composed of five members appointed by the president. While arbitration under the Board was to be merely voluntary, contracts were to be protected by governmental aid and enforceable in the federal courts.[38]

Organized labor might view the efforts of the Labor Board in no very friendly light, but to Glenn and the Illinois Manufacturers' Association the Board had been "effective protection against strikes, and had furnished unbiased facts to the public." Glenn felt that the new bill provided for an unwieldy commission upon which the public was unrepresented, and where the people would receive but small consideration. It also provided for the closed shop, since "unless they belonged to a union, employes would be given no hearings on wages, grievances or working conditions." The whole bill was in reality a "shrewd move on the part of the railroad brotherhoods to get the unions back on a closed shop basis and revive union membership."[39] Were the bill successful, "the next step would be to boost the wages for everyone on the railroads where employes are already paid at a higher rate than most of the working men of this country."[40] Glenn asked all members to wire Senators McKinley and McCormick to "use every influence to save the board."[41]

The bill moved out of the Commerce Committee in the house on May 5th,[42] and a hot fight immediately began on the floor, as

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[38] Chicago Journal of Commerce, March 19, 1924, p. 1; Congressional Record, 68th Congress, 1st Session, 65 (February 28, 1924), 1.

[39] Chicago Journal of Commerce, March 25, 1924, p. 1.

[40] Review For Executives, July 12, 1924.

[41] Chicago Journal of Commerce, March 25, 1924, p. 1; Illinois Manufacturers' Association, Annual Reports, 1924, p. 15.

[42] Congressional Record, 68th Congress, 1st Session, 65 (May 5, 1924), 10056; Manufacturers' News, May 24, 1924, p. 15.

a coalition of Democrats and "Insurgent" Republicans made a determined effort to push the bill through. Strong pressure was immediately brought to bear upon the members of the lower chamber by the Brotherhoods, and it was largely to counteract this activity that the Illinois Manufacturers' Association sent a delegation headed by President E. C. Heidrich and Samuel E. Hastings to Washington on May 3rd.[43] For two weeks these men worked desperately among the legislators, concentrating their efforts upon the Illinois delegation.[44] The final test came on May 19th when organization Republicans repeatedly defeated the motion for a roll call to summon a quorum.[45] Under house rules the bill was now moved so far back on the calendar that it had no chance of passage in that session. Playing a leading part in this defeat were the members of the Illinois delegation, who were attacked by the Brotherhood of Locomotive Firemen and Engineers as being principally responsible for the fate of the bill. In response the Association urged its members to keep the faithful work of the Illinois delegation in mind at the next congressional election.[46]

The ultimate fate of the Railway Labor Board, however, had merely been postponed. In 1926 the Watson-Parker bill, proposing the abolition of the Board and the substitution of a Railway Mediation Committee to hear appeals from local voluntary boards, was introduced into Congress.[47] The bill had the support of both the railroads and the Brotherhoods[48] and moved smoothly through the house during January and February, in spite of resolutions of protest submitted to the lower chamber by the Illinois Manufacturers' Association and numerous other manufacturers'

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[43] Review For Executives, May 17, 1924; Chicago Journal of Commerce, May 4, 1924, p. 1.

[44] Illinois Manufacturers' Association, Annual Reports, 1924, p. 13.

[45] New York Times, May 20, 1920, p. 1; Manufacturers' News, May 24, 1924, p. 15; Ibid., May 31, 1924, p. 6.

[46] Review For Executives, July 12, 1924.

[47] Congressional Record, 69th Congress, 1st Session, 67 (January 8, 1926), 1680; Chicago Journal of Commerce, January 9, 1926, p. 1.

[48] Sharfman, op. cit., I, 181.

groups.[49] The nature of the objections offered by the Association became clear when the bill reached the senate, and the National Association of Manufacturers submitted a four point proposal for modification of the bill. These amendments would have conferred upon the Interstate Commerce Commission power to control hours and wages, and would have imposed upon the roads "a clear legal obligation to preserve continuity of service" during investigation into the merits of any dispute by the president.[50] These ideas, if incorporated in the bill, would have given the Interstate Commerce Commission even more complete control over wages and hours than the old Railway Labor Board possessed, and would have made strikes a practical impossibility. Both the railroads and organized labor objected to these innovations, and the senate in May passed the law substantially as originally introduced.[51] The efforts of the Association and other manufacturers' groups to preserve the Railway Labor Board had failed.

The Association believed that the new Mediation Board would not fully protect shipper and the public in future wage disputes, and when in 1928 the Board undertook consideration of a general wage increase, it felt that its worst predictions had come true. In a telegram to Samuel E. Winslow, Chairman of the Mediation Board President James D. Cunningham urged the protection of the public interest against a walkout, and a wage settlement which would not have a deleterious effect upon shippers.[52] When the Board granted substantial wage increases the Association asserted that the outcome of the negotiations showed "how little consideration the public has been accorded in recent railway labor wage advances." "Is it not time," the Association inquired of its members in December, "that the Railway Labor Law should be repealed . . . . ?"[53] The Association was to have its wish in 1933 when the Board was abolished entirely in the Transportation Act of that year.

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[49] Manufacturers' News, January 30, 1926, p. 8; Ibid., February 27, 1926, p. 5.

[50] Ibid., March 27, 1926, p. 13; Illinois Manufacturers' Association, Annual Reports, 1926, p. 14.

[51] Congressional Record, 69th Congress, 1st Session, 67 (May 11, 1926), 9206; U.S. Statutes at Large, 44, 577-587.

[52] Industrial Review, October 1, 1928.

[53] Illinois Manufacturers' Association, Annual Reports, 1928, p. 12.

CHAPTER XXIV

TAXATION IN THE TWENTIES

The Illinois Manufacturers' Association had been vitally interested in federal taxation since 1909, and the corporate income tax had during the war become a matter of principal concern to its officers. This interest was projected into the post-war period, although for a few years after 1920 there did not appear to be any great necessity for an active program of "reform" in corporate taxation. The surplus profits tax and the war profits tax, born of the necessities of the war, were repealed in 1921, at the instance of treasury officials whose experience had convinced them that these levies were fraught with administrative difficulty, and were "economically unsound."[1] The Association of course viewed this change with approval,[2] since it had continually opposed the surplus profits tax as "enormously increasing the cost of living, creating social unrest" and "preparing the American mind for the Bolshevik doctrines so eagerly offered."[3] Glenn, Kettler, Pelouze, and other Association officials were inclined to agree with the United States Chamber of Commerce when it recommended a federal retail sales tax in place of the war measures.[4]

Even the repeal of the "obnoxious and stifling" surplus profits tax, however, did not put an end to the interest of the Association in federal taxation. There remained the matter of the basic corporation income tax, stabilized at twelve and one-

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[1] Secretaries Carter Glass, William Houston, and Andrew Mellon all considered these taxes unsatisfactory, and they were abandoned at the instance of Mellon. Alfred S. Buehler, The Undistributed Profits Tax (New York, [illegible]37), p. 229.

[2] The Association demanded repeal of the surplus profits tax in intermittent resolutions adopted between 1919 and the final abandonment of the tax in 1921. Illinois Manufacturers' Association, Annual Reports, 1919, p. 19; Ibid., 1920, pp. 7-14; Ibid., 1921, p. 32.

[3] Manufacturers' News, January 27, 1921, pp. 11-12.

[4] Illinois Manufacturers' Association, Annual Reports, 1921, p. 82.

half per cent by the 1921 law, a level which the Association considered excessive and unreasonable. In January, 1923, in order that this attitude might find more effective expression, the Association held a great "protest meeting," attended by several thousand members and other interested persons.[5] After the adoption of strong resolutions condemning the continuance of corporate income taxation "in any form," a committee headed by Herman H. Rettler, then president of the Illinois Manufacturers' Association, was appointed to carry on an active campaign for federal tax reduction.[6] This body worked strenuously for the next few months "to make the public and congress understand the disastrous effect of corporate taxation upon general prosperity." The efforts of the committee were directed in particular against the revival of the tax upon undistributed corporate surplus, which some experts were now recommending as a method of coping with tax evasion.[7] When, early in 1923, the Association became fearful that Congress might heed the demand for a tax on corporate surplus, it called a new "tax congress" of its members, to register emphatic protest. Over five hundred manufacturers assembled at the Hotel LaSalle, and adopted resolutions expressing the opinion that such a levy "would be absolutely ruinous to industrial expansion," and "to

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[5] In announcing this meeting, Glenn commented through the pages of Manufacturers' News: "If Congress would give the business man in the United States a Chinaman's chance the wheels of industry would soon be going so fast that they would make the Chair Warmers in Washington dizzy. The government cannot punish the man who takes the chance and puts his money in a manufacturing enterprize, and in spite of adversity, strikes, and governmental interference, accumulates wealth, without punishing all the people. When a man with money cannot invest it so that he can make a profit, industry languishes, hard times stare people in the face, and unhappiness predominates." Manufacturers' News, January 12, 1922, p. 5.

[6] The other members of the committee were Colonel R. P. Lamont, of American Steel Foundries; William Nelson Pelouze, of the Pelouze Manufacturing Company; and George R. Meyercord, of the Meyercord Corporation. Manufacturers' News, January 12, 1922, p. 5.

[7] The idea of this tax seems first to have been recommended by Dr. T. S. Adams, of Yale University. It was also supported by Secretary Houston, Professor Fred R. Fairchild, Professor Charles J. Bullock, well known authority on taxation, and the National Association of Credit Men. It was opposed by the National Industrial Conference Board, the National Tax Association, and practically all state and local manufacturers' associations. Mueller, op. cit., pp. 10-13.

the protection required against periods of industrial depression."[8]

The attitude of the Association and other organized capital groups found a sympathetic response in the person of Andrew Mellon, secretary of the Treasury, who in November, 1923, came forward with a plan of tax reform which went far toward satisfying the demands of those who felt that federal taxation should be lightened. Mellon's suggestions, which he incorporated in a letter to Chairman William R. Green, of the House Ways and Means Committee, called for a reduction in the normal rate of the individual income tax to three per cent, a twenty-five per cent reduction in the tax on earned (as opposed to unearned) individual income, the abolition of all surtaxes on incomes under ten thousand dollars, and a reduction of the maximum surtax on individual incomes to twenty-five per cent from the prevailing level of forty-two per cent.[9] While these ideas did not directly affect corporate taxation, it was at once apparent to the Association that a reduction of personal income taxes would be highly favorable to corporate investments, and Glenn and President E. C. Heidrich immediately congratulated Mellon in the name of the Association for his plan, which they believed "would prove an important and immediate stimulus to industry," and would afford "substantial relief" from "the tax burden that directly or indirectly falls upon us all."[10]

It soon appeared, however, that the Mellon plan was not acceptable either to the Republican insurgents or the liberal Democrats, who believed that Mellon was seeking to lift the burden of federal taxation from great wealth and place it upon the 'little fellow." Representative John N. Garner, of Texas, accordingly presented an alternative plan early in January, which differed from the original bill in providing for a surtax graduated upward to forty-four per cent.[11] The Illinois Manufacturers'

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[8] Manufacturers' News, February 24, 1923, p. 27.

[9] New York Times, November 12, 1923, p. 1.

[10] Ibid., November 21, 1923, p. 4; Illinois Manufacturers' Association, Annual Reports, 1923, p. 10.

[11] The plan also provided for a differential in the tax rate between earned and unearned income of thirty-three per cent, a reduction of the "normal rate to two per cent on incomes below $5,000, and an increase in exemption for single persons to $2,000. New York Times, January 7, 1924, p. 1.

Association and other manufacturers' organizations protested vigorously to Congress against this innovation, while Mellon and Coolidge openly expressed their emphatic disapproval. The Democrats proved adamant, however, and the final result was the passage by the house on February 29th of the Longworth Compromise which fixed the maximum surtax at thirty-seven and one-half per cent.[12]

This outcome was disappointing enough to the Association, which viewed the house bill as a perversion of Mellon's original intentions.[13] The senate Finance Committee, however, proceeded to make matters considerably more serious from the Association's viewpoint, by accepting the Simmons amendment increasing the surtax to forty per cent. As reported to the floor the bill also included the Jones amendment providing for a normal income tax of nine per cent on corporations with a graduated surtax on undistributed profits.[14] These developments were so alarming to the Association that late in April it decided to send a delegation to Washington to work against passage of the senate bill,[15] and Glenn, Heidrich, and Hastings spent the first two weeks of May in Washington working among the Illinois delegates in opposition to the senate plan.[16] Meanwhile the Association had polled its membership on their attitude toward the senate bill, the replies indicating that manufacturers were almost unanimous in their disap-

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[12] Ibid., March 1, 1924, p. 5.

[13] Manufacturers' News, March 8, 1924, p. 9.

[14] This tax was graduated from one per cent on undistributed profit above ten per cent, increasing to forty per cent on undistributed profits above sixty per cent. New York Times, May 11, 1924, p. 2.

[15] Ibid., April 11, 1924, p. 6; Review For Executives, April, 1924.

[16] The full membership of the delegation was H. C. Heidrich, Association president; R. P. Lamont, Association vice-president; Samuel M. Hastings, Dayton Scale Company; E. L. Mansure, E. L. Mansure Company; A. H. Killikan, Pettibone-Killikan Company; Otto F. Schultz, Western Felt Works; E. J. Barklow, Gerlach-Barklow Company; O. E. Gullicksen, Churchill Cabinet Company; W. C. Arthurs, Mount Vernon Car Manufacturing Company; K. L. Ames, Booth Fisheries; F. R. Freer, National Association of Building Owners and Managers; George A. Hughes, Edison Electric Appliance Company; R. Van Meter Joyce, Watkins Company; and John M. Glenn. Illinois Manufacturers' Association, Annual Reports, 1924, pp. 10-12.

proval.[17]

The senate eventually struck out the Jones amendment, but accepted the forty per cent surtax,[18] and this provision was retained in conference committees between the house and senate.[19] President Coolidge, although dissatisfied with the measure, nevertheless signed it early in June.[20]

Officers of the Association were bitterly disappointed, Glenn wrote in Manufacturers' News that

> In its refusal to accept the Mellon tax plan Congress has disregarded the wishes of its constituency. The people wanted the Mellon Plan. Public sentiment favored reduction of taxes as provided in the Mellon plan, especially reduction of surtaxes on major incomes. Every thinking citizen chafes in the knowledge that high surtaxes bar capital from industrial enterprize and hamper industrial progress . . . . .
>
> The people know their own welfare depends upon the progress of the country's industries and they know that high sur-taxes mean that investment in tax-exempt securities will be continued by the country's big capitalists, and that means that the money that spells continued employment is being diverted from industry.
>
> In cramming tax revision legislation down the people's throat, congress is playing the role of a temperamental and egotistical prima donna. It ignores the welfare of the citizen and of the nation. The substitute will not obtain sufficient revenue for the necessities of government. Industry, the people's means of livelihood, will suffer.
>
> There is none so blind as he who will not see.[21]

For this editorial and one of May 24th Glenn and the Association were bitterly attacked on the floor of the senate on June 4th by David I. Walsh of Massachusetts. The senator charged that the attitude of the Association "emanated from a deliberate ill-will and misrepresentation because of a revengeful purpose," and that the editorial was "the voice of those who believe in the aristocracy of the vested interests; those who will accept democratic government only when . . . . their selfish ends are accomplished."[22]

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[17] Chicago Journal of Commerce, April 12, 1924, p. 2.

[18] New York Times, May 11, 1924, p. 2; Ibid., May 22, 1924, p. 1.

[19] Ibid., May 26, 1924, p. 1.

[20] Ibid., June 2, 1924, p. 1.

[21] Manufacturers' News, May 17, 1924, p. 3.

[22] Congressional Record, 68th Congress, 1st Session, 65 (June 4, 1924) 10451; Manufacturers' News, June 21, 1924, p. 16.

Yet in the last analysis the new law represented a substantial reduction in the level of taxation, and the Association was content to let the matter rest in peace for a year or so. In 1926, however, it began strong agitation once more for the reduction of federal taxation on the grounds that the annual treasury surplus warranted such a move. In a circular signed by Glenn and released in September, 1926, the Association asked for repeal of the federal capital stock tax, all federal inheritance and gift taxes, the tax upon stock transfers, and reduction of the corporate income tax to ten per cent. In support of this position the Association argued that federal revenue from corporate sources for 1925 would exceed that for 1924 by approximately one-sixth. The surplus of revenue in the treasury ascribable to corporate sources alone would amount to several hundred million; the total surplus would amount to five hundred millions. The relief afforded the investor by the reductions suggested would also benefit business to such an extent "that both would gain thereby."[23] The tax committee of the Association followed this circular up by presenting resolutions in December for the reduction of the corporation tax to ten per cent on the grounds that additional revenues made the prevailing twelve and one-half per cent level unwise and unnecessary. Such a move, it believed "would benefit most of all the ultimate consumer," who bought the products of industry and who in the final analysis bore "the entire cost of production including taxation."[24]

The immediate results of this agitation were not particularly effective, for the Congress of 1926 raised the level of taxation to thirteen and one-half per cent.[25] But the pressure for reduction continued. In September, 1927, William S. Bennet of the Illinois Manufacturers' Association tax committee announced that there was prospect that the coming Congress would reduce the

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Walsh included the New Jersey Manufacturers' Association in his indictment.

[23] Illinois Manufacturers' Association, Bulletin: The Federal Income Tax (Chicago, September, 1926).

[24] Illinois Manufacturers' Association, Annual Reports, 1924, p. 10.

[25] The tax was fixed at thirteen per cent for the calendar year 1925; at thirteen and one-half per cent for 1926 and each year thereafter. 44 U. S. Statutes at Large, 59.

corporate income tax to at least ten per cent. There were, he said, a number of reasons for effecting such a change. The rate of taxation upon corporations was entirely out of line compared with the tax rates upon businesses conducted under other forms, an unwarranted discrimination that had not existed until after the war. During recent years, practically every other form of federal revenue tax had been eliminated or materially reduced, and it was not sound policy for the government to continue to collect so heavy a toll from the earnings of productive industry, which had "contributed in so large measure to the existence of continued treasury surpluses."[26]

In December, Bennett and Glenn noted with satisfaction that the bill then in the hands of the Ways and Means Committee of the house called for a reduction of the level of corporate taxation from thirteen and one-half per cent to eleven and one-half per cent. "The Illinois Manufacturers' Association," the announcement asserted, "feels that it has had its share in bringing about this reduction."[27] Unfortunately for the ambitions of the Association, however, the senate restored the corporation tax to twelve per cent,[28] and the final bill carried this provision.[29] The Association announced in its 1928 Reports that it was still dissatisfied with the level of corporate taxation and was working for reduction.[30]

It was with this aim in view that the Association opened a great campaign for federal income tax reduction in October, 1929. The board of directors under the leadership of Donnelly mapped out a drive to include speeches, bulletins, letters to members of Congress, and other forms of public agitation. A resolution urging reduction of the corporate income tax to ten per cent was adopted; and as the opening gun of the campaign, was forwarded to the members of the senate and house at Washington and

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[26] Action, September 7, 1927.

[27] Ibid., December 7, 1927. The United States Chamber of Commerce and Secretary Mellon were also leading exponents of reduction. See New York Times, December 5, 1927, p. 5.

[28] New York Times, May 13, 1928, p. 1.

[29] 45 U. S. Statutes at Large, 797.

[30] Illinois Manufacturers' Association, Annual Reports, 1928, p. 60.

to all the leading manufacturers of the middle-west. This resolution expressed the belief that "reduction of the corporate tax to ten per cent would tremendously increase industrial prosperity," and would lead to an "actual increase in the volume of corporate tax payments."[31] In December, further resolutions were adopted and forwarded arguing that tax reduction would bring down the level of commodity prices and would also raise the level of private incomes, which would then be available for an increased income tax.[32]

The Association had the satisfaction of witnessing a $160,000,000 tax reduction program promoted by Republican leaders when Congress met in December,[33] and when Congress cut the corporate tax to eleven per cent, Donnelly announced that the corporations of the country had won a substantial victory.[34] Those provisions of the bill which provided for reduction in personal income tax levels were also applauded. Donnelly concluded that there was "substantial prospect of ultimately achieving the ten per cent goal."[35] In the prospect of further federal tax reduction, however, the Association was to be disappointed by the onset of the depression.

This campaign for effective reduction of federal corporate taxation found its counterpart in a fight within Illinois against the enactment of a state income tax law. In 1920 the people of Illinois summoned a convention to revise the Constitution of 1870, long considered by many authorities to be antiquated and outmoded. One of the principal tasks of the convention

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[31] Industrial Review, October 15, 1929; Illinois Manufacturers' Association, Annual Reports, 1929, p. 5. The resolution argued that the treasury surplus of $185,000,000 for the fiscal year ended June 30, 1929 was ample justification for the reduction to ten per cent. The resolution pointed out that total internal revenue receipts for 1929 were $2,938,000,000 as compared with $2,795,000 for 1928; that the revenue from the corporate income tax had declined only to $1,230,000,000 in 1929 from $1,292,000,000 in 1928, in spite of the reduced level of taxation in 1929. Further reduction, it was believed, would actually increase treasury receipts.

[32] Illinois Manufacturers' Association, Annual Reports, 1929, p. 6.

[33] New York Times, December 5, 1929, p. 1.

[34] Ibid., December 15, 1929, p. 1.

[35] Industrial Review, January 10, 1930.

was that of providing for a modern system of taxation, and in this connection there were many people in the state who were convinced that any equitable scheme of taxation would do away with the personal property tax entirely and replace it with a graduated income tax.[36] The Illinois Manufacturers' Association had, however, no intention of submitting to the imposition of such a levy. Consequently, while the State Federation of Labor and various realty associations agitated for reduction of the tax on real property and the enactment of an income tax, the Association acquiesced in this propaganda, but nevertheless stood firm in its opposition to any graduated income tax. In May, 1921, a great convention, presided over by Glenn, Hastings, and L. E. O'Brien, of the Association's tax committee was held at Springfield. Over twelve hundred of the most prominent manufacturers in the state listened to addresses denouncing the present tax rate as "ruinous to Illinois industry," after which resolutions urging "drastic economy" were passed and presented to both houses of the state legislature.[37] A few months later, in March, 1922, the Association organized the Illinois Tax-Payers League, with Glenn as its secretary, to work against "certain inequities of the present taxing system," among which were listed "the excessively high rate of realty assessment in Cook County," and the personal property tax.[38]

Meanwhile the board of directors of the Association had met and adopted a resolution assenting to the passage of an income tax by the constitutional convention, provided, however, that it was established in lieu of and not in addition to the personal property tax, which ought to be abolished. The directors considered also that the income tax should be "equal in application," and the constitution provide a limit "so that the tax

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[36] Herbert D. Simpson, Tax Racket and Tax Reform in Chicago (Chicago, 1930), p. 119. See also Ibid., p. 100, for a suggested explanation of why manufacturers' organizations in Illinois are so acquiescent of the apparent evils of the tax system.

[37] Illinois Manufacturers' Association, Annual Reports, 1921, p. 13; Manufacturers' News, April 21, 1921, p. 6.

[38] P. A. Peterson, Derr R. Felt, and P. A. Walker, all prominent officers of the Association, were directors of the new group. Manufacturers' News, March 16, 1922, p. 18; Ibid., April 15, 1922, p. 14.

might not be made confiscatory."[39] Glenn, immediately upon the passage of this resolution by the directors, sent out a circular to the entire membership of the Association urging them to petition the convention to abolish the personal property tax; otherwise Illinois would "merely have an additional form of taxation" and no tax relief. "The personal property tax is impossible of equitable, uniform enforcement--it is a cumbrous, costly and inefficient impossible method of collection. Surely it would be more equitable to apply one rational standard of value--the income tax--and collect taxes upon that," Glenn asserted.[40]

The work of the convention, however, called for a graduated income tax, and said nothing about the abolition of the antiquated personal property tax. The new constitution limited exemptions from the income tax to salaries below five hundred dollars per annum in the case of unmarried persons; heads of families received exemption of one thousand dollars plus two hundred dollars for every child, and provided that the highest rate of taxation upon income must not be more than three times the lowest rate of taxation.[41] These provisions were, on the whole, extremely favorable to the members of the Association since in effect they made any appreciable tax upon big incomes impossible. There was more to the constitution, however, than the clauses affecting taxation. The directors considered the provisions of the proposed document which related to labor ill-advised, and after some considerable hesitation Glenn announced only three days before the referendum that the Association was opposed to adoption.[42] The constitution was overwhelmingly rejected in the election of December 12, 1922, the opposition of organized labor playing an

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[39] Manufacturers' News, May 4, 1922, p. 8.

[40] Illinois Manufacturers' Association, Bulletin: The State Income Tax (April, 1922); Manufacturers' News, May 25, 1922. p. 4, gave a list of the members of the convention who would be willing to listen to the complaints of the business man that the imposition of an income tax in addition to the already existing provision for a personal property tax was an unjust imposition. Members were urged to write these men.

[41] Illinois Constitutional Convention, ed., Illinois State Constitution of 1922,(September, 1922), sections 145, 144, 145.

[42] Chicago Tribune, December 10, 1922, p. 1; Illinois Manufacturers' Association, Annual Reports, 1922, p. 10.

important part in its defeat.[43]

In 1926, however, the ghost of the graduated income tax rose again when organized labor and many public officials and private citizens throughout Illinois combined to push through the General Assembly a constitutional amendment for submission to the people, sweeping away those provisions of the old constitution which provided that "property shall be taxed upon the basis of its value," and that "taxes shall be uniform as to persons and property."[44] Plex, Glenn, Hastings, and several other prominent directors and officers consulted with Fyffe concerning the proposal, and in August the Association came out against the amendment. It placed its argument upon an analysis by Fyffe, whose opinion it was that through the amendment, firms of a sort composing the Illinois Manufacturers' Association "might be taxed out of existence." He asserted that

> By this resolution plenary power is given to the general Assembly of this state to be exercised by general law uniform upon persons, property, or income of the same class. Over the whole subject of taxation there is no limit to the amount of the income tax as there was under the proposed constitution defeated in 1922. There is no exemption in the case of small incomes. There is no limit on the size of the rate nor on the imposition of sur-taxes. Corporations, such as those which compose the membership of the Illinois Manufacturers' Association might be taxed out of existence. For that matter a tax might be levied directly upon firms or corporations engaged directly in manufacture. To judge by the performance of the last general Assembly such a tax would be not only possible but highly probable.
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> It is enough to say that the proposed amendment gives the general Assembly an unlimited power over the subject of taxa-

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[43] Chicago Tribune, December 13, 1922, p. 1; Staley, op.cit., p. 441. Organized labor opposed the income tax because it offered small incomes an exemption of but $500 and failed to provide for a sufficiently graduated tax.

[44] The amendment was in the form of a revision of sections 1, 2, 3, 9, and 10, of Article IX, of the constitution of 1870. Journal of the Illinois House of Representatives, 1926, p. 846. The change was supported by the Illinois State Federation of Labor and many civic organizations. Illinois State Federation of Labor, Forty-Fourth Annual Proceedings, 1926, pp. 254-257. In a letter to John F. Walker of the State Federation of Labor, Walter F. Dodd, prominent Illinois constitutional attorney and taxation expert stated that in his opinion a uniform income tax was already legal, but that a tax providing both for graduations and for exemptions was probably unconstitutional. The proposed amendment would remedy this difficulty. Dodd thought that the new tax would cut down tax dodging, reach many groups of persons who were concealing large intangible assets in stocks and bonds. See Illinois

> tion. It seems to me that, judging from what I know of the attitude of the Illinois Manufacturers' Association, such an amendment should be considered as utterly bad.[45]

For its stand against the income tax law and the active campaign which the Association began to wage in August, the organizations won the enmity of a great many public organizations and newspapers throughout the state. Its answer was that there was no guarantee that "the present tax would be handled any more intelligently by the legislature than other taxes have been in the past."[46] The Association won its point; the income tax amendment was defeated at the polls in November.[47] In its Annual Report for 1926, Glenn remarked that the Association had rendered a "very great service" for its members through the defeat of the income tax law.[48]

The 1926 income tax amendment definitely aroused the Association to a much more active interest in state taxation than it had held formerly, and during 1927, it began to issue large amounts of publicity matter on the "evils of the present system of excessive taxation," both state and federal. It was the claim of the Association that the problem was primarily one of great governmental waste, extravagance, and inefficiency, and that if these difficulties were eliminated, it would be possible to bring about an active reduction of taxes in Illinois and in the nation. It was with this attitude in mind that a committee headed by William Butterworth, active Association official, began an examination of the entire Illinois tax structure with a view to making certain recommendations for reform.[49] After some months of work, the committee published a study in the name of the Association offering several suggestions as to the Illinois system of

State Federation of Labor, Forty-Fourth Annual Proceedings, 1926, pp. 254-255.

[45] Manufacturers' News, August, 1926, p. 18.

[46] Ibid., August, 1926, p. 28.

[47] Chicago Tribune, November 4, 1926, p. 1.

[48] Illinois Manufacturers' Association, Annual Reports, 1926, p. 6.

[49] The other members of the committee were: Charles Piez, Link-Belt Company; W. C. Arthur, Mount Vernon Car Manufacturing Company; E. L. Mansure, E. L. Mansure Company; Paul F. Beich, Paul F. Beich Company; and George E. Frazer, counsel.

taxation and the administration of public funds in Illinois.

The report of the committee showed clearly enough that the primary concern of its members was reform in taxation made possible through a reduction in governmental expenditures. No fundamental changes in the tax structure were asked, and the remedies suggested were confined almost entirely to those which would "guard against the waste, extravagance, and illegal apportionment of public funds." The committee considered that the auditing systems of most counties and municipalities were "antiquated," and "provision should therefore be made by law for adequate and understandable accounting systems for all local governing bodies." To insure the enforcement of these requirements, the State Auditor of Public Accounts should be given supervisory powers similar to those now exercised by that official over state banks within Illinois, and a codification and simplification of the legal system under which money was disbursed should be provided by law. Were these reforms effected, governmental expenditures would be reduced, and it would then be possible to consider specific reforms in the machinery of taxation.[50]

Reduction of expenditures, the committee emphasized, should be accompanied by "permanent abandonment" of the "notion that the mechanism of taxation ever could operate successfully to achieve social reform." There was but one purpose in honest taxation, the raising of revenue, and all "attempts to regulate business or redistribute income" through this medium were not only likely to prove futile, but would "inevitably lead to the impairment of industrial welfare." This declaration was doubtless made with reference to the income tax, which the committee considered an attempt to correct the maldistribution of wealth by "soaking the rich."[51]

The recommendations of the Butterworth committee served as the point of departure for the attitude of the Association toward taxation for the remainder of the boom era. Again and again officers and directors insisted that "the tax burden imposed by the state and federal government upon industry" was "overwhelming," and that American business would be "destroyed" unless some-

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[50] Illinois Manufacturers' Association, The Administration of Public Funds in Illinois (Chicago, 1927), pp. 6-12.

[51] Ibid., pp. 12-20; Illinois Manufacturers' Association, Annual Reports, 1928, p. 10.

thing were done to relieve manufacturers of its weight. The central argument of the committee was repeatedly sounded as Donnelly and Cunningham demanded the "introduction of business methods" in the state's administration of finance. The penalty for failure to achieve these reforms, Cunningham warned in February, 1929, would be "a flight of industry" to other states more "congenial to life-giving manufacturies." Many heavy industries, he said, were "already leaving the state," and establishing themselves in northern Indiana, where they could be free from the tax burdens" that have become intolerable."[52]

The conflict between the ideas of tax reduction sponsored by the Association and the idea of tax reform sponsored by organized labor and realty groups led to an interesting battle in the 1929 session of the General Assembly. In harmony with the Association's idea that "economy and business efficiency" were the true solution to the problem of government finance, David Clarke drafted two bills to effect this purpose and had them introduced into the 1929 session of the legislature. One required that the counties of Illinois adopt uniform standard annual budgetary systems of an up-to-date character, the other that all local tax-levying bodies file copies of their annual reports and audits with the State Auditor of Public Accounts. The measures were passed by the senate with only five dissenting votes, but in the house of representatives met the hostility of local state officers and financial officials, and they were defeated. George A. Williams of the legislative committee of the Illinois Manufacturers' Association felt that the objection offered to the measures was primarily political and of a spoils character. The basis of opposition, however, was that the bills would result in undue centralization of financial control at Springfield.[53]

If the Association failed to secure enactment of its own tax reform program, it could at any rate defeat that of its opponents. Even while the house was engaged in killing the Association's bills, it was dispensing a like fate to the latest attempt to secure a state income tax. This bill, which was sponsored by the State Federation of Labor, would have levied a tax of one per

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[52] Industrial Review, February 20, 1929.

[53] Manufacturers' News, December 1929, p. 55; Journal of the Illinois House of Representatives, 1929, p. 834.

cent upon incomes under five thousand dollars, two per cent on incomes between five thousand dollars and ten thousand dollars, and three per cent on incomes over ten thousand dollars. Although the Association through Donnelly and Clarke strenuously resisted passage on the ground that there were "grave doubts" as to the constitutionality of such an act, and that the measure was "contrary to good public policy,"[54] the bill nevertheless passed the senate by the narrow margin of one vote. The house, however, was more considerate of the Association's point of view. The Committee on Revenue of the lower chamber tabled the measure by a vote of fifteen to nine, and when friends of the bill nevertheless resuscitated it by calling it before the floor, it was defeated on May 30th by a vote of the whole house.[55]

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[54] Industrial Review, May 15, 1929.

[55] Journal of the Illinois House of Representatives, 1929, p. 1126.

CHAPTER XXV

THE EARLY YEARS OF THE DEPRESSION

The Illinois Manufacturers' Association did not expect the Great Depression. While for several years the Association had considered that there were certain economic and political developments that menaced the country's prosperity, there was every confidence in 1929 that business conditions were entirely sound. Manufacturers' News was full of statements asserting that the country was witnessing the inauguration of an era of unprecedented prosperity, and even when the stock market crash occurred, officials of the Association were not particularly worried. Late in November the Association held a conference in Chicago attended by leading industrialists, who forthwith issued strong declarations of confidence in business conditions. The stock market slump, they asserted was both "temporary and beneficial." It had "simply served to let out the gas" and "the fall in stock market quotations had not affected the earning power of industry."[1] At the same time, the Association published a survey of twenty leading Illinois industries from which it concluded that there was every prospect that industry would be as prosperous in 1930 as in 1929. A few days later the Association issued another statement asserting that business was sound, inventories light, and that business should improve.[2] In December, President James Cunningham, Executive Vice-President James L. Donnelly, Edward N. Hurley, and George R. Meyercord served as delegates from the Association to a conference of business leaders called by President Hoover to stabilize business by guaranteeing production and employment. It was still the opinion of

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[1] New York Times, November 30, 1929, p. 16; earlier in the month the Association had wired President Hoover and Secretary R. P. Lamont expressing confidence in the ability of the administration to cope with the situation and offering the president the services of the Association. See New York Times, November 19, 1929, p. 2.

[2] Industrial Review, December 2, 1929.

these men that business conditions were sound.[3] During the early months of 1930 the Association continued to be optimistic. A report issued in July concluded that "business is recovering slowly but surely" from the depression.[4] In September, in another elaborate survey the Association reached the conclusion that business conditions were approaching those of 1928;[5] and this belief was reaffirmed in the Annual Reports three months later.[6] A general upturn in business conditions was again reported in December, 1931,[7] and another was announced as on the way in September, 1932.[8] After that, however, the Association stopped talking about the imminence of recovery.

Until 1931, the Association's officers apparently were confident that the natural operation of economic forces would be sufficient to restore prosperity to the country. But in that year the officers from time to time began to make suggestions calculated to speed recovery on its way. In January resolutions were adopted by the directors, asking Congress to cut short its work and not to meet in special session, since any long session of Congress would "further dislocate and disorganize business and seriously retard normal recovery by creating uncertainty and disseminating an atmosphere of pessimism and gloom."[9] In November, the Association announced a ten point recovery program which it felt would assist the return of prosperity. It included the rotation and staggering of employment, wider distribution of available payroll money, the stabilization of credit, strengthen-

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[3] Ibid., January 10, 1930.

[4] Manufacturers' News, July 1930, p. 9; Industrial Review, July 3, 1930. The statement was signed, among others, by E. J. Buffington of the Illinois Steel Company; Arthur Reynolds of the Continental Illinois Bank and Trust Company; Col. R. R. McCormick of the Tribune; Charles Pies of the Link-Belt Company; Martin Insull of Mid-West Utilities; E. J. McDougal of Libby, McNeill, and Libby; Paul Belch of the P. F. Belch Company; and Samuel M. Hastings of the International Business Machine Company.

[5] Industrial Review, September 10, 1930.

[6] Manufacturers' News, December 1930, p. 8.

[7] New York Times, December 24, 1931, p. 28.

[8] Ibid., September 11, 1932, p. 6.

[9] Industrial Review, January 15, 1931; Manufacturers' News, February, 1931, p.17.

ing of the banking laws, modification of the trust laws responsible for the curtailment of production, regulation of speculation, reduction of taxation, discouragement of government competition with private industry, opposition to federal unemployment insurance, development of new products, and stimulation of increased confidence on the part of the public.[10] In 1932, impressed with the necessity for the rehabilitation of heavy industry, the Association began demand for a comprehensive program of public works, slum clearance, and housing; and with this idea in mind Donnelly sponsored the introduction of several public housing bills in the Illinois General Assembly. The measures, however, died in committee.[11] In October, James D. Cunningham presided over a meeting in Chicago called for the purpose of stimulating a program of rehabilitating industry through replacement of obsolete equipment. A. W. Robertson of the National Committee on Industrial Rehabilitation announced that adoption of such a plan would bring about a period of general prosperity.[12]

The Association first became concerned about unemployment in the fall of 1930, when, at the suggestion of the directors, President Theodore Gerlach appointed an unemployment committee, headed by George F. Getz, of the Globe Coal Company,[13] to make a thorough survey of employment conditions among Illinois manufacturers. In December, the committee reported back several positive recommendations to the directors:

1. Stimulation of employment through increased sales activities.
2. Reduction of overtime.
3. Temporary curtailment of the number of working days per week where feasible.
4. Adoption of alternating shifts.
5. Transfer of workers from slack to busier departments.
6. Using men on repair and maintenance work.
7. Construction of plant facilities previously plannned.

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[10] Industrial Review, November 1931.

[11] The bills provided for the creation of housing corporations with authority to borrow money from the Reconstruction Finance Corporation to wipe out slums by the construction of modern sanitary buildings. Industrial Review, October, 1932.

[12] New York Times, October 20, 1932, p. 38; Manufacturers' News, December, 1932, p. 19.

[13] Other members of the committee were: Alfred Decker, President of Alfred Decker, and Cohn Inc.; Noah Van Cleef, of Van Cleef Brothers; and E. L. Trombly of the Illinois Paper Box Company.

8. When employing new help give preference to (a) married men (b) single persons with dependents, (c) single persons in distress who have been residents of the respective community for more than one year. (d) owners of homes who are in need of employment.

9. When lay-offs are necessary, degree of dependency as well as efficiency are given consideration.

10. Stock orders planned a considerable period, perhaps a year or more in advance.

11. Reduction of seasonal orders . . . . .

12. Increasing the proportion of non-seasonal orders to be delivered when ready or not until a certain date . . . .[14]

Shortly after this report was released, Governor Louis Emmerson appointed a State Unemployment Commission to study the problem. Getz was also appointed chairman of this body, which co-operated closely with the Association's committee, its recommendations being substantially the same as those which the Illinois Manufacturers' Association had already advanced.[15] In August, 1931, Gerlach appointed a second committee of Association men, headed by George H. Meyercord, to co-operate with the governor's Commission,[16] the outcome of which was the submission to the board of directors of the so-called "Meyercord Plan." This scheme advocated that factories make no further reductions in pay-roll, but that instead each plant establish its wage payments on a percentage system in the following manner:

> Every factory by taking three normal years can ascertain what the direct wages on its product amounts to in percentage. In our plant we also know what the overhead salaries amount to in percentage to the merchandize we produce, and what percentage officer's salaries bear to total sales . . . . .
>
> On the last day of the month we have a certain amount of orders on hand for production in the following months. Assuming that over three normal years the average monthly production was $200,000 and assuming that the amount of orders entering the new month was $75,000 and that by previous experience it was known that $75,000 in additional orders for production in that month could be reasonably expected, the quota for that month would be 75% which would insure 75% payroll and salary roll available for distribution.[17]

The plan herein outlined received wide publicity and was adopted

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[14] Manufacturers' News, December, 1930, pp. 11-12.

[15] Illinois Manufacturers' Association, Annual Reports, 1930, p. 4; Ibid., 1931, p. 20; Industrial Review, October, 1931.

[16] Illinois Manufacturers' Association, Resolution; Public Works in Depression (October, 1931); Industrial Review, August, 1930.

[17] Industrial Review, October, 1931; New York Times, September 20, 1931, p. 25.

in substance by a number of firms in the middle-west.[18]

It became evident early in 1932, however, that no plan for supporting employment was adequate to prevent a large number of unemployed, that private relief sources were failing, and that some form of state assistance would have to be forthcoming. Governor Emmerson accordingly called a special session of the General Assembly to deal with various methods of raising money for emergency relief,[19] and ultimately the legislature submitted a twenty million dollar bond issue proposal to the electorate in November to raise funds for the Illinois Emergency Relief Commission.[20] President Edward N. Hurley, Donnelly, and other Association officials supported the issue, and explained to the members that had it failed of adoption it would have been necessary to meet these expenditures out of current taxation.[21]

While the Association thus assisted the state of Illinois in its efforts to handle the problems of unemployment and unemployment relief, it opposed any participation by the federal government in relief expenditures. In April, 1932, Donnelly appeared before a sub-committee on labor of the national house of representatives to testify against House Bill 8086, which provided for federal appropriations to the states for relief purposes. He asserted that federal relief was unnecessary, since local and state resources were adequate. Federal appropriation, he felt, would discourage local relief efforts, and would thereby "promote idleness, stifle individual initiative and impair individual responsibility." It would, furthermore, "establish the dangerous precedent of a new, continuing, and ever-expanding federal institution," at a time when bureaucracy was already a national menace, and the eventual outcome would be the "establishment of a federal dole," with all its attendant evils.[22] It soon became recognized

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[18] Illinois Manufacturers' Association, Bulletin: The Meyer-Cord Plan (January, 1932).

[19] Chicago Tribune, January 2, 1932, p. 1.

[20] Journal of the Illinois House of Representatives, 1932, p. 800.

[21] Manufacturers' News, December, 1932, p. 28. Chairman R. L. Ryerson of the Illinois Emergency Relief Commission was for many years an active member of the Illinois Manufacturers' Association.

[22] Industrial Review, April, 1932.

by the Association, however, that federal relief appropriations were inevitable, and after 1932 the Association offered no opposition to direct relief assistance by the national government.[23]

Meanwhile, however, the Association had become convinced that the true path to industrial recovery lay through a lightening of the tax burden. It had, of course, for many years campaigned against "excessive or unreasonable" taxation, but this fight now took on an added significance, as the Association began to insist that no relief from the depression was possible until the weight of taxation upon industry was lessened. Continued heavy taxation, they believed, would force many businesses to retrench in order to meet this expense, and this in turn meant still further reduction in pay-rolls and employment. Lightened taxation, on the other hand, meant industrial solvency, greater profits, larger pay-rolls, more employment, in short, industrial recovery.[24] The Association soon had ample opportunity to put these theories to actual practice, for with the regular sources of revenue greatly weakened, the state was seeking new methods of raising money to meet the added responsibilities imposed by the depression. In 1930, the legislature decided to submit once more an income tax amendment to the people of Illinois for ratification at the November election.[25] President Theodore Gerlach, Donnelly, and Gordon did their best to oppose passage of the measure through the legislature, but when the Assembly, nevertheless, passed the bill, the Association massed its forces to defeat ratification. In explaining this step Donnelly asserted that a state income tax was of little value as a revenue measure. He pointed to the example of the thirteen other states that had such a tax, asserting that these states had realized "in 1927 an average of

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[23]The Association did point out, however, that federal relief money was largely collected in the industrial states and spent in the non-industrial states. See below Chapter XXVI.

[24]Manufacturers' News, February, 1931, p. 7.

[25]Journal of the Illinois Senate, 1930, p. 60; Journal of the Illinois House of Representatives, 1930, p. 80. The proposal was submitted as an amendment to sections 1, 2, 3, 9, and 10 of Article IX, of the State Constitution, and was so worded as to abolish the limitation that "taxes shall be levied according to valuation," this clause being replaced with one stating that "The General Assembly shall have the power to enact laws to provide revenue." This change would make possible a graduated income tax.

less than four and one-half per cent of their state and local revenues" from such a tax. The exception was Wisconsin, which had "notoriously driven out industries and capital by overtaxation."[26] The demand for an income tax was furthermore based upon the premise that real estate was "carrying too large a share of the tax burden," that incomes and intangible wealth were "carrying very little of the tax burden," and that this evil could be "remedied by giving the legislature "unlimited authority by a mere majority vote to pass any kind of tax legislation, including a classified income tax and a tax upon intangibles." None of these assumptions, Donnelly considered, was true. While a large proposition of taxes was paid directly by real estate, industry indirectly paid most of these; on the other hand an income tax, far from lightening the tax load upon anyone, would merely offer an opportunity to levy "an additional tax which would seriously burden industry without helping the individual taxpayer."[27] And the tax would be but a first step in the direction of a classified income tax, "the real aim of the amendment." To such a tax the Association was "unalterably opposed."[28]

The campaign of the Association against the amendment was well-organized. Thousands of bulletins explaining the stand of the Association against the law were sent out to manufacturers and to the public, while over three thousand addresses and radio talks were made by Donnelly, Gerlach, the directors, and the members of the tax committee. Effective co-operation was received from the membership at large, which posted the Association's bulletins, addressed assemblies of employees, and otherwise publicized the opposition to the law.[29] The attack was effective. Although the amendment had the support of organized labor and of realty associations, it nevertheless was defeated at the November 4th election. The proposal received a majority of affirmative votes (407,988 to 300,921), but the affirmative was only about thirty per cent of the voters participating in the election,

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[26] Manufacturers' News, August, 1930, p. 5; Illinois Manufacturers' Association, Bulletin: Defeat the Income Tax (August, 1930).

[27] Manufacturers' News, August, 1930, p. 5.

[28] Industrial Review, February, 1931. See also the arguments in Ibid., October, 1931, p. 4.

[29] Ibid., October 10, 1930; Manufacturers' News, December, 1930.

whereas the constitution required that a majority of all the voters in the election approve the amendment.[30]

The defeat of the 1930 amendment did not bring the fight over the income tax to a close. In July, 1931, a conference of forty-two prominent citizens, representing a cross-section of the various economic and administrative groups in the state, met in Chicago with Governor Louis L. Emmerson to consider the Illinois revenue situation which, especially in Chicago, was going from bad to worse. The interests of the Illinois Manufacturers' Association were represented by President Gerlach, Ray Wantz of the Rockford Fiber Container Company, and R. R. Weber, president of the Mount Vernon Car Manufacturing Company. An executive committee, including Wantz, was presently appointed by the general conference, and this body held several meetings during the remainder of the year to study the tax situation.[31] No positive recommendations were made, however, largely because of the inability of the representatives of the various interest groups to come to any general agreement as to what constituted tax reform.[32]

The financial crisis by 1932, however, was if anything more desperate than ever, and the legislature, balked in its attempts to obtain a constitutional amendment authorizing an income tax, decided nevertheless to enact a graduated income tax law on the chance that the courts would rule in favor of the validity of such a statute. The act of January, 1932, whose passage the Association resisted vigorously through its legislative bureau,[33] levied a one per cent tax on any amount not exceeding one thous-

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[30] Chicago Tribune, November 4, 1930, p. 3.

[31] Industrial Review, July 18, 1931; Chicago Tribune, July 1, 1931, p. 1; Ibid., July 2, 1931, p. 6.

[32] Manufacturers' News, December, 1931, p. 20.

[33] Industrial Review, February, 1932; Manufacturers' News, December, 1932, p. 33. In an effort to prevent the passage of "unfriendly tax legislation in 1932, the Association, led by President Samuel M. Hastings, Vice-President Thomas N. Hammond, James L. Donnelly, and David R. Clarke, held large numbers of meetings with manufacturers and public groups throughout the state "with the particular object of insuring the cooperation of our members for candidates who were friendly to industry and who were candidates for re-election and also securing co-operation for candidates who had not heretofore been members of the legislature, but who had indicated a desire to be fair and open-minded on legislative questions affecting the industries of the state." Manufacturers' News, December, 1932, p. 30.

and dollars graduated up to six per cent on incomes above twenty-five thousand dollars.[34]

The Association immediately decided to attack the law in the courts as unconstitutional. David H. Clarke, counsel for the Association, acted as attorney for David H. McMasters, a manufacturing druggist of Peoria, Illinois, in whose name the test case was instituted. The Sangamon County Circuit Court ruled that the law was unconstitutional, whereupon an appeal was immediately taken to the State Supreme Court. Here Clarke once more attacked the constitutionality of the statute, with the assertion that it levied a tax without regard to valuation, was "vague, ambiguous and incertain" and a "violation of due process of law."[35]

These arguments were sufficient to convince the Illinois Supreme Court of the invalidity of the statute, which in an opinion handed down in October declared that the statute was unconstitutional, violating the provision of the state constitution that "all taxes shall be levied according to valuation."[36]

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[34]The law provided: one per cent on incomes not exceeding $1,000; two per cent on incomes between $1,000 and $4,000; three per cent on incomes over $4,000 and not exceeding $9,000; four per cent on incomes over $9,000 and not exceeding $16,000; five per cent on incomes over $16,000 and not exceeding $25,000; six per cent on incomes of $25,000 and over. The law made the following exceptions: $1,000 for single persons; $2,500 for heads of families, and $500 additional for each child under 18 years or dependent child. General taxes on any property reported as producing net income might be claimed as credit against the computed tax of the tax payer, provided, however, that such credit did not reduce the tax more than the proportion which the net income derived from such source bore to the total net income. See State of Illinois, Laws of Illinois, 1932, p. 426.

[35]The full grounds of Clarke's argument were :

"1. The income tax violates the constitution of the state of Illinois in imposing a tax upon persons based upon incomes.

"2.TThe act fails to express in its title the subject embraced therein.

"3. The act is vague, ambiguous, uncertain, incomplete, and deprives persons of property without due process of law.

"4. The act delegates legislative and judicial power to the Department of Finance, contrary to the constitution of Illinois.

"5. The act fails to provide adequate opportunities for hearings for taxpayers.

"6. The act provides discriminatory and unreasonable classifications of persons and property, contrary to the constitution." Industrial Review, August, 1932; Manufacturers' News, December, 1932, p. 33.

[36]349 Illinois 879 ff. In its opinion the court said in

The Association had its own remedy for the Illinois financial crisis, which it tendered the people of Illinois while engaged in defeating the income tax. It was the belief of the Association that the first step in any solution was "the application of elementary business management to the conduct of the affairs of our local tax-spending bodies,"[37] and with this conviction in mind it prepared and caused to be introduced into the General Assembly a series of bills calculated to bring about reform of the entire system of fiscal administration in Illinois. These bills would have created a Public Expenditures Committee in the State Department of Finance, required municipalities of less than five hundred thousand population to adopt budgets prescribed by this committee, required the Commission to establish uniform systems of accounting for receipts and expenditures for municipal corporations, and created a budget supervisory board and a county expenditures commission in counties of more than five hundred thousand population.[38] These bills died in committee, but were in part embodied in a measure known as House Bill 818, introduced into the 1933 session of the legislature, which would have required unified accounting systems and auditing for local taxing bodies outside Cook County.[39] This bill also died without ever coming to a formal vote on the floor.

While the Association thus worked successfully against a state income tax, it carried its fight for reduced taxation into the national arena. When Congress began consideration of

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part: "As heretofore shown the word 'property' as used in our constitution, includes income, and income is property. Therefore it necessarily follows that under the constitution of this state all taxes must be levied on property by valuation, so that every person and corporation shall pay a tax in proportion to the value of his or its property. The 1932 income tax law is an attempt to levy a tax upon property (income) by means of a graduated scale that increases in rate as applied to increases from property and personal earnings. It therefore violates the constitutional provision that all taxes must be levied on property according to valuation." See also Industrial Review, November 1932.

[37] Manufacturers' News, December, 1932, p. 13.

[38] Ibid., The bills were known as Senate Bills 31, 32, 33, 55, 186, and 187. Journal of the Illinois Senate, 1933, p. 16.

[39] Journal of the Illinois House of Representatives, 1933, p. 505. The measure was introduced by Representative Elmer J. Schnackenberg of Chicago. Manufacturers' News, June, 1933, p. 16. In 1934 the Association unsuccessfully lent its support to a bill,

the 1932 federal tax program, the Association prepared to exert itself against any increase in the tax burden upon industry. During January and February numerous bulletins were released, asserting that "unless a drastic program of tax reduction" were undertaken, the depression would "certainly become more acute." The tax burden, the Association proclaimed, had been "increased all out of proportion to the ability of the tax-payers to pay," and as a consequence, "the day of reckoning" could "no longer be postponed."[40]

January 26th, Vice-President Donnelly appeared before the House Ways and Means Committee in opposition to any increase in the corporate income tax, or the imposition of a manufacturers' sales tax, with the assertion that unless the federal government immediately slashed taxes and entered upon a program of drastic economy, the whole industrial structure would be weakened, and the present crisis deepened and prolonged.[41] His action was followed up by an expedition of several officers and important members to campaign against federal taxation. February 12th, they entertained the Illinois delegation in Congress at a dinner, the primary purpose of which was to seek the co-operation of the legislators in the fight for tax reduction. Vice-President Thomas S. Hammond, Harold Smith, of the Illinois Tool Works, and S. F. Affleck, of the Universal Cement Company all addressed the gathering.[42]

The report of the Ways and Means Committee, which appeared in March demonstrated that the pressure of the Association and similar groups had but little influence upon the work of the committee. The bill submitted to the house increased the corporate

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H. R. 6038, in the national Congress, which would have introduced a standard and unified cost-accounting system into all executive departments of the federal government. See Manufacturers' News, August, 1934, pp. 11-12.

[40] The Association presented the following statistics on the increase in taxation throughout the U. S. between 1913 and 1931:
Taxes levied by local governments 294%
" " " state " 549%
" " " the national government. . . . 509%
Industrial Review, February, 1932.

[41] Industrial Review, February, 1932.

[42] Ibid., February, 1932. Manufacturer's News, December, 1932, p. 2.

income tax from twelve per cent to thirteen and one-half per cent, while it imposed a manufacturers' excise tax upon a large number of luxury and semi-luxury commodities.[43] The bill was immediately attacked by organized capital throughout the United States as destructive, ruinous, and calculated to prolong the depression,[44] and in this assault the Illinois Manufacturers' Association stood with its fellows. A few days after the report appeared Donnelly instituted "a nation-wide tax reduction campaign" at a meeting in the Chicago Union League Club attended by several hundred Illinois manufacturers.[45] After numerous addresses, resolutions were adopted labelling the increase in federal taxation "a national menace," and manufacturers were urged to petition Congress by letter, organize their stockholders in protest, and have their employees sign suitable petitions to be presented in Congress.[46] All this activity continued to be of minor consequence, for the federal government was desperate for revenue. The senate Finance Committee raised the corporate income tax to fourteen per cent, from which level it was ultimately reduced to thirteen and three-fourths per cent, while the manufacturers' sales tax was extended and increased.[47] In substantially this form the measure was signed by President Hoover in July,[48] over the protest of the Association and other groups,[49] who were forced to be content with the presi-

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[43] New York Times, March 9, 1932, p. 1.

[44] The bill was denounced by the National Association of Manufacturers, the National Industrial Conference Board, the Chamber of Commerce of the United States, and a great many trade associations of national scope. New York Times, March 8, 1932, p. 15; Ibid., March 13, 1932, p. 8; Ibid., March 18, 1932, p. 5.

[45] Industrial Review, April, 1932.

[46] Ibid., April, 1932; Manufacturers' News, December, 1932.

[47] New York Times, June 4, 1932, p. 6.

[48] Ibid., July 6, 1932, p. 1.

[49] In June, in a national appeal to stockholders and corporation employees, the Association asked that recipients of the message wire Congress requesting a flat ten per cent reduction in the federal budget, which it asserted, would make possible the elimination of most of the objectionable features of the present law. Industrial Review, June, 1932; see Chicago Tribune, July 2, 1932, p. 6 for the Association's work through the Midwest Manufacturers' Association, then a recently organized Illinois Manufacturers' Association affiliate.

dent's demands for greater federal economy.[50] The campaign of the Association nevertheless continued. Efforts were made to write economy planks into the platforms of both major parties,[51] and throughout the remainder of the year the Association co-operated closely with the National Association of Manufacturers in a nation-wide drive for tax reduction.[52]

Closely allied to this campaign was the fight of the Association to keep government out of private industry. During the 1920's, the Illinois Manufacturers' Association had occasionally referred to the "ruinous and destructive effects of governmental competition with private industry,"[53] but the issue was not an important one at a time when profits were high and the main interest of the Association centered in protecting private enterprise from social legislation. After 1929, however, the issue suddenly took on major significance, for the Association saw in government industries not only a serious competitive attack upon its members, but also a principal cause of continued depression and high taxation.

Edward N. Hurley, prominent Association official, made clear the attitude of the Association toward government operated enterprise, when he asserted that "as a business man I have observed that as a rule even poorly managed private enterprises are better directed than are public concerns." The explanation, he felt, was simply that "the private manager must make the income of the business at least equal to its expenses or he will be fired by the directors" and "back of the private manager there stalks the bankruptcy court . . . . ." Government enterprise, on the other hand, need have no concern about profits, for the politician

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[50] The Association congratulated Hoover in June on his stand for federal economy. Industrial Review, June, 1932. The Association believed, however, that its opposition to the clause in the original bill making the corporate tax increase retroactive had been a principal factor in the elimination of that feature from the final bill. Manufacturers' News, December, 1932, p. 2.

[51] Samuel M. Hastings appeared before the resolutions committees of both the Republican and Democratic Conventions with demands for economy planks in party platforms. Industrial Review, June, 1932.

[52] Ibid., November, 1932.

[53] Labor Review, December, 1922; Review For Executives, January, 1926; Manufacturers' News, March 30, 1922, p. 5; Ibid.,

"knows that the government cannot go bankrupt as long as it has the taxing power." He "knows that in the last analysis his job depends upon votes and there are quicker and easier ways to get votes than to conduct a public business so cheaply and efficiently that it will show a profit." The result was the "invariable inefficiency" of governmental enterprize.[54]

The Association might not have been concerned with the "inefficiency" of public enterprise, if it were not for the disastrous effects of governmental competition upon private business. Because "the deficit which has been incurred . . . . in unsound business ventures has been made up by increased taxes," and because "government business receives numerous free subsidies," i.e. freedom from taxes, free land, light, and mail service, a number of private businesses had "been seriously interfered with and in many instances practically paralyzed by government competition.[55] In the double loss of increased taxation and private bankruptcy the Association saw a principal cause of continued depression.[56]

During 1932 the agitation of the Association, the National Association of Manufacturers, and similar organizations became so strong that Congress appointed a commission of five of its members led by Representative Joseph E. Shannon to investigate "encroachments of the federal government into private industry."[57] Donnelly in testifying before the commission at Kansas City in July, stated that government tent manufacturers had ruined several middle-western companies in that industry. The government's activities were even represented as fraudulent in that it "manufactured tents of an inferior grade," then marketed them through army stores as army goods which naturally are in demand as being of superior quality."[58] Other industries described as adversely

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December 14, 1922, p. 43; Ibid., November 1, 1924, p. 11; Illinois Manufacturers' Association, Annual Reports, 1929, p. 5.

[54] Manufacturers' News, August, 1929, p. 24.

[55] Ibid., December, 1932, p. 20.

[56] Illinois Manufacturers' Association, Annual Reports, 1931, p. 3. The Association listed the following industries in 1931 as seriously effected by government competition; railroads, express companies, steamship lines, ship-building, co-operative organizations, and storage warehouses.

[57] New York Times, February 14, 1932, sec. II, p. 4.

[58] Manufacturers' News, August, 1932, p. 6.

affected were steel castings, shoes, envelopes (thirty-five Illinois concerns were said to be affected by the federal government's manufacture of two and three-quarter billion envelopes annually), paint and varnish, furniture, and clothing.[59] In the brief submitted to the Congressmen Association officials laid down what they considered should be the guiding principle of governmental industrial activity:

> The business activities of the government should be confined to those fields which are reasonably necessary and proper government functions; which are essential to the national defense, and which concern articles which are not normally used for private use and cannot advantageously be produced by private enterprize.[60]

In reporting upon its activities before the Shannon Commission, the Association suggested as a remedy that "the government should be required by law to show the actual costs of commodities and services which it supplies at the expense of American business men and manufacturers" who were "taxed heavily to support the competition of which they are victims."[61] By now it was clear to the Association that "governmental extravagances and governmental paternalism and bureaucracy," were "two economic maladies which are now generally exploited as causes of the business depression."[62]

For a time in 1933 the Association was optimistic about the chances for effecting a general retrenchment of "governmental extravagance" and reduced taxation, and it telegraphed President Roosevelt its support, when, in the early days of his administration, he forwarded a message to Congress calling for "a balanced budget, a sound currency, and drastic governmental economy."[63] The era of congratulation was short lived, however; even while

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[59] Over one hundred and thirty Illinois industries were listed in the Association's brief as being directly affected in some degree by government competition. Industrial Review, August, 1932. At a later hearing the Association also filed a brief complaining that Illinois manufacturers were being subjected to further serious competition by the products of prison labor, as a result of the Hawes-Cooper Prison Labor Act. Industrial Review, October, 1932.

[60] Manufacturers' News, August, 1932, p. 6.

[61] Ibid., December, 1932, p. 38.

[62] Illinois Manufacturers' Association, Annual Reports, 1932, p. 5.

[63] Manufacturers' News, June, 1933, p. 18. The message to the president was signed by President Thomas S. Hammond.

the Association was complimenting the president for his economy messages, it was labelling the Muscle Shoals legislation then pending in Congress "a menace to industry in Illinois" to be effected "at an estimated cost of $1,250,000,000."[64] Within a year the officials of the Association were to be convinced that a much more dangerous taint of governmental extravagance and paternalism affected the New Deal than had ever clung to the garments of any previous national administration.

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[64] Illinois Manufacturers' Association, Bulletin: Muscle Shoals Bills (Chicago, April 20, 1933).

CHAPTER XXVI

A NEW THREAT OF LABOR "DICTATORSHIP"

The Illinois Manufacturers' Association at first looked with mild approval upon the Roosevelt administration. Donnelly and the other officers witnessed with satisfaction the Roosevelt drive for economy and the recovery of the national spirit that took place in the months following March, 1933. The enactment of the National Industrial Recovery Act was viewed in the same light, although its development was watched closely by the Association, and during May and June, Donnelly, Heidrich, Ray E. Wantz, and other members of the Association spent much time in Washington in touch with the Illinois delegation in Congress and important government officials.[1]

There was one section of the proposed law, however, which seriously disturbed the Illinois Manufacturers' Association. That was the now famous "section 7(a)"[2] which appeared to guarantee to labor the rights of unionization, collective bargaining, and employee representation by majority rule. While the bill was still in Committee, and again on the floor of the senate, Donelly and Wantz made every effort possible to secure modification of the labor provisions of the act "so as to make them fair and rea-

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[1] Industrial Review, May, 1933; Manufacturers' News, May, 1933, p. 6.

[2] Section 7(a) read as follows: "Every code of fair competition agreement, and license approved, prescribed, or issued under this title shall contain the following conditions: (1) That employes shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coersion of employers of labor, or their agents, in the designation of such representatives or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection; (2) that no employe and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing; and (3) that employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment, approved or prescribed by the president." See 48 U. S. Statutes at Large 198.

sonable in their application to all lines of business."[3] It was the conviction of Wantz, who worked for weeks in Washington while the measure was under consideration, that only violence, intimidation, and coercion could result from the "abolition of the open shop principle," as proposed in section "7(a)".[4] After the law had passed both houses of Congress, the board of directors of the Illinois Manufacturers' Association wired President Roosevelt and General Hugh S. Johnson as follows:

> Our inquiry convinces us that Illinois industry will not voluntarily submit to labor provisions of Section Seven (A) of Industrial Recovery Bill as it now stands in the Senate stop We so advise you in the spirit of co-operation stop experience in this state for example recently in coal fields where state troops have been on duty for a year because of inter-union violence resulting from attempts of rival groups to control unions and similar teamster violence in Chicago, convinces our members that abolition of the open shop principle that is involved in section 7(a) would be followed by racketeering, riots, property damage and murder.[5]

But section 7(a) became law in spite of the protests of the Illinois Manufacturers' Association and organized manufacturing groups. Thereupon the Association went to work to defeat the closed shop implications of the section in Illinois. David H. Clarke, Association attorney, held the clause to be "contrary to repeated rulings of the U.S. Supreme Court" and therefore "unconstitutional and unenforceable."[6] The Association contended, also, that the Industrial Recovery Act did not prevent employers from "advising their workers not to join a union," "did not sanction mass picketing," nor the various "aggressive efforts" made by labor to organize industry. The law, Donnelly, Wantz, and Hammond believed, was being subjected to the grossest sort of misrepresentation by union labor organizers in their desperate attempts to make the N.R.A. "an instrument for advancing their selfish interest." Employers were advised to fight back, to resist to the utmost the attempt to wrest the control of private business from their hands.

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[3] Manufacturers' News, August, 1933, p. 9.

[4] Ibid., August, 1933, p. 9.

[5] Ibid. Prominent officers and directors supporting this resolution were: Ray B. Wantz, William Butterworth, William Nelson Pelouze, Sterling Morton, J. C. Belden, Theodore R. Gerlach, Thomas S. Hammond, Samuel M. Hastings, George M. Moyercord, Paul F. Beich, and James D. Cunningham.

[6] Illinois Manufacturers' Association, Bulletin: The National Recovery Act (September, 1933).

The N.R.A., whenever feasible, should be explained to employees and discussed frankly with them. It was also suggested that "individual contracts with employes might prove useful" in combating efforts at unionization, and the Association stood ready to furnish a satisfactory form for these contracts upon the demand of any of its members.[7]

The Association found especially obnoxious that ruling of the National Labor Relations Board which adopted the principle of "majority rule" in collective bargaining. It was the opinion of the Association that the decision was in direct contradiction to the terms of section 7(a), was illegal and unenforceable, and represented a "deliberate attempt at union domination of labor." The Association advised its members that its application should be "resisted to the utmost."[8]

In the late months of 1933 and during 1934, the Association felt that its predictions concerning the difficulties inherent in section 7(a) were being justified. In October, 1933, it appealed directly to President Roosevelt with the cry that Illinois industry was "being wrecked by union labor activities," and that unless the president called an "immediate moratorium on all union labor activities" similar to that in force during the world war, "widespread distress would result, and the National Recovery Program would be jeopardized."[9] In January the Association noted many cases of violence and disorder directly associable to union activities under section 7(a).[10]

The Association had by now its own suggestion to offer as a legal substitute for section 7(a), which it considered, "was in its inception clearly calculated to serve the purposes of over-ambitious labor union leaders."[11] Since the difficulty

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[7] Industrial Review, September, 1933.

[8] Illinois Manufacturers' Association, N R A Bulletin No. 20 (September, 1934). In July the directors wired the National Labor Relations Board that "the National Labor Board and its several regional labor boards lost the confidence of the great body of American employers because of their flagrant indifference to the legal rights of the employers under the labor provisions of the Recovery Act." See Industrial Review, October, 1934.

[9] Manufacturers' News, January, 1934, p. 24.

[10] Ibid., p. 21. January 1934.

[11] Industrial Review, October, 1934.

was caused by "reckless and lawless" labor organizations, their activities should be curbed by making them legally responsible, perhaps by writing a "union code" under the Recovery Act. Furthermore, since the irresponsible use of the right to strike brought industrial chaos, it should be checked sharply by law. Wantz suggested with approval the "pattern of legislation in the British Trade Disputes and Trade Union Act of 1926." This act, Wantz pointed out, "prohibited sympathetic strikes, strikes designed to coerce the government, and mass picketing." It would be well also, he believed, to enact legislation prohibiting the strike altogether "except after efforts at arbitration had failed." It was obvious, also that the "misuse" of section 7(a) had demonstrated "the necessity of fixing the legal responsibility of labor unions."

In view of the bitter opposition the Association had expressed to section 7(a), it is not surprising that as the expiration of the National Recovery Act approached, it took a stand against reviving or continuing the law "in any form."[13] The law was declared to be "unsound in principal and impractical in operation," and "artificially responsible for higher prices," which in turn were checking the manufacture and distribution of goods, and thereby holding up the re-employment of industrial workers. The uncertainty which it had "introduced into the employe relationship" had done much to impair confidence in industry.[14] The Association, through Representatives Elmer J. Schnackenberg, Clinton A. Searle, and David Swanson, also sought repeal

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[13] Ibid.

[13] New York Times, March 13, 1935, p. 5; Manufacturers' News, January,, 1936, p. 22. At its annual dinner in December, 1934, the Association heard with approval the declaration of Alfred P. Sloan, president of General Motors, that "the speed of regimentation and planned economy has been broken." Chicago Tribune, December 12, 1934, p. 3.

[14] New York Times, March 13, 1935, p. 5. In an address before the Rockford Rotary Club in May, 1935, President Wantz charged the Recovery Act with being responsible for continued unemployment, stating that "there is a definite connection between labor disputes, and the size of unemployment rolls, involving not only men actually thrown out of work by strikes, but men out of work by unsettlement." He added that "the most unfair thing labor can do is to point with resentment to additions to the increasing number of unemployed; for in my belief, that roll would not have been so long of a labor minority had not imposed section seven-A upon the administration." Industrial Review, May, 1935.

of the state recovery act early in 1935 on the ground that the statute was unconstitutional.[15] When, shortly after these moves, the United States Supreme Court declared the National Recovery Act to be unconstitutional, the Association expressed its approval and declared against the renewal of the N. R. A. in any form. It viewed with suspicion the conference called by George L. Berry in November, 1935, to consider revival of the Recovery Act. The Association warned its members that "the individual industrial executive will have little to say." Participation in the meeting would probably be interpreted as "support of legislation designed to revive the principles of the N.R.A.," and the Association, therefore, recommended that members "proceed with caution in deciding upon their policy with reference to participation in this Washington meeting."[16]

Unfortunately for the Association, the principles of section 7(a) did not die with the National Recovery Act. Instead, in March 1934, a year before that law was declared unconstitutional, New Deal legislators had already introduced the Wagner Labor Disputes bill, which sought to enforce collective bargaining through a Permanent Labor Relations Board and which carried the principle of union representation by majority rule to which the Illinois Manufacturers' Association objected so stremuously.[17] When the Wagner bill first appeared as an important New Deal measure, the Association immediately attacked it. A telegram to President Roosevelt warned that labor union violence was crippling

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[15] Industrial Review, May, 1935; Journal of the Illinois House of Representatives, 1935, p. 643.

[16] New York Times, March 21, 1934, p. 1.

[17] Ibid., March 2, 1934, p. 2. The act as introduced provided that "employees shall have the right to organize and join labor organizations, and to engage in concerted activities either in labor organizations or otherwise, for the purpose of bargaining collectively through representatives of their choosing." The bill made it "unfair labor practice" for an employer to impair "by interference, influence, restraint, favor, coercion, or lockout" the rights of organization granted by the act, "to refuse to recognize and deal with representatives of his employees, or to fail to exert every reasonable effort to make and maintain agreements with such representatives concerning wages, hours, and conditions of employment," or "to initiate, participate in, supervise or influence the formation of any labor union."

The bill also created a National Labor Board of seven members, with quasi-judicial authority to enquire into complaints against employers who were charged with violation of the act, and

industries throughout the middle-west, and that the passage of the Wagner bill would "throw this country into a much deeper depression than that from which we are now emerging."[18] Two days later the Association broadcast an appeal to all the manufacturing interests of the country, predicting that the Wagner act would lead to industrial strife and would "absolutely defeat all efforts at recovery." Wantz, now president of the Association, suggested that a concerted protest be directed against Congress and that it be made through regional labor boards.[19] Accordingly at the instance of the Illinois Manufacturers' Association, the industrial members of the Chicago Regional Labor Board[20] dispatched a vigorous protest to Congress and the president condemning the proposed law as providing for "compulsory, drastic, and arbitrary" action, "calculated greatly to widen the breach between capital and labor," and "certain to create further industrial strife."[21]

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the Board was given the power to issue orders to employers "to cease and desist" from "any such unfair labor practice." Judicial appeal to U. S. District Courts was provided. The bill appears in full in the Congressional Record, 73rd Congress, 2nd Session, 78 (March 1, 1934), pp. 3444-3446.

[18]The message to the president read in part: "Do you know that violence and threatened violence by labor union organizations in the furtherance of their unlawful activities are resulting daily in the closing of plants in the Middle-West that have for many years supplied the livelihood of small cities in the Middle West?

"The Automobile manufacturers have the support in the principles they stand on from the thousands of industries in the Middle West and the hundreds of thousands of employes who resent the coercion and domination of the American Federation of Labor.

"We respectfully submit that the passage of the Wagner Labor Disputes Bill will throw this country into a much deeper depression than that from which we are now emerging.

Ray Wantz, President, Illinois Manufacturers' Association."

New York Times, March 24, 1934, p. 9. The bill also encountered the violent opposition of the National Association of Manufacturers, the U. S. Chamber of Commerce, the National Industrial Conference Board, and The American Iron and Steel Institute. See New York Times, March 15, 1934, p. 10; Ibid., March 26, 1934, p.23; Ibid., March 30, 1934, p. 16.

[19]Ibid., March 26, 1934, p. 6.

[20]James D. Cunningham, prominent Illinois Manufacturers' Association official, of the Republic Flow Meter Company, was the principal Association man on the board.

[21]Industrial Review, July, 1934.

During April and May the Association continued its campaign against the law. A second telegram to President Roosevelt characterized the bill as "unfair to the American workman" while in an address in Chicago, General Thomas Hammond, Illinois Manufacturers' Association director, labelled the bill "an industrial war exciting measure."[22] Meanwhile Vice-President Donnelly journeyed to Washington to work against the passage of the law. He spent several days presenting the objections of the Illinois Manufacturers' Association to the Illinois delegation in Congress.[23]

The Wagner bill failed to become law at the 1934 session of Congress,[24] much to the relief of the Illinois Manufacturers'

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[22] Industrial Review, July, 1934. Perhaps no clearer expression of the Association's attitude toward all governmental attempts at the regulation of capital labor relationships can be found than that which appeared in an address by J. F. Lincoln, of the Lincoln Electric Company before the Southern Division of the Illinois Manufacturers' Association, in January, 1935, when the controversy over section 7(a) and the Wagner bill was at its height. Lincoln asserted that "there is no need for the government to regulate wages and hours of labor to protect the workman . . . . . Experience has demonstrated that in a freely competitive industrial system, labor as a whole cannot be exploited. If wages are cut, prices are cut to the new no-profit level made possible by the lower cost, so that the less wages received by the worker will buy the same amount of goods as could be bought at the higher wages and the resulting higher cost. Theory says that government must regulate industry to keep it from exploitation of both labor and the consumer. Experience says in a free competitive system it is not possible for industry to exploit the public. This is easy to prove. If industry succeeded in exploitation it would make profits. The profits of industry as an average for the last twenty years is less than 5 per cent on its investment.

"Judging by the penalty exacted, the most serious crime in the United States is to be a successful industrialist . . . . . When a successful industrialist is found he is chevied, suspected, and for at least one-half his time is forced to be a government slave, as at least one-half of all his earnings, and at death, three-fourths of the prior leavings are taken. The more he contributes to the running expense of the government the more he is exploited and the greater time he must spend as a government serf." Industrial Review, February, 1935.

[23] Present also in Congress and working against the law were Samuel M. Hastings, of the International Business Machines Corporation; William Butterworth, of Deere and Company; Paul Schulze, of the Paul Schulze Biscuit Company; C. L. Rice, of the Western Electric Company; E. L. Manseure, of the E. L. Manseure Company; O. M. Gullicksen, of the Churchill Cabinet Company; D.A. Crawford, of the Pullman Company; Adolph Mueller, of the Adolph Mueller Company; and Noah Van Cleef, of Van Cleef Brothers. Industrial Review, July, 1934.

[24] The bill was reported to the floor of the senate in

Association, but was again introduced the following February,[25] and the fight began all over again.[26] March 28, 1935, James D. Cunningham, former president of the Illinois Manufacturers' Association, and prominent official of the organization headed a delegation to Washington, where he and the other manufacturers testified against the bill, raising objections so familiar both to the proponents and opponents of the law.[27] During May and June the Association continued to circularize its membership against the law, exhorting them to appeal to their congressmen to vote against

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June, but no further action was taken. Congressional Record, 73rd Congress, 2nd Session, 78 (June 9, 1934), 9607.

[25] Ibid., 74th Congress, 1st Session, 79 (February 14, 1935).

[26] Illinois Manufacturers' Association, Vicious Attempt to Create Labor Union Dictatorship in American Industry (Chicago, March 21, 1935).

[27] Cunningham's testimony was so typical of the Association's whole attitude toward labor relations that it deserves to be set down at some length. "most employers treat their workers fairly and squarely paying going wage levels, and advocating suggestions for any improvements. Throughout the entire Wagner Bill the employer is treated as an arch enemy of his workers and unfair at every turn.

"I deny these charges as an employer, and my denial, I am sure, can be proved by a vast majority. If Senator Wagner's charges were true, every employe in the country would be a member of a union and the fact that only ten per cent of the workers are unionized substantiates my claim.

"I have been a member of the Chicago Regional Labor Board since its inception, and I have witnessed many employers charged with all the unfair labor practices itemized in the Wagner Bill, and of the many cases I have heard, there were only one or two who had intentionally exploited their employes, and I voted for their indictment.

"What is to be accomplished by the passage of the Wagner Bill? Is it the curbing of the small minority of employers who are pirates? If it is, you will jeopardize the peaceful relationships which now exist in the great majority of businesses in the United States. Section 7(A) when it was incorporated in the National Industrial Recovery Act brought more strife in industry than at any other time in history.

"I predict that the passage of the Wagner Bill would touch off the fire works for the greatest industrial-labor dispute in history."

Other persons who accompanied Cunningham and who made statements against the bill on behalf of the Illinois Manufacturers' Association were: C. S. Craigmile, Belden Manufacturing Company; Donald G. Meurer, Caterpillar Tractor Company; A. G. Feldman, Storkline Furniture Company; W. W. Luskin, W. W. Kimball Company; Robert I. Pierce, representing industries in Aurora and the Fox River Valley; Robert Muir, counsel for the Jewell Tea Company;

its passage.[28] But the Association fought the Wagner Bill in vain. In spite of the opposition of the Illinois Manufacturers' Association, the National Association of Manufacturers, and many similar organizations, the bill was passed by Congress and became law through the president's signature in July, 1935.[29] It was nevertheless the opinion of the Association's counsel that the law was unconstitutional, even as applied to employees engaged in interstate commerce, and that the Supreme Court would eventually nulli-

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J. L. Walker of the Fox River Valley Manufacturers' Association; Cunningham presented a telegram signed by himself and several other members of the Chicago Regional Board attacking the bill as "based on the false premises that the employers are the enemies of their employees." Industrial Review, May, 1935; Manufacturers' News, January, 1936; p. 20; Chicago Tribune, March 29, 1935, p. 3.

[28] Illinois Manufacturers' Association, Bulletin: A Critical Situation (Chicago, May 16, 1935); Illinois Manufacturers' Association, Wagner Organized Labor Domination Bill (Chicago, June 4, 1935). The former bulletin asserted that in the proposed law "labor agitators, bureaucrats and reformers offer a challenge to industrial leaders--the men who supply jobs and meet payrolls," while the latter called the bill "a measure designed to promote discord and to create a labor-union dictatorship over your industry." A statement by President Ray Wantz denouncing the law was given prominent notice in May. See New York Times, May 26, 1935, p. 6.

[29] New York Times, July 6, 1935, p. 1. The act as finally adopted provided for a National Labor Relations Board of three members, appointed by the president for a term of five years. It was made an unfair labor practice (1) to "dominate or interfere with the formation or administration of any labor organization," (2) "by discrimination with regard to hire or tenure of employment . . . . to encourage or discourage membership in any labor organization," (3) to "discharge or otherwise discriminate against an employee because he has filed charges or given testimony under this act," (4) to "refuse to bargain collectively with the representatives of his employees."

It was also provided that "Representatives designated or selected for the purpose of collective bargaining by the majority of the employees in a unit appropriate for such purposes shall be the exclusive representatives of all the employees in such unit for the purposes of collective bargaining in respect to rates of pay, wages, hours of employment, or other conditions of employment."

The Board was given the power to investigate charges of unfair labor practices, hold hearings, compel the attendance of witnesses, etc., and to issue orders of cease and desist in instances of violation of the act. Its orders might be enforced by appeal of the Board to any circuit court of appeals, whose jurisdiction was to be final, subject to appeal to the U. S. Supreme Court upon writs of certiori. See 49 U.S. Statutes at Large, 449-457.

fy the act.[30] Even after the decisions of the Supreme Court in 1937 which accepted the constitutionality of the act in certain instances, the Association insisted that the decision of the Court did not "prohibit the existence of employee representation plans," nor forbid "the employer dealing with such employees representation plan or plant union."[31] Before the conflict over the Wagner Law had been resolved, however, the battle had become broader than any mere quarrel over labor relations. The Association now considered that the American ideal of free government, the American economic order, the American way of life itself was under fire, and it girded itself for the defense of "the most sacred principles of our social order."

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[30] Illinois Manufacturers' Association, Wagner Labor Act (Bulletin No. 1)(July 6, 1935); Illinois Manufacturers' Association, Wagner Act (Bulletin No. 2) (July 20, 1935).

[31] Illinois Manufacturers' Association, National Labor Relations' Act; Bulletin No. 2 (Chicago, April 19, 1937); Manufacturers' News, May, 1937, p. 16.

CHAPTER XXVII

THE NEW DEFENSE OF THE "AMERICAN SYSTEM"

The direction in which Association sentiment toward the New Deal was developing first became eminently clear in October, 1934. At that time a convention of some sixty national industrial leaders called together by the Association adopted resolutions asserting that "the confidence of American business men is being seriously undermined" by the relief policy of the government, and by its "invasions of the field of private enterprize," which were, the resolutions said "a drag upon recovery" and a threat to "the future of the American citizen's inherent right to hold private property and to develop and administer such property for his own and for the public good."[1] At the same time, President Wantz, in a letter to Secretary of Commerce Daniel C. Roper, asserted that "the trend of industrial production is definitely downward," and that "the principal obstacle to business revival is the almost universal attitude of uncertainty and apprehension on the part of business executives on issues directly affecting the welfare of private enterprize." He concluded his letter with the declaration "that the social legislation program of the federal government . . . . will cause a substantial and unwarranted increase in the tax burden of productive enterprize at a time when industry is engaged in a desperate struggle to continue in operation and supply jobs."[2] A few weeks later, in a New York address before members of the National Industrial Council, a body composed largely of business executives, Wantz declared that "there is a double standard in our economic life--economic Nihilism," which he defined as a "system of misconceptions" proposing that "capital

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[1] Industrial Review, October, 1934; New York Times, October 4, 1934, p. 48.

[2] Industrial Review, October, 1934. Roper wrote back that he considered the letter so significant that he was bringing it to the attention of President Roosevelt as well as to the Business Advisory and Planning Council for the Department of Commerce.

play nurse-maid to an incipient socialism."[3] This vein of thought was again emphasized in an address of Merle Thorp, editor of the periodical Nation's Business, before the Illinois Manufacturers' Costs Association in December. There was, he said, "great danger that we may destroy the spirit of private enterprize . . . . . Our bankers have been called money changers, selfish, brutal, and cruel," our manufacturers "chiselers, rebaters, exploiters of child labor and operators of sweat-shops." It was high time, he asserted, that "the value of business morale be recognised," instead of attacking "the leaders of every battalion from finance to retailers as unpatriotic, selfish, and crooked."[4]

Prior to these expressions the Association's attitude toward the New Deal had been a guarded one, but now it cast off nearly all restraint as it struck at one "socialistic" measure after another. In February the Association sent M. D. Harding of Armour and Company, and H. W. Darnell of the W. C. Hitchie and Company to Washington to work against the proposed Thirty Hour Week Bill, sponsored by Senator Black. Accompanied by John Harrington of the firm of Fyffe and Clarke, Association attorneys, they appeared before the senate Judiciary Committee. Here they declared that the Black bill "would increase the cost of manufacturing all the way from eighteen to fifty per cent." Letters from a number of manufacturers representing the principal industries of the state were read, in which it was pointed out that "the already shortened forty hour week had lowered efficiency of plant operation at least 25 per cent and another shortening to thirty hours would lower plant efficiency from 25 to 30%."[5]

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[3] Ibid., December, 1934. The conference, which was also attended by Vice-President Donnelly and Legislative Director Allan T. Gordon, was held on December 5th.

[4] Ibid. A few weeks earlier Dr. H. Parker Willis, of Columbia University, told a gathering at an Association dinner that "the New Deal of economic planning and governmental control of business is a failure." He called upon the middle-west as that part of the nation "still reasonably American in population and tone" and "less vitiated by emigration than New England or by immigration than New York" to furnish leadership to the nation in its hour of need. It was his conclusion that "the descendants of those who originally laid the foundations of our commonwealth must take it [leadership] from those who have no faith in Anglo-Saxon ideas of government or of our law and to whom our national constitution has become only an object of ridicule and attack." Industrial Review, November, 1934.

[5] Ibid., February, 1935; Ibid., May, 1935. The bill never

Opposition to the Wheeler-Rayburn bill, which proposed to prohibit holding companies in gas and electrical industries, was expressed in an Association resolution of March, 1935, in which the directors stated that "the gradual effect [of the measures] would be to abolish and exterminate these companies, amounting in effect to an arbitrary confiscation of their property." Furthermore, the directors were convinced that "the proposed law, although restricted now to electrical or gas companies, furnished further grounds for apprehension in that it readily could be extended in all lines of business enterprize."[6] Equally uncompromising was the attitude of the Association toward proposed amendments to the Agricultural Adjustment Act, submitted to Congress in senate and house bills at the instance of Secretary of Agriculture Henry A. Wallace. The amendments, if enacted into law, would have given the secretary of agriculture the authority to license, fix prices, and supervise the transportation of all agricultural products and products competing with them.[7] In the opinion of the Association, the bills were "a drastic proposal" giving "the Secretary of Agriculture virtual dictatorship over all industries handling agricultural products,"[8] and their result would be to affect adversely the right of "120 million consumers" to "purchase the necessities of life at a price they considered fair."[9]

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came to a vote on the floor of the senate. The Association had opposed a similar thirty-hour measure introduced by Senator Black in 1933. See Chicago Journal of Commerce, January 24, 1933, p. 3.

[6] Industrial Review, May, 1935; Manufacturers' News, January, 1936, p. 21. The Wheeler-Rayburn bill was not enacted at this session of Congress, and it was still a major issue a year later. In April, 1936, Thomas S. Hammond, now president of the Association, asserted that the bill would "convert the Federal Trade Commission into a prying, policing body out of place in free America, although having parallels in certain European countries now under dictatorships." See "Federal Trade Commissars," Manufacturers' News, April, 1936, p. 16.

[7] New York Times, February 12, 1935, p. 10; Ibid., March 3, 1935, Section IV, p. 11.

[8] Illinois Manufacturers' Association, Bulletin: A Drastic Proposal (Chicago, February 27, 1935); Manufacturers' News, January, 1936, p. 22.

[9] Industrial Review, May, 1935. The bills became law in April, 1935, without attracting further notice from the Association. See New York Times, August 25, 1935, p. 24.

The Association pointed out in September, 1936, that for the first time in American history the people had "become importers rather than exporters of farm products," and that "the ancient theory that reducing production makes for prosperity is thus again demonstrated to be a fallacy."[10]

The Guffey coal bill came in for similar observations. This bill, which was enacted into law in spite of the opposition of the National Association of Manufacturers, the Liberty League, and the Illinois Manufacturers' Association, proposed to regulate the coal industry through the imposition of a tax upon all coal mined, eighty-five per cent of which was to be remitted to the producer where he submitted to certain regulations of production quantity, and price imposed by the federal government.[11] This the Association felt to be tantamount to "nationalization of the coal industry," and "the natural outcome of this would be to extend such nationalization to other industries." The act, the Association thought, "would increase the price of coal to manufacturers and other consumers from fifty to 75 cents a ton," and this in turn, it said, "would have the effect of driving manufacturers to water power territory, which would prove exceedingly detrimental to the interests of middle-western trade." These sentiments were embodied in a resolution submitted to the senate Committee on Interstate Commerce on March 21st.[12] Even after enactment of the law the Association was quite unreconciled, and it quoted with approval the National Lawyers' Committee of the American Liberty League, which asserted that the act "not only violates the constitution on four basic points, but endeavors to establish a principle which would, in the end, subject all industry to regulation by the federal government."[13]

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[10] Manufacturers' News, September, 1936, p. 15.

[11] 49 U. S. Statutes at Large, 991-1011. The bill was introduced in April, 1935. Congressional Record, 74th Congress, 1st Session, 79 (April 2, 1935), 4830.

[12] Manufacturers' News, January, 1936, p. 23; Industrial Review, May, 1936. The Association had opposed federal regulation of the coal industry since 1929. At that time, in a telegraph message to Senator James E. Watson of Indiana, chairman of the senate Committee on Interstate Commerce, the Association had labelled the Watson bill creating a Bituminous Coal Commission as "an unnecessary intrusion of government in private business." See Industrial Review, February 1, 1929.

[13] Manufacturers' News, January, 1936, p. 23.

But of all New Deal activities, the attempts of the Roosevelt administration to enact a federal social security act was resisted most strenuously and denounced in the most unmeasured terms by the Illinois Manufacturers' Association. The conflict, as a matter of fact, antedated the New Deal, and had been a subject of some concern to the Association at least since 1930. In that year a draft bill establishing an old age pension system was introduced into Congress, and referred to the house Labor Committee for consideration.[14] The Association prepared a statement against the bill, which it submitted to the Committee in April, denouncing it as "a paternalistic measure, which would tend to destroy the incentive to thrift characteristic of the American people," would "ultimately lead to the dole system," and "would establish a precedent for further paternalistic encroachment upon the revenue of the federal government."[15] The Association was gratified when the proposed law died in committee.

The struggle, however, had merely begun. In 1931, an unemployment insurance bill was introduced into the senate, and was ultimately referred to the Finance Committee for study.[17] This measure, which would have set up a national unemployment fund by means of a federal employers' tax, was condemned by the Association as "incompatible with the American theory of government,"[19] and Donnelly made a special journey to Washington in order to testify against the proposed law. He asserted that "political influence would determine the contributions of each employer group," that the act would "impair recovery" by the tremendous increase in the existing tax burden upon industry, and that "it would stifle the economic development of the country."[20]

The Association was now convinced that there was real danger that some form of federal or state unemployment insurance

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[14] Congressional Record, 71st Congress, 2nd Session, 72 (December 8, 1929), 271.

[15] Manufacturers' News, December, 1930, p. 24.

[16] Industrial Review, August 7, 1930.

[17] Congressional Record, 71st Congress, 3rd Session, 74 (January 9, 1931), 1753.

[18] New York Times, October 20, 1931, p. 1.

[19] Industrial Review, November 23, 1931.

[20] Ibid.; Manufacturers' News, February, 1933, p. 6; New York Times, November 13, 1931, p. 16.

legislation might be enacted, and undertook to investigate the merits of the entire problem for itself in order to make the matter clear to the public. This study, released in February, 1933 by the Employment Committee of the Association, concluded that "unemployment insurance by legislation is in reality nothing but a dole which has worked so disastrously in England, Australia, Germany, and other countries."[21] Such insurance, the Association found, was "not based upon scientific actuarial statistics" but rather upon "political considerations," and consequently "the whole financial structure of the state is impaired." Most important of all, the "unemployment dole does not prevent unemployment --it increases unemployment" and consequently it aggravated the very condition it intended to relieve.[22]

To bolster these conclusions, the Association pointed to England. Here it found that "the rapid increase in unemployment . . . . since the establishment of the dole is conclusive proof that so-called state insurance does not relieve unemployment." British industry, the Association found to be "virtually at a standstill," because of the "tremendous burden of taxation due to the dole system,"[23] while "almost the entire working force of England has taken a joyous vacation at the expense of the tottering treasury."[24]

The report concluded with the assertion that unemployment

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[21]The committee, in explaining its characterization of unemployment insurance as a dole stated that "Insurance is a matter of statistical risks. It is established upon proved percentages of accidents, health, death, fire, and other dangers . . . . . Unemployment has no accurate statistical background. There is no general stability of employment in all occupations in all communities. Fluctuating economic conditions, widely varying types of industries, geographical distribution of both population and industries, seasonal demands, caprices of the buying public, the creation of new products, the discarding of old ones, new inventions, have as yet no possibility for standardization now for statistics that approach probability . . . . . A plan to compensate those exposed to the dangers of unemployment in these widely diversified conditions of economics and human abilities has no actuarial reality. The money allotments made must be classed as doles." Illinois Manufacturers' Association, Unemployment Insurance (Chicago, 1933); Manufacturers' News, February, 1933, p. 21.

[22]Illinois Manufacturers' Association, Unemployment Insurance; Manufacturers' News, February, 1933, p. 21.

[23]Illinois Manufacturers' Association, Unemployment Insurance.

[24]Ibid.; Manufacturers' News, February, 1933, p. 21.

insurance was in any event unnecessary, since private industry in the United States had already assumed the task of protecting the American workman against the dangers of unemployment, by "developing along orderly and scientific lines a system of real unemployment insurance in American industries." These plans included "the guarantee by a corporation of a specified number of weeks' work per year," "agreement between employes and employers by which a certain percentage [of wages] is paid by each into an insurance fund," and a "plan by which employer and employe each contribute to the insurance fund."[25] It thought it "obvious that the only practicable unemployment insurance program is that which is based upon voluntary agreement between employer and employe."[26]

In view of the idea embodied in this study, it was a foregone conclusion that the Association would oppose the plans of the Roosevelt administration for national social security legislation. Consequently, when an unemployment insurance measure sponsored by John L. Lewis, with the open support of the national administration was introduced into Congress in January, 1934,[27] Donnelly prepared to fight. The bill was referred to the house Ways and Means Committee, and before that body the executive vice-president appeared in March. Donnelly opened his testimony with the assertion that "imposition on industry of the tax burden contemplated by the Unemployment Insurance Bill . . . . would render business recovery absolutely hopeless." Most industries, he felt, had "been operating at a loss for several years" and the additional load would be "absolutely unbearable."[28] Donnelly

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[25] The report cited numerous American Corporations which had adopted successful unemployment insurance plans, among them the Proctor and Gamble and Company, the General Electric Company, the Canadian Kodak Company, the Crocker-McElwain Company, the Manning Paper Company, the S.C.Johnson Wax Company, the Sanitary Refrigerator Company, and the American Lock and Hinge Company.

[26] Illinois Manufacturers' Association, Unemployment Insurance; Manufacturers' News, February,,1933, p. 21.

[27] Congressional Record, 73rd Congress, 2nd Session, 78 (January 5, 1934), 188. This bill proposed the levying of a five per cent tax upon payrolls to be levied upon all manufacturers employing 10 or more persons, the proceeds to be used to establish a federal unemployment insurance fund. See New York Times, February 6, 1934, p. 15.

[28] Manufacturers' News, April, 1934, p. 16.

then referred to the experience of Germany with unemployment insurance, where, he stated, the three per cent pay-roll tax had failed to support the necessary fund and "by March 31, 1929 the government had made total loans to the insurance fund of approximately sixty-three million dollars. Moreover, he added, German unemployment had "materially increased," and the whole plan had "proved inadequate to cope with the problem."[29] In closing, Donnelly referred again to the situation of Great Britain, where, he said, unemployment insurance had "ruined the public morale and initiative by establishing a vast army of non-workers who make no attempt to secure work and regard the dole as their inalienable right."[30]

This bill was still in Committee when Congress adjourned, but it had become apparent that the question of social security legislation could not be put off much longer. President Roosevelt himself made this clear when he went before Congress on June 8th and stated that "next winter we may well undertake the great task of furthering the security of the citizen and his family through social insurance." The president added that he was "concerned that social insurance should be national in scope" and that he had "commenced to make, with the greatest care, the necessary actuarial and other studies for the formulation of plans for the consideration of the 74th Congress."[31] When Congress met the following January these intimations were realized, as an elaborate plan of unemployment insurance and old-age pension legislation was presented to Congress and referred to the house Ways and Means Committee.[32] The Illinois Manufacturers' Association took immediate cognizance of this bill, and on January 11th, a strongly worded resolution was adopted[33] condemning the proposed law as

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[29] Ibid., pp. 16-17. [30] Ibid., April, 1934, p. 17.

[31] Congressional Record, 73rd Congress, 2nd Session, 78 (June 8, 1934), 10769, 10850; New York Times, June 9, 1934, p. 1; Manufacturers' News, June, 1934, pp. 17-18.

[32] Congressional Record, 74th Congress, 1st Session, 79 (January 16, 1935), 532. This bill was eventually replaced by H.R.7260, which became law. See Ibid., 79 (April 4, 1935), 5079.

[33] The resolution was prepared by the Industrial Relations Committee of the Association, composed of forty-one executives of principal Illinois industries. C. L. Rice, vice-president of the Western Electric Company and a director of the Association was committee chairman, while Harvey G. Ellerd, manager of the indus-

resulting "in further and unnecessary intrusion of the government into the domain of private industry, thus aggravating the hardships which have already been caused industry by governmental interference."[34] The resolution, which added the usual arguments of the Association, was forwarded to the members of the Ways and Means Committee, and to the Illinois delegation in Congress.[35]

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trial relations of Armour and Company was vice-chairman. See Manufacturers' News, January, 1936, p. 31.

[34] Industrial Review, February, 1935; Manufacturers' News, January, 1936, p. 31.

[35] Industrial Review, February, 1935. The resolution in part read: "Whereas, our federal government as well as the government of the state of Illinois are considering legislation providing for compulsory unemployment insurance or unemployment reserve, and

"Whereas, these bills place the chief burden of carrying such unemployment insurance and industrial reserves upon the industrial employers of the nation upon a percentage tax on payrolls, and

"Whereas, the experience of such so called unemployment insurance in foreign countries, even with provisions for payment of a percentage of their earnings by workmen, has not been successful, therefore be it

"Resolved, By the Industrial Relations Committee of the Illinois Manufacturers' Association that we are opposed to compulsory unemployment insurance. This action is taken for the reason that:

"1. It is generally recognized that no plan of unemployment insurance can prevent depression unemployment, or can afford any immediate help in relieving unemployment.

"2. Unemployment insurance would increase unemployment by aggravating the very conditions which it attempted to correct by crippling the agencies which furnish opportunities for employment by discouraging efforts to relieve unemployment, and by placing a premium on idleness.

"3. It would result in further and unnecessary intrusion of government into the domain of private industry, thus aggravating the hardships which have already been caused industry by governmental regulations and restrictions.

"4. It would materially increase taxation of industry at a time when an unprecedented increase in government costs has so burdened productive industry that opportunities for employment are already seriously impaired.

"5. The basis of contribution by the employer to any system of compulsory unemployment insurance would be largely influenced by political instead of economic considerations.

"6. European experience over 20 years demonstrates that the tax is intolerable, breeds idleness, cripples enterprise, is political in considerations, and is futile in accomplishing its purpose.

"7. It would undermine the fabric of our economic and social life by destroying initiative, discouraging thrift, and stifling individual responsibility.

A few days after adoption of this resolution Donnelly left for Washington, where he worked among members of the Illinois delega- in opposition to the bill. February 2nd, he appeared before the Ways and Means Committee to testify against the measure. He asserted that the Illinois Manufacturers' Association deserved "to co-operate in the solution of the problem of unemployment relief "but that "haste in enacting legislation of this character is unnecessary," since "the wrong solution of the problem . . . . would be a serious detriment to the forward planning by business which is necessary to real recovery." After discussing those objections which the Association had presented in previous resolutions, Donnelly added a new one, namely that "this measure is an unwarranted attempt to use the taxing power of the federal government to coerce states into the passage of legislation on a subject which lies outside the Constitutional powers of Congress."[36] He also charged that the bill carried a number of concessions to the "drastic requirements of organized labor."[37] A few days later, John Harrington, of the firm of Fyffe and Clarke, went before the senate Finance Committee to offer similar testimony against the senate bill. After recapitualting the usual arguments, he asserted that "the burden of these taxes would ultimately be made to fall upon the consumer, rich and poor alike," although for the present the act would precipitate industrial depression by drawing the funds "for the social security program out of the

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"8. It is incompatible with our fundamental conception of democracy.

"9. There is no dependable actuarial or statistical background available at the present time for this type of insurance.

"10. It would increase unemployment by unduly increasing the cost of manufactured products."

[36] Industrial Review, February, 1935.

[37] Donnelly referred to those features of the bill defining a satisfactory state system of compensation insurance as one in which, among other qualifications, the state could not deny unemployment benefits to those otherwise entitled to them (1) "if the position offered is vacant due directly to a strike, lockout or other labor dispute (2), if wages hours and other conditions of work offered are substantially less favorable than those prevailing for similar work in the community (3), if acceptance of such employment would either require the employee to join a company union, or would interfere with his joining or retaining membership in any bona-fide labor organization."
See Industrial Review, February, 1935.

depleted cash working capital" of industry.[38]

Notwithstanding the opposition of the Association and many similar organizations throughout the country, however, the bill passed the house of representatives in April,[39] and was sent to the senate, to be referred to the Finance Committee. Here the Association continued its opposition. Bulletins to members urged that they write their senators asking them to vote against the act,[40] while the officers of the Association themselves worked desperately in Washington to prevent passage.[41] These efforts were unavailing, however, for the bill passed both houses of Congress and became law in August.[42] Further efforts

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[38] Ibid.

[39] Congressional Record, 74th Congress, 1st Session, 79 (April 17, 1935), 6070.

[40] Illinois Manufacturers' Association, Federal Security Bill (Washington, May 6, 1935); Manufacturers' News, January, 1936, p. 19.

[41] Industrial Review, May, 1935. The bill was also opposed by the National Association of Manufacturers, the Liberty League, the National Industrial Conference Board, and a great many other state manufacturers' associations. New York Times, February 4, 1935, p. 2; Ibid., February 5, 1935, p. 4; Ibid., February 8, 1935, p. 4; Ibid., May 29, 1935, p. 10; Ibid., June 11, 1935, p. 29; Ibid., June 16, 1935, p. 25.

[42] Congressional Record, 74th Congress, 1st Session, 79, (August 21, 1935), 13993.
The Social Security Act in substance provided:
A. Various grants of assistance to states and individuals;
(1) Grants to the states for old age assistance where the state enacted suitable old-age pension legislation. Such assistance was limited to one half the sum under $30 per month appropriated by the state for each person over 65 years of age.
(2) A direct system of federal old age benefit payments, to be met out of the proceeds of the federal old-age security payroll tax.
(3) Grants to the states for unemployment compensation insurance payments, where the state has in force suitable unemployment compensation insurance legislation, such grants to be determined by the Security Board.
(4) Grants to the states for aid to dependent children, where a suitable state plan for assistance is in force.
(5) Grants to the states for maternal and child welfare, where a suitable state plan for maternal and child welfare assistance is in force.
(6) Grants to the states for aid to the blind.
B. Certain taxes with respect to employment and old age:
(1) An income tax upon employees, based upon the following percentages of wages:
(a) 1 per cent during 1937, 1938, and 1939

of the Association were confined to an unsuccessful attempt to block enactment of a state law to meet the requirements for federal assistance imposed by the new Security Act.[43]

While this battle against New Deal legislation was yet in progress, the Association attempted to choke off the constant flow of "destructive social legislation" at its source, by attacking "prevalent antisocial political theories" and by an educational campaign in defense of the American way of life. In May, 1935, the board of directors adopted a resolution calling for passage by Congress of a "rigid anti-sedition law." The Association asked that "use of the mails be denied to matter which advocates, or which is published and distributed by an organization which advocates violent, inflammatory, or revolutionary doctrines," and amendment of the naturalization laws "to force an effective barrier to those who advocate violent overthrow of the national government" was also suggested.[44] A few days later Wentz, in a

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(b) 1½ per cent during 1940, 1941, and 1942
(c) 2 per cent during 1943, 1944, and 1945
(d) 2½ per cent during 1946, 1947, and 1948
(e) 3 per cent after 1948

(2) An excise tax upon employers, based upon the following scale:
(a) 1 per cent of the annual payroll for 1937, 1938, and 1939
(b) 1½ per cent of the annual payroll for 1940, 1941, and 1942
(c) 2 per cent of the annual payroll for 1943, 1944, and 1945
(d) 2½ per cent of the annual payroll for 1946, 1947, and 1948
(e) 3 per cent of the annual payroll after 1948.
(This tax is levied with reference to the old age security pension payments of the federal government)

(3) An excise tax upon all employers of eight or more persons, in the following scale:
(a) 1 per cent of the total payroll for 1936
(b) 2 per cent of the total payroll for 1937
(c) 3 per cent of the total payroll after 1937 (to be used for payment of federal unemployment insurance grants to the states). Employers might credit against the tax, taxes paid into an unemployment fund under a state law, total credit not to exceed 90 per cent of the tax paid into the state fund. Should the state tax be lowered because of favorable employment record, the employer may still credit the state tax against his federal tax. 49 U.S. Statutes at Large, 620-648.

[43] This subject is considered in the chapter on "State Social Legislation in the Depression."

[44] Industrial Review, May, 1935.

letter to Arthur Gutts Willard, president of the University of Illinois, praised that institution for its stand against "the teachings of ideas or theories which were intended or designed to subvert our American principles of government." Wantz felt Willard's stand to be "particularly encouraging at a time when leaders in some other prominent institutions . . . . are permitting their students to devote so much of their time and energy to the considerations of outmoded anti-social political theories."[45]

In October, the Association rallied its following to the support of Constitution Day. A bulletin went out to the membership emphasized the privileges exercised by American citizens, and reminded workmen that these rights were "denied in many countries where there is no Constitutional protection against the tyranny of dictatorship."[46] At many plants flag raising ceremonies were observed, and proclamations were issued calling to mind the importance of the day for all Americans.[47] A resolution of October 22nd, which called upon the members to resist "government control over the means of production" was accompanied by a letter from Wantz emphasizing the "economic achievements of the United States during the last 150 years and our high standard of living," and pointing out that "this remarkable progress was achieved under an economic system which permitted the widest latitude to private enterprize and individual initiative."[48]

The sentiment was expressed again by the Association when Wantz and Donnelly at the Congress of American Industry at New York in December, demanded recognition of the need for preserving the American system. The Congress busied itself with the preparation of a "Platform for American Industry in 1936," and at the insistence of the Association delegates a concluding paragraph was drafted which proclaimed that "American business recognizes the necessity for change in methods and procedure" but "protests blind experimentation and hasty legislation which undermines the American system." The platform concluded with the declaration that "the first need of the country in the interests of recovery and progress is the assurance of the preservation of the princi-

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[45] Manufacturers' News, January, 1936, p. 56.

[46] Illinois Manufacturers' Association, Constitution Day (Chicago, October, 1935); Manufacturers' News, January, 1936, p. 56.

[47] Manufacturers' News, January, 1936, p. 56. [48] Ibid.

ples and guarantees underlying the American system."[49]

The defense of "the American system" was also made the keynote of the annual meeting of the Association in December. As the principal speaker for the occasion, the Association invited Frank T. Weir, chairman of the board of directors of the National Steel Corporation, who talked on the subject of Freedom or Autocracy. Weir emphasized "the advantages under the American system," and pointed out the "grave dangers to private enterprize and to the future welfare of the United States in many of the tendencies of the federal government." Weir called upon all industrial executives to assume "aposition of well-informed and courageous leadership in correcting the wide-spread misunderstandings and misapprehensions that now exist regarding private business and the American system," and concluded with the assertion that "whether or not the American system under which this country has made such unprecedented economic and social progress" was "to be abandoned and replaced by a socialistic philosophy would largely depend upon the practical interest which business leaders took in legislative matters . . . . ."[50]

As 1936 opened, and the national election approached, these pronunciamentos grew more frequent and outspoken. The Association, in accordance with its long established rule, took no positive part in the campaign to defeat the New Deal,[51] but in private interviews officials of the organization left no doubt that

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[49] Industrial Review, January, 1936; New York Times, December 5, 1935, p. 7. The conference was attended by delegates from a large number of state and local manufacturers' associations.

[50] Industrial Review, January, 1936; Manufacturers' News, January, 1936, p. 16.

[51] Manufacturers' News, a publication in close working alliance with the Association, did, however, take active steps to assist in the defeat of Roosevelt. It prepared and distributed monthly bulletins to be sent to manufacturers, and by the latter to be distributed among employees. These bulletins, while they did not mention candidates by name, sought to impress labor with the importance to them of electing a "business" administration, one which would stop the "avalanche of spending," and which would lower tax rates. In explaining the necessity for issuing these bulletins, Manufacturers' News remarked that "the fact which does immediately concern us is that the people who elected the administration are the employees of the nation, your employees. It is their votes which elect to office the men who do these things. Employers may rant and rave about the blasted politicians, but the average employer with forty-two workmen is on the short end of a 42 to 1 election bet unless his workmen agree with him." Man-

they desired the defeat of the New Deal and considered that "the American system" was at stake in the election.[52] In an article published in January, Wantz enquired categorically how long it would be "before the United States government, in addition to its multitudinous bureaus, will be operating every business in America?"[53] While this article was yet fresh, Sterling Morton, now become a prominent Association director, took the position in an address to the membership that "all so-called planned economy was nothing but collectivism, Fascism, Nazism, or Communism--all members of the same family."[54]

In April a delegation from the Association, headed by Wantz[55] attended the annual convention of the Chamber of Commerce of the United States. Here they took a very strong position against governmental control over production, in the following

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facturers' News, March, 1936, p. 6.

[52]Manufacturers' News made two direct declarations in the campaign. In August, an editorial entitled "Communist Heads at Moscow Support 'Liberal' Elements in America" was published. It quoted the Kommunistieceski International, published at Moscow, as remarking that "the decision of the Comintern to join the Workers' Organizations in supporting Roosevelt is not because we endorse his policies or intend to stand responsible for his actions. We are going to work for the election of Roosevelt because we wish to strengthen our influence among America's many radical groups. We all have a common aim. It is to defeat Landon, who represents forces which oppose the development of class war and revolution in America." Manufacturers' News, August, 1936, p. 15. In October an editorial remarked that "American employers of American workmen are convinced that the present administration is unfit to guide this competent nation . . . . . For more important this year, than the election of an ideal candidate, is the defeat of a man whose ability to disturb, disrupt and destroy is even more important than his inability to do anything constructive." Manufacturers' News, October, 1936, p. 7.

[53]Ray E. Wantz, "Governmental Competition," Public Utilities Fortnightly (January, 1936), p. 22 ff.

[54]Industrial Review, February, 1936. Morton was an official of the Morton Salt Company. In January, the Ferguson-Leander Manufacturing Company wrote in to suggest that member firms be asked to put on the letter-heads, "We are opposed to government control over the means of production." The Association enthusiastically passed the idea on to the membership. Industrial Review, January, 1936.

[55]Other delegates included: B. C. Heacock, Caterpillar Tractor Company, who became Association president in 1937; Paul Schulze, Paul Schulze Biscuit Company; William Butterworth, Deere and Company; D. A. Crawford, Pullman Car Company; Samuel M. Hastings, International Business Machines Corporation; Sterling Morton,

declaration:

> 1. That the proper function of government is to make provision for national defense, public order, and personal safety, and to provide protection for private property.
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> 2. That the incomparable industrial development of the United States was made possible by the character of our economic system--a system which has permitted the widest latitude to private enterprise and industrial initiative and which has contemplated a distinct separation between the functions of government and of private enterprize.
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> 3. That departures from this traditional separation between the provinces of government and of private enterprize would be followed by inefficiency, excessive bureaucracy, waste, unwarranted additional tax burdens and eventually by paralysis of private enterprize and a lower standard of living for all our citizens.[56]

Meanwhile the Association busied itself with an attack upon the latest crop of New Deal legislation. Two measures introduced at the 1936 session of Congress were subjected to especial criticism: the Walsh-Healy Bill which gave the federal government authority to set up certain regulations over hours, wages and other conditions of employment for all firms accepting government contracts,[57] and the Robinson-Patman bill, which pro-

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Morton Salt Company; B. F. Affleck, Universal Atlas Cement Company; and James L. Donnelly, executive vice-president of the Association.

[56] Manufacturers' News, January, 1937, pp. 42-43. In June, C. H. Logan, Association director, and president of the Decatur Coffin Company published the following declaration in Manufacturers' News:

"DEFEND YOUR BUSINESS

"Everyone here is either an American or an alien. Even though born here they must serve an apprenticeship. At twenty-one, upon taking up the vote, they automatically assume the responsibility of endorsing and abiding by the rules of our Union. These rules provide a formula whereby they can be changed, and anyone who tries to change them otherwise than by this formula, violates his standing as member of the union and drops out, becoming thereby an alien; he has no vote, can hold no office, and his vocal exertions are possible only by sufferance . . . .

"The house is on fire! It is no time to wrangle over the disposition of the furniture or decorations. Put out the fire and save the house.

"Our Union is assailed both from within and without. Therefore, hold yourselves ready to assemble from North, South, East and West, shoulder to shoulder or back to back, prepared to defend your God, your country, your homes, and your property.

"For all these are in danger!"

[57] Congressional Record, 74th Congress, 2nd Session, 80 (April 15, 1936), 5165. The act provided in substance that every government contract for a sum in excess of $10,000 should contain the following stipulations:

A. A representation that the contractor is the manufacturer

hibited differentials in prices and in terms of sale by corporations engaged in interstate commerce.[58] Resolutions against both of these measures were adopted by the directors, and members were urged to write their Congressmen in opposition.[59] The bills were nevertheless enacted into law by Congress in June,[60] and the Association warned its members to comply with their provisions until their constitutionality was tested in the Supreme Court.[61]

The Association also attacked the system of federal appropriations for unemployment relief on the grounds that the money was

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of or a regular dealer in the materials, supplies, or equipment to be manufactured or used in the performance of the contract.

B. That all persons "employed by the contractor" in the manufacture or furnishing of the goods "will be paid" the prevailing minimum wages for similar work in the locality where the goods are to be manufactured or furnished.

C. That no person "employed by the contractor" in the manufacture or furnishing of the goods shall be permitted to work more than eight hours a day or forty hours a week.

D. That no male person under 16 and no female person under 18 and no convict labor "will be employed by the contractor" in the manufacture, production or furnishing of the goods.

E. That no part of the contract "will be performed" nor any of the goods furnished "be manufactured or fabricated" in plants or surroundings or under working conditions that are unsanitary and hazardous or dangerous to the health and safety of employees "engaged in the performance of said contract." See 49 U. S. Statutes at Large, 2036-2040.

[58] Congressional Record, 74th Congress, 2nd Session, 80 (March 31, 1936), 4885. In substance the Robinson-Patman Price Discrimination Act provided: "that it shall be unlawful for any person engaged in commerce . . . . to discriminate in price between different purchasers of commodities of like grade and quality. . . . where the effect of such discrimination may be substantially to lessen competition or tend to create a monopoly in any line of commerce . . . . ."

Nothing in the act, however, was to be construed as making illegal "differentials which make only due allowance for differences in the cost of manufacture, sale, or delivery," or "differentials in quantities greater than those so fixed and established," or "price changes from time to time wherein response to changing conditions effecting the market for or the marketability of the goods." 49 U. S. Statutes at Large, 1526-1528.

[59] Illinois Manufacturers' Association, Two Drastic Federal Measures (Chicago, May 8, 1936). This bulletin described the Robinson act as "designed to give the Federal Trade Commission the power to meddle and snoop into private business." See also Illinois Manufacturers' Association, Government Control over Wages, Hours, and Other Conditions of Employment on Government Contracts (Chicago, June 11, 1936).

[60] Congressional Record, 74th Congress, 2nd Session, 80 (June 20, 1936), 10550, 10700.

[61] Illinois Manufacturers' Association, The Robinson-Patman

collected in taxes from the industrial states and spent in agricultural areas. A pamphlet of the Association pointed out that Illinois, the third industrial state in the Union paid five hundred thirty-eight million dollars in 1934 and 1935, while in this same period the state received but one hundred fifty-nine million dollars in federal emergency relief grants. On the other hand, South Dakota had paid but $2,872,000 in all federal taxes, and had received $41,600,000 in federal relief funds, while Arkansas, New Mexico, Mississippi, West Virginia and other rural states were in a similar position[62]. The Association concluded that "industrial workers as well as employers in Illinois are carrying the burden of relief payments in non-industrial states." This "drain of taxes from Illinois," it added, "makes the relief problem more difficult," and "squeezes money from employers of the state that otherwise would be available for more and higher wages."[63]

The Association took no direct notice of the outcome of the election in November; there was, however, a very decided lessening of the attacks upon New Deal legislation during the early months of 1937. The Association continued to oppose the Black-Connery bill providing for a thirty-hour week in industry, which John Harrington labelled "delusive and destructive."[64] On June 11th, the directors of the Association met and adopted a strongly

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Act Relating to Discrimination (Chicago, June 24, 1936); Illinois Manufacturers' Association, New Government Contract Act (Chicago, June 24, 1936.

[62] Illinois Manufacturers' Association, How Industrial States Carry Relief Burden For Agricultural Communities (Chicago, June, 1936).

[63] Ibid., see also Manufacturers' News, January, 1937, pp. 23-24.

[64] Manufacturers' News, July, 1937, pp. 9-10; Industrial Review, June, 1937. The Black-Connery bill, the full title of which was "A Bill to provide for the establishment of fair labor standards in employments in and affecting interstate commerce, and for other purposes," provided for the establishment of a "Labor Standards Board," appointed by the president, which was empowered by the act to fix minimum wages for industry (not exceeding forty cents per hour), fix a maximum work week and the maximum work day therein, to investigate working conditions, and to bring action in the federal courts to enjoin violations of the act. The act also contained a provision against the employment of children in such factories as the age applied to under the age of 16 years, and prohibited the employment of children in any occupation which the Children's Bureau of Department of Labor

worded resolution against passage of the act, which was submitted to the Illinois delegation in Congress, the senate Committee on Education and Labor, and the house Committee on Labor. On June 14th, John Harrington appeared before the joint hearing of these committees to offer extensive testimony against the bill, which he condemned as "unfair to small manufacturers," "and calculated to increase unemployment." It was his belief that "further regulation of business and industry . . . . will necessarily follow," with the eventual "complete disappearance of an independent American industry."[65] Notwithstanding this argument the measure was reported favorably to the floor of the senate on July 8th,[66] and the Association, believing that the act "portended calamitous consequences to industries and to individual workers," circularized its membership with the request that they wire Senators James Hamilton Lewis and William H. Dietrich immediately in opposition to the proposed law.[67] After bitter debate marked by the efforts of the southern senators to defeat the bill in the fear that it would prove detrimental to southern industry, the measure passed the senate on July 31st,[68] and went to the house, where it was referred to the Committee on Labor. Donnelly, now in Washington, where he worked desperately among the Illinois delegation against the passage of the law, again appealed to the members with the cry that "we regard this bill as being more revolutionary than any state or federal legislation enacted at any time in the United States," and again asked that they denounce the act to their representatives in Congress.[69] In their attempt

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declare hazardous or detrimental to health and well-being of such children.

[65] Industrial Review, June, 1937.

[66] New York Times, July 9, 1937, p. 5.

[67] Illinois Manufacturers' Association, Black-Connery Federal Wage and Hours Bill (Chicago, July 19, 1937).

[68] New York Times, August 1, 1937, p. 1.

[69] Illinois Manufacturers' Association, Black-Connery Federal Wage and Hours Bill; Bulletin No. 2 (Chicago, August 4, 1937). This bulletin read in part:

"The measure would inevitably result in the determination of wage and hour standards in accordance with political considerations by a politically dominated bureau located in Washington.

"The measure would destroy the natural advantages which

to defeat passage of the Black bill the Association and other organizations in opposition were successful,[70] for the bill died in the house committee without moving onto the floor for a vote before the adjournment of Congress.[71] Its untimely demise did not occur, however, without arousing the ire of John L. Lewis, of the C. I. O., who charged that pressure upon congressmen by opponents of the law had frightened the two chambers into a studied indifference to the measure.[72]

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many industries have on account of the lower cost of living associated with location in the smaller communities. Moreover, industries in the metropolitan district of Chicago, which now have material advantage in this respect over certain eastern seaboard cities would, we submit, eventually lose this advantage.

"The enactment of this measure will launch the Federal government upon a program which will eventually cause the Federal government to control prices and the means of production.

"The enactment of this proposal would, we believe eventually result in a degree of governmental control over wages and prices comparable with those now existing in certain European countries where dictatorships obtain."

[70]The bill was also vigorously opposed by the National Association of Manufacturers, the Chamber of Commerce of the United States, the National Industrial Conference Board, and many local and state employers' associations throughout the United States. See Manufacturers' News, July, 1937, pp. 9-10.

[71]New York Times, August 3, 1937, p. 1.

[72]Chicago Tribune, September 4, 1937, p. 1.

CHAPTER XXVIII

THE ASSOCIATION AND THE "SIT-DOWN" STRIKE

The Wagner decision came in the midst of one of the most serious "labor problems" with which the Association had ever been in contact. In 1936 and 1937 occurred the unprecedented rise to power of the Committee for Industrial Organization headed by John L. Lewis of the United Mine Workers of America. This group strengthened by the tacit support of the Roosevelt administration, and protected by the legal bulwark of the Wagner Act, had made a powerful assault upon the citadels of the "open shop." As industry after industry--coal, motor-cars, steel, textiles, was successfully unionized, organized capital, the Illinois Manufacturers' Association included, roused itself for a fight to the finish with the latest attack of the "labor dictators" upon the "American system." In bulletin after bulletin the Association exhorted its members to stand firm in the battle for "property rights," and the interests of the loyal worker and the consumer.

In March, 1937, a communication, mailed to all the members undertook to discourage members from negotiating with a union under any circumstances. "The practical effect," said Donnelly, "of signing up with the union" is "that the interests of the employee, the stockholder, and (temporarily) the customer are delivered into the hands of the union leader." This cowardly policy, Donnelly considered, "leaves each employee standing alone to defend himself against the coercive force of ruthless labor leaders who have appointed themselves absolute dictators over the life and labor of each employee." The ultimate result, therefore, of "such an agreement with a labor union will be complete unionization."[1]

Donnelly admitted that

> Entry by a manufacturing industry into a contract with an organized labor group may be followed temporarily by an era of good feeling. A sense of false security may be prevalent.

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[1] Illinois Manufacturers' Association, Some Practical Aspects of the Current Labor Relations Problems; Temporary Advantage vs. Permanent Demoralization (Chicago, March 15, 1937).

> Inevitably, however, as soon as the union has secured a dominant hold upon the workers, further and unreasonable demands for increased wages, further reduction in hours and changed working conditions will be made . . . . .
> The result, almost invariably, of this type of union domination in a manufacturing industry, is the surrender of the independence of the management, exploitation of workers by union labor leaders, forced retention of incompetent, trouble-making workmen, unwise and uneconomic restrictions upon production, undue increases in price, diminishing sales, reduction in employment, and frequently strikes, violence, and general disregard for the law.[2]

As for "temporizing with irresponsible groups "engaged in a sit-down strike," it was hardly necessary for Donnelly to remind the membership that "if a manufacturer is to avoid very serious permanent injury to his company, his employees, and his customers," he "must negotiate with strikers or representatives while they continue a sit-down strike," and "he will not 'sign-up' a contract with a labor union." To lend any support or recognition to "this lawless seizure of property" was, in the Association's eyes, "to destroy the very foundations that support the employer and employee alike."[3] The Association informed its followers that "individuals who take part in, or who combine with others to promote a sit-down strike are guilty of a criminal offense," and that "it is the clear duty of public officials to disperse persons engaging in or promoting a 'sit-down strike'." Employers "who temporize with or permit themselves to be intimidated by this form of lawlessness," the Association admonished, "will find that . . . . eventually control over their management policies will be seized by irresponsible and lawless persons."[4]

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[2] Ibid.

[3] Illinois Manufacturers' Association, Some Practical Aspects of Current Labor Relations Problems; Bulletin No. 2. Negotiating With Persons Engaged in a Sit Down Strike (Chicago, March 16, 1937).

[4] Illinois Manufacturers' Association, Legal Aspects of the "Sit-Down Strike Strike"in Illinois (Chicago, February, 16, 1937). The Association also advised its members against the "check-off system," the plan whereby union dues are deducted from the employees' check by the company and paid over directly to the union treasurer. See Illinois Manufacturers' Association, Some Practical Aspects of Current Labor Relations Problems; Bulletin No. 2 (Chicago, April 29, 1937).

An editorial published in Manufacturers' News in January stated that "The feeling (it cannot be called reason) actuating these sit-down strikes is, of course, merely another phase of socialistic theory. They regard the employers' property as either quasi-public or as partly their own." Manufacturers' News, January, 1937, p.9.

Even while the Association was thus exhorting its members to stand firm against "the sit-downers," H. C. Heacock, president of the Association in 1937 and head of the Caterpillar Tractor Company, was putting this advice to practical application and effect. In April representatives of the Amalgamated Association of Iron, Steel and Tin Workers, a C. I. O. affiliate,[5] after extensive work among the employees of the firm, confronted Heacock and his executives with a demand for union recognition and a closed shop contract. This Heacock summarily refused, and only when labor representatives threatened a strike, did he consent to negotiate. Instead of the usual secret sessions, however, Heacock invited officials of the State Federation of Labor, press representatives, and a delegation from the company's shops. When, in the presence of this gathering, labor officials demanded a union contract, Heacock refused point blank, and demanded to know of the organizing committee what its dues under such an arrangement would be, what part of them would go to John L. Lewis, and whether they would consent to a public accounting of funds to Caterpillar employees. Union officials refused to meet these terms and called a strike in the company's plants in Peoria the day after the conference. A mass meeting of the strikers failed miserably, however, while a "spontaneous" employees' committee held a meeting, attended by eight thousand workers, the outcome of which was a "back to work" movement taking all but a few hundred employees inside the picket lines.[6]

The State Department of Labor, represented by Peter J. Angsten, now stepped into the picture, with a request that the strike be solved by compromise, upon which Heacock consented to

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[5]The organizers were led by Joseph F. Devroncourt, lieutenant of John L. Lewis. New York Times, April 7, 1937, p. 6.

[6]Manufacturers' News, June, 1937, p. 16; New York Times, April 8, 1937, p. 6. An account of the strike written from the "labor point of view" stated that the strike was in part an outgrowth of the company's discharge of a number of employees stricken with silicosis, in order that the company might escape the responsibility of the new Occupational Disease Law before the statute went into effect. See Milton S. Mayer, "Slow Death in Illinois," The Nation, 144 (April 17, 1934), 432-434. Heacock said later that his technique of "handling" the situation included distributing mimeographed reports of conference proceedings and company bulletins to the wives of the strikers, so that the women might have a "different notion" of what was actually going on than that obtained from striking husbands. New York Times, April 28, 1937, p. 12.

a new conference with C. I. O. officials. The company presented the meeting with a "statement of policy" which, at the request of Angsten, it consented to sign with union officials. This "agreement" granted the C.I.O. absolutely nothing, and was in fact, a mere affirmation by the company of the labor policy already pursued.[7] The outcome was unquestionably a victory for Heacock and the Caterpillar Tractor Company, a victory which the Association considered to be "to the advantage of all labor and the confusion of power-seeking agitators."[8]

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[7] New York Times, April 9, 1937, p. 3; Manufacturers News, June, 1937, p. 16.

[8] Manufacturers' News, June, 1937, p. 16. Late in April the National Industrial Conference Board, of which the Association is a member, launched a drive for the revision of the Wagner Act. Heacock was present at the first meeting of officials to discuss plans for obtaining repeal, and had occasion to discuss his "strike philosophy." All strikers and those who associate with them "are outlaws and brigands," since they "seize plants and hold them, pending negotiations." He went on to remark that since "no one knows" what collective bargaining may be under the Wagner Act "it may be as well to forget the act and to begin by trying to be decent." New York Times, April 28, 1937, p. 12.

CHAPTER XXIX

STATE SOCIAL LEGISLATION--1931-1937

While the Association thus battled to preserve the integrity of the "American System" from the onslaughts of the New Deal, it was engaged in an equally hard fought struggle with the forces of organized labor on the floor of the state legislature. Although in many respects this conflict was the mere counterpart of that which had been waged in Illinois for forty years, it was complicated by the new spirit of social reform present on the floor of the assembly, and by the appearance of a number of new problems hitherto of no especial importance to the Association.

At the 1931 session of the legislature Representative Truman A. Snell introduced at the instance of organized labor a "prevailing wage act" into the lower house of the General Assembly. The measure, which required contractors on state projects to pay "the prevailing rate of wages" of that locality where the work was undertaken, was vigorously opposed by the Illinois Manufacturers' Association as an organized labor scheme calculated to establish the union rate as the prevailing rate of wages.[1] The bill, however, had the support of various contractors' organizations, as well as the State Federation of Labor, and in spite of the work of Allen T. Gordon,[2] it was passed by the Assembly.[3] As enacted, the statute established an eight-hour day on public projects, and provided "that the wage rates shall not be less than the prevailing rate of wages for work of a similar nature in the city, town, or village or other civil division of the state in which the public work is located." The law applied to "public projects carried on by counties, cities, towns, school

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[1] Manufacturers' News, December, 1931, p. 36; State of Illinois, Laws of Illinois, 1931, p. 199.

[2] Manufacturers' News, December, 1931, p. 36.

[3] Journal of the Illinois House of Representatives, 1931 pp. 402, 916.

boards, sanitary districts, and other subdivisions of the state."[4]

In July, controversy arose over the interpretation of the law. The State Department of Public Works, in advertising for bids on a number of road building projects, simply certified wage rates which Director of Public Works Cleaveland alleged that contractors had been paying. This was not at all to the liking of R. G. Soderstrom of the State Federation of Labor, and he immediately filed an official protest with the governor. Under the law this compelled the governor to appoint an official Board of Appeals of three men to settle the question of prevailing wages, nominations for the board to be submitted by the labor unions, by the contractors' organization, and by the Department of Public Works. It was assumed that the governor would appoint one man from each group, but when the attorney general ruled that this was not necessary, Governor Louis Emmerson instead appointed one representative of organized labor, George C. Ottens, one contractor, H. W. Hartman, and Ray Wantz, a Rockford paper box manufacturer and very prominent member of the Illinois Manufacturers' Association.[5]

Then began a protracted fight which lasted throughout July on the rates to be established. Wantz and Gerlach of the Illinois Manufacturers' Association felt that the "prevailing wage" which organized labor wanted "was merely the union wage," one far above the actual prevailing wage. It was the contention of Ottens and the representatives of the State Federation of Labor on the other hand, that the wages proposed by Wantz would give contractors a chance to use cheap transient labor and were far below "prevailing wage" rates. Finally Governor Emmerson requested Director Cleaveland and President Soderstrom to enter into a discussion in an effort to draft a tentative schedule of agreed rates to be submitted to the Appeal Board. These men succeeded in reaching a tentative agreement for certain portions of the state. When presented to the Appeals Board, however, Wantz absolutely refused to countenance the agreement on the grounds that there was no authority in any one to submit any schedule to the Board. Wantz, Hartman, and Ottens then went into executive session and adopted an agreed schedule of rates, and al-

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[4]State of Illinois, Laws of Illinois, 1931, p. 199.

[5]Illinois State Federation of Labor, Forty-Ninth Annual Proceedings, pp. 39-40; Manufacturers' News, December, 1931, p.20.

though Ottens refused to adhere, these rates were put into effect by the State Department of Public Works.[6]

Meantime, however, the Association had determined to oppose the constitutionality of the prevailing law, and it furnished counsel, David M. Clarke, to attack the statute in the courts. The move was successful. In October, the Illinois Supreme Court declared the law unconstitutional as a violation of the freedom of contract guaranteed by the due process clauses of the state and federal constitutions.[7]

Organized labor now made an attempt to obtain the passage of a statute which would meet the requirements of constitutionality imposed by the court, and accordingly Senator Earl B. Searey in 1933, introduced a bill into the upper chamber "requiring the payment to laborers, workmen, and mechanics employed on any public works engaged in by the state, county, city, town, district, or other political subdivision of the state" of a wage "which shall not be less than the so-called prevailing wage for work of a similar character in the locality in which the work is being performed."[8] In the opinion of Donnelly, the bill was "simply an attempt by the labor unions to increase their influence throughout the state" and "if this step were accomplished, the next step would be the unionization of industry." He also thought it "would materially increase taxes by increasing the cost of public construction."[9] The Association subsequently attacked the bill in the senate committee hearings, where Donnelly, Gordon, and Heidrich testified against the measure,[10] and it died in committee without being reported to the floor.[11] In 1935, the State Fed-

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[6]They called for a schedule of thirty-five to forty-five cents an hour for common labor, depending upon the county. Illinois State Federation of Labor, Forty-Ninth Annual Proceedings, 1931, pp. 40-42.

[7]291 Illinois 554 (1931); Industrial Review, November 23, 1931.

[8]Illinois Manufacturers' Association, Bulletin: Prevailing Wage Bill (Chicago, March 2, 1933); Journal of the Illinois Senate, 1933, p. 544.

[9]Illinois Manufacturers' Association, Bulletin: Prevailing Wage Bill.

[10]Manufacturers' News, January, 1934, p. 26.

[11]Journal of the Illinois Senate, 1933, p. 1879.

eration obtained the introduction of a similar statute in the house of representatives, where the proposed law was referred to the Judiciary Committee.[12] Here it came to rest, the Association successfully opposing all attempts to obtain further action.[13]

In 1931, the Association unsuccessfully resisted the attempts of the State Federation of Labor to increase the schedule of benefit payments under the Workmen's Compensation Act. The bill as originally introduced by Representative R. G. Soderstrom and Senator Andrew S. Cuthbertson, aimed to bring the level of payments required up to that of the New York act, the most important provision of which was a temporary disability payment of sixty-six and two-thirds per cent of the weekly wage instead of fifty per cent payment as required by the Illinois law. Schedules for permanent injury were also increased greatly, while the schedule of maximum payments in fatal cases was doubled.[14] Donnelly immediately announced the organization of a widespread campaign among members of the Illinois Manufacturers' Association to defeat passage of the act on the grounds that the new schedule of payments would "wreck the insurance companies" engaged in underwriting compensation risks, by increasing their costs very greatly.[15] He considered, also, that the bill would constitute "a serious blow to private industry."[16]

The bills were referred to the house Committee on Judiciary and the senate Committee on Industrial Affairs,[17] and thence

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[12] Journal of the Illinois House of Representatives, 1935, p. 70; Industrial Review, February, 1935. The Association contended that the bill would result in the "payment of exhorbitant wages out of the public treasury for all public work, including relief work," would "make 'prize money' of public funds," and "would place public relief works in competition with private enterprize."

[13] Manufacturers' News, January, 1935, p. 28; Journal of the Illinois House of Representatives, 1935, p. 1491.

[14] Weekly News Letter, April 18, 1931, p. 2. The bill is described in Legislative Reference Bureau, Final Legislative Synopsis and Digest, 57th General Assembly, 1931, pp. 173-174. The death claim, one child, minimum, was raised from $1,650 to $2,600. The death claim maximum was raised from $3,750 to $4,000.

[15] Chicago Journal of Commerce, March 30, 1931, p. 1.

[16] Illinois Manufacturers' Association, Bulletin: Workmen's Compensation Bill (Chicago, March 29, 1931).

[17] Journal of the Illinois House of Representatives, 1931, p. 306; Journal of the Illinois Senate, 1931, p. 654.

in both instances to sub-committees of these bodies. On April 15th, the sub-committee of the lower chamber held a public hearing on the bill, attended by a large group of members of the Illinois Manufacturers' Association and the Illinois Coal Operators' Association prepared to offer testimony against the law.[18] After a somewhat acrimonious exchange of evidence, Representative David I. Swanson granted a request of the Association for an adjournment until April 28th, when opponents of the measure would again be heard.[19] Meanwhile, the committee urged that the State Federation meet with representatives of the Association and prepare an agreed bill. This proved acceptable to both groups, and a month of negotiating between Donnelly and Gerlach on the one hand and Soderstrom and Victor Olander on the other took place,[20] as a result of which a new agreed bill, with a modified schedule of increases was introduced in the senate late in May.[21] The agreed measure was then enacted by the legislature without opposition in June.[22] The new law provided for substantial improvement in the level of payments although the increases were much less than the average of eighty-five per cent contained in the original labor bill.[23]

No further serious attempts to increase the level of compensation payments occurred again for several years; although in 1935, the State Federation of Labor unsuccessfully sought the passage of its old-time favorite, a State Insurance Fund Law.[24]

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[18] Weekly News Letter, April 18, 1931.

[19] Ibid. [20] Ibid., May 30, 1931.

[21] Journal of the Illinois Senate, 1931, p. 1180.

[22] Ibid., p. 1292; Manufacturers' News, December, 1931, p. 7.

[23] See below, page 395, footnote, for a comparison of the 1931 schedules with those of the 1937 bill.

[24] This bill would have set up a state compensation insurance business to take the place of all private companies engaged in writing this form of policy. The Association opposed the bill as "a step into state capitalism or socialism," and one which "would create a state monopoly which might be expected to cost employers far more than they now pay for safe, well managed, and well serviced compensation insurance protection." Industrial Review, February, 1935. The bill would have set up a state fund into which all employers paid premiums, would have made the state treasurer the custodian of the fund and have provided for benefits to be awarded by the State Industrial Commission. This bill,

In 1937, however, another determined drive for increases in schedules took place, which the Association resisted with great vigor and this time with complete success. The state Federation in April obtained the introduction of the proposed act in the two chambers, whence the bill was referred to the Judiciary Committees of the respective bodies. The Association, after study of the changes involved, decided that the measure was "drastic, unfair, and unwarranted," and would increase the average level of compensation payments by one hundred per cent.[25] Donnelly urged members to protest immediately to the house and senate Judiciary Committees, and when those two bodies announced preliminary hearings upon the bill to be held May 11th, the Association sent an emergency call to the members to assemble in Springfield on that date. At the first session of the hearings, however, a postponement for future consideration in committee was obtained, new

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S.B. 104 is described in Legislative Reference Bureau, op.cit., 1935, p. 60. See also Journal of the Illinois Senate, 1935, p.75.

[25] Illinois Manufacturers' Association, Drastic Increases in Workmen's Compensation and Occupational Disease Benefits Proposed (Chicago, May 6, 1937).

The extent of the proposed increases may be observed from the following table:

	Present Act	Proposed Act
Temporary Total Disability Rate	50% of average weekly wage	66 2/3% of average weekly wage
Temp. T. D. Rate Minimum	$7.50 per week	$8.00 per week
" " " " Maximum	$15.00 " "	$25.00 " "
" " " " Limit	$4,000 " "	$5,000 " "
Disfigurement Limit	25% of death benefit	$3,500
Partial Disability	50% of difference between old and new earnings.	66% of difference between old and new earnings.
Total Permanent Disability	50% of wages (minimum $7.50, maximum $15) until equal to death benefit, $4,000 thereafter annual pension of 8%-12% for life.	66% of wages (minimum $8 maximum $25 for life

The schedule of payments for loss of specific members (Toe, eye, arm, leg, etc.) was also increased in each instance by 50-100%.

hearings for May 25 being announced.[26] Donnelly now approached Soderstrom with the suggestion that the Association and Federation work out an agreed bill, as had been done so many times in the past. This offer of compromise was rejected, however, and the Association rallied its members to the coming hearings with the statement that whether the bills were reported out favorably "depends upon the cooperation we get from our members." A second emergency meeting of manufacturers was also announced for the morning of the hearings.[27] The hearings were nevertheless postponed again, this time until June 2nd, at which time, the committees announced, final action would be taken preparatory to a report to the floor of the two chambers.[28] After Donnelly and Gordon had obtained a third postponement, this time until June 8th,[29] the hearings were finally staged, and notwithstanding the efforts of the Association to hold the bills in committee, the house Judiciary Committee reported the measure favorably to the floor of the lower chamber.[30] Here the bill came to a final vote on June 23rd, and although the Association sent out thousands of bulletins in a last minute appeal to members urging that they protest to their representatives,[31] it passed the house by a vote of 88 to 28.[32] Time, however, was with the Association. The session of the legislature was scheduled to end on June 30th, and in the five days before that time the entire legislative staff of the Association as well as the executives of many Illinois corporations worked among the senators in opposition to its passage.[33]

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[26] Weekly Legislative Review, May 15, 1937.

[27] Illinois Manufacturers' Association, Bulletin: Organized Labor Leaders Demand 100% Increases in Workmen's Compensation (Chicago, May 21, 1937); Weekly Legislative Review, May 21, 1937.

[28] Illinois Manufacturers' Association, Bulletin: Drastic Increases in Workmen's Compensation and Occupational Disease Benefits Proposed (Chicago, May 27, 1937); Weekly Legislative Review, May 27, 1937.

[29] Weekly Legislative Review, June 4, 1937.

[30] Ibid., June 11, 1937.

[31] Illinois Manufacturers' Association, Bulletin: Demand For Unwarranted Increases in Workmen's Compensation Benefits (Chicago, June 8, 1937); Weekly Legislative Review, June 18, 1937.

[32] Chicago Tribune, June 24, 1937, p. 2.

[33] Illinois Manufacturers' Association, Bulletin: An Urgent and Final Appeal (Chicago, June 25, 1937).

The house bill was given hasty consideration by the senate Public Welfare Committee which reported the bill favorably to the floor on June 24th. Time was too short for effective work among the senators by the labor lobby, however, and in the last minute vote on June 30th the bill met defeat. The Illinois Manufacturers' Association had won another substantial legislative victory for its members.[34]

While the Association thus constantly resisted any increase in the schedules of payments in workmen's compensation, it was nevertheless willing to co-operate actively with labor in developing a workmen's occupational disease act, to provide for a scheme whereby employers might elect to come under a schedule of compensation for occupational diseases of the same character as that provided in the workmen's compensation law. The Association was the more willing to embark on this departure because of the critical state into which the common law and judicial status of occupational diseases had fallen. By 1935 the employers of Illinois were being flooded with damage suits, many real, many fancied, most of which were based upon silicosis, asbestosis, tuberculosis, or some other respiratory disorder. It was in order to meet this crisis that the Association appointed O. E. Mount, general chairman of American Steel Foundries, to the chairmanship of an Occupational Disease Committee, to make an exhaustive study of the problem and submit recommendations to the officials. Nearly two years of investigation followed, during which the Committee examined the legal, medical, and industrial aspects of the problem in Illinois and in the world at large. Finally, early in 1935, Mount recommended the submission of a comprehensive elective occupational disease act to the legislature, to provide for the payment of compensation on the computation provided for in the workmen's compensation act, and repealing the prevailing occupational disease act.[35] A number of other bills providing for administrative reform were also submitted.[36]

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[34] Illinois Manufacturers' Association, Review of Legislation Affecting Industry Considered At the 60th Regular Session of the Illinois General Assembly (Chicago, July, 1937), p. 8.

[35] Known as H.B. 708, Journal of the Illinois House of Representatives, 1935, p. 586; Industrial Review, May, 1935; Manufacturers' News, January, 1936, p. 33.

[36] They were: H.B.634, a "Grinding, Buffing and Polishing

This plan was, however, destined to defeat. Organized labor had watched with considerable interest the development of this legislation, and as the Association bill was referred to the Judiciary Committee of the house, it in turn submitted a bill of its own, embracing the same plan of compensation payments, but differing vitally upon one point, the interpretation of what constituted an occupational disease. The Association bill provided that a disease, to be compensable, must grow out of the occupation, that is, a direct causal relationship between occupation and disease must be established, while the labor bill contained the much broader interpretation that any disease merely incident to the occupation, i.e., one which happened to occur during or after the time of employment, regardless of whether any causal relationship could be shown, was an occupational disease. Upon this rock agreement between Mount, Donnelly, and Wantz on the one hand and the representatives of labor on the other was hopelessly shattered, and the house Judiciary Committee eventually reported out a bill of its own[37] entirely unsatisfactory to both parties, and which died for lack of support.[38]

The need for a satisfactory law had meanwhile become even more decisive, for in April, 1935, while the legislative controversy was still raging, the State Supreme Court declared several portions of the existing Occupational Diseases Act unconstitutional,[39] and a decision of the Appellate Court of Illinois in

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equipment Sanitation Law,[a] providing for exhaust systems for removing dust and dirt from grinding, polishing, and buffing operations, and repealing the act of June 11, 1897, to compel the use of blowers upon metal polishing machinery. H.B.703, Amending the Civil Administrative Code of Illinois, by increasing the membership of the Illinois Industrial Commission by two members, both to be physicians of good professional standing. H.B. 704, Amending the Act to Provide for the Health, Safety, and Comfort of Employees, by adding to it the sections of the Present Occupational Disease Act (now to be repealed) relating to measures for the prevention of occupational disease.

[37] Journal of the Illinois House of Representatives, 1935, pp. 1383, 1485.

[38] Ibid., 1935, p. 1576; Manufacturers' News, January, 1936, p. 33.

[39] Parks v. Libby Owens-Ford Glass Company, 360 Illinois, 131. The existing act of 1915 was declared void for uncertainty in that it prescribed "no definite standard to guide employers in determining whether the particular occupation in which they are engaged comes within the terms of the act." This statute had

July held that no common law right of action against employers existed in Illinois for occupational diseases.[40] The situation thereby created was completely chaotic, and all parties recognized the need for decisive action. Governor Henry Horner in September thereupon arranged a conference of representatives of the Association and the State Federation of Labor, under the chairmanship of Peter J. Angsten, head of the Illinois Industrial Commission.[41] Numerous meetings resulted in compromise. A series of agreed bills were prepared, the principle one being a comprehensive occupational diseases statute.[42] The governor in convoking a special session of the legislature to consider these measures, urged upon the Assembly the great importance of their passage,[43] and accordingly were speedily ratified without opposition.[44]

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merely prescribed certain necessary precautions in occupations involving the risk of occupational diseases.

[40] Sylvester v. Buda, 281 Illinois App. 139.

[41] Industrial Review, February, 1936; Manufacturers' News, January, 1936, p. 33. The Association was represented in these conferences by O. E. Mount, F. E. Elam, J. L. Earlywine, O. E. Jones, Dr. J. H. Chivers, and Dr. C. O. Sappington.

[42] In addition to the Occupational Disease Act there were (1) "A Grinding, Polishing and Buffing Act," (2) a new and comprehensive "Health and Safety Act" to require certain safeguards against accidents and occupational diseases, and (3) an "act Authorizing the Department of Labor through the Industrial Commission, to administer the Health and Safety Act and the Occupational Diseases Act."

[43] Journal of the Illinois Senate, 3rd Special Session, 1935-1936, p. 5.

[44] Ibid., Third Special Session, 1935-1936, pp. 7-8; Journal of the Illinois House of Representatives, 3rd Special Session, 1935-1936, p. 8; Industrial Review, April, 1936; Manufacturers' News, July, 1936, p. 30; Ibid., February, 1937, p. 11. Under the new Occupational Diseases Act, an employer had a right to elect to provide and pay compensation benefits to his employees for disability or death resulting from an occupational disease, the amounts being approximately the same as those now provided by the Illinois Workmen's Compensation Act applying to accidental injuries. There are provisions for the furnishing of medical, surgical and hospital attendance, limited to six months in cases of disablement due to silicosis or asbestosis. For all other diseases the law provides for medical, surgical, and hospital attendance, limited to that which is reasonably required to effect a cure.

If an employer does not elect to pay compensation benefits as provided by the new law, the statute grants a right of action for damages in an unlimited amount to an employee whose health has been impaired by an occupational disease. In the event of

Among the most important and most controversial questions with which the Association grappled during the period of the depression was that of "Social Security" legislation. This problem was of course one with which the Association was seriously concerned in the national forum, but it also appeared on the floor of the state legislature early in the depression, where it continued to be a center of conflict until 1937 when a comprehensive state social security act was finally enacted.

For some years before 1930 the State Federation of Labor had sought the enactment of an old age pension law, but its efforts were not regarded seriously by the Illinois Manufacturers' Association in a day when the public as well as the industrialist was inclined to regard legislation of this variety as "socialistic" and "unamerican." The onset of the depression and the concomitant drift toward greater governmental interference in social welfare, however, gave the matter of social security legislation an importance it had not assumed before, and when, in 1931, organized labor introduced an old age pension bill into the General Assembly, a sharp fight took place between the Association and the sponsors of the measure before it was defeated. The bill, which called for a pension of thirty dollars a month to all indigent persons over sixty-five without other means of support,[45] was presented to the upper chamber by Senator Charles H. Thompson, and referred to the Committee on Judiciary. The bill had the support of various women's organizations and church groups as well as organized labor, and although it was opposed in Committee by Anne Hinrichsen,[46] and by representatives of the Chicago Civic Federation, it appeared that the measure would receive a favorable committee report.[47] This outcome was averted by Miss Hinrichsen and Donnelly when they suggested that the Association would agree to the passage of an act to set up a commission for the investigation of the problem. To this the State Federation assented

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death his heirs may sue the employer in an amount not exceeding $10,000. See Illinois Manufacturers' Association, The Occupational Diseases Act (Chicago, July, 1936); Manufacturers' News, July, 1936, p. 30.

[45] Legislative Reference Bureau, op. cit., 1931, p. 235 gives a summary of the measure.

[46] Manufacturers' News, December, 1931, p. 21.

[47] Weekly News Letter, April 4, 1931.

in view of the probable failure of the present bill in any event; the pending bill was then stricken from the calendar and replaced with an agreed bill setting up the proposed commission.[48] This act became law without opposition,[49] and Governor Louis L. Emmerson in May appointed the seven members of the commission. The Association was well represented on this body, which included Miss Hinrichsen, Samuel Insull, Jr., and Charles S. LaPorte of the Keystone Steel and Wire Company.[50]

This commission then proceeded to make a study of old age pension systems in Europe, the various American states, and systems in vogue in private industry. Throughout the investigation it received the active co-operation of the Illinois Manufacturers' Association which had meantime begun a study of the problem on its own initiative.[51] The Association presently announced that "the pension system of old age security would more than double the cost of poor relief in Illinois," a claim it asserted was substantiated by the statement of "public relief officials in all parts of the state."[52] David R. Clarke, Association attorney, appeared before the Commission in November, and in his testimony condemned the idea of old age pensions unqualifiedly. They would, he said, "impose an additional annual burden of $16,000,000 upon Illinois tax-payers." This "would mean an immediate and substantial increase in the already overwhelming burden of taxes" in Illinois, while it would not even "eliminate the cost of maintenance of county homes and the homes provided by private charities to care for such persons." Furthermore, Clarke concluded, the Association did "not believe that the care of the dependent aged is a matter of public concern," nor was it convinced "that any improvement in the care of the dependent aged . . . . can be ex-

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[48] Industrial Review, April, 1931.

[49] State of Illinois, Laws of Illinois, 1931, p. 200. The official title of the seven-man commission was "The Illinois Commission for the Study of the Causes of Dependency in Old Age."

[50] Other members of the committee included Senator Charles H. Thompson, A. G. Soderstrom, of the State Federation of Labor, Walter L. McKennimen, and Harry Abels. Manufacturers' News, December, 1931, p. 21.

[51] Ibid., December, 1931, p. 38.

[52] Industrial Review, June, 1932.

pected to come from handing them a 'dole' with which to take care of themselves."[53] The Association also supported Clarke's appearance with a body of data released in February, 1933, on private industrial pension systems in Illinois, which tended to show that industry was already aware of its responsibilities toward the aged and was already assuming more than its share of the burden.[54]

In view of the attitude of the Association toward any old age pension law, and the evident support which the Commission received from the Association, it seemed hardly probable that the Commission would make any positive recommendations to the legislature, and this in fact proved to be the case. In a brief report, submitted in January, 1933, the Commission reviewed its findings but described them as "inconclusive." A majority of the Commission accordingly asked that the Commission postpone presentation of any final report until 1935, and that the legislature suspend any action until that time.[55] The governor forwarded the report without comment to the legislature, where it was effectively disposed of by referring it to the Legislative Committee. Thompson and Soderstrom refused, however, to sign the majority report of the Commission,[56] and instead introduced bills providing both for unemployment insurance and old age pensions.[57] These measures were successfully opposed in March, in hearings before the house Insurance Committee, Ray Wantz heading the Association delegation to Springfield.[58]

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[53] Ibid., December, 1932.

[54] Manufacturers' News, March, 1933, p. 19.

[55] Journal of the Illinois House of Representatives, 1933, pp. 167-167. The Commission's work included (1) a survey of the costs and conditions in Illinois Almshouses and private homes for the aged, (2) an investigation, through questionnaires and forms to about 3,000 persons, of the condition of dependent persons over 65 in the state, (3) a survey, very fragmentary, of European pensions systems, (4) an investigation of "outdoor relief" in Illinois, (5) investigation of private pension plans (6) study of the public pension systems of Montana, California, New Mexico, Colorado, Delaware, New Jersey, Connecticut, New York, and Wisconsin. In no instance did the Commission reach any conclusions, or make any positive recommendations.

[56] Weekly News Letter, February 18, 1933.

[57] Ibid., March 18, 1933.

[58] Other members of the Association's delegation included H. H. Fletcher, of the Ohio Oil Company; George North, of the

With the coming of the Roosevelt administration, the problem of security legislation became one of national concern, and comparatively little was heard of the matter in the halls of the Illinois General Assembly for the next two years. In August, 1935, however, the much debated federal Social Security Act became law,[59] and its provisions once more made the passage of state social security legislation an immediate problem. In October, Governor Henry Horner called a special session of the General Assembly. In his message he pointed out that Illinois employers would shortly be subject to a one per cent unemployment insurance payroll tax, to be paid into the national treasury, and that these funds would not be available for unemployment insurance in Illinois unless the state passed a satisfactory unemployment compensation act. Upon enactment of a satisfactory state statute, ninety per cent of the tax collected by the national government would become available for the payment of state benefits. Passage of a satisfactory old age pension act was also imperative, inasmuch as the federal government stood ready to make old age pension payments equal to one half of those made by the state.[60]

Now began a hard fought battle between the Illinois Manufacturers' Association on the one hand, and the Horner administration, the State Federation of Labor, the Illinois League of Women Voters, and a great many religious and philanthropic groups on the other. Senate Bill 10[61] and House Bill 17,[62] identical measures embodying a system of state unemployment insurance payroll taxes,[63] were presented on October 28th, and the bills were

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Belleville Industrial Club; Adolph Mueller, Association director, of the Adolphe Mueller Company; J. R. Phillip, of Standard Brands; John R. Cano, a Danville manufacturer; F. H. Klan, of the American Steel Foundries Company; and D. E. Kimball, of the Kimball Piano Company. Weekly News Letter, March 25, 1935. David R. Clarke also appeared several times against the measures. Manufacturers' News, January, 1934, p. 6.

[59] See above, Chapter XXVI.

[60] Journal of the Illinois Senate, 1st Special Session, 1935-1936, pp. 3-5.

[61] Introduced by Senator John M. Lee.

[62] Introduced by Representatives Joseph L. Rategan and George G. Neuman.

[63] In its main features the proposed law provided for an

referred to Committee of the Whole for consideration and hearing. Meanwhile one of the best organized and powerful attacks the Illinois Manufacturers' Association had ever undertaken swung into action. Bulletins were released to members exhorting them to protest to their representatives at Springfield,[64] while in circulars, radio addresses, and public debates the Association sought to make its opposition clear and rally the public to its way of thinking.

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unemployment insurance payroll tax, imposed upon employers of more than eight persons, and their employees. The contributions were levied on the following scale:

Employers' share:
1 per cent of the payroll of employees for 1936.
2 " " " " " " " " 1937
3 " " " " " " " " all subsequent years.

Employees' share:
½ per cent of wage received for 1937.
1 " " " " " " 1938
½ " " " " " " each year thereafter.

All contributions were to be paid over to a commission, created by the measure, and in turn immediately forwarded by the commission to the Secretary of the Treasury of the United States. The commission was to draw upon the funds so deposited with the federal treasury as they were needed for unemployment benefits.

Benefits were to commence in the week beginning January 8, 1938, at the rate of 50 per cent of the weekly wage, and were not to exceed $15 or be less than $5 weekly. Benefits were payable at the ratio of one week's benefit for every four weeks unemployment in the 104 weeks ending with the last week of employment; provided, however, that benefits were not to extend over more than twenty weeks in any fifty-two consecutive weeks, except that in addition to the foregoing benefits the employee was to receive one week's benefit for every twenty weeks of employment in the last 260 weeks ending with the last week of employment.

An employee was entitled to benefits (1) if he had been employed for not less than twenty weeks within the twelve months preceding the date of application or for a period of thirty-six weeks during two years preceding the date of application, and (2) if he were unable to obtain work for which he was reasonably fitted, or was suffering loss of wages by reason of partial employment. The following persons and their employees were exempt from the provisions of the act: Employers of agricultural labor, employers of domestic service in private homes, government services, and religious, charitable, scientific, literary or educational institutions operating not for profit. See Illinois Manufacturers' Association, How Unemployment Insurance Would Affect the General Public, the Farmer, the Wage Earner, the Employer (Chicago, November 7, 1935).

[64] Illinois Manufacturers' Association, Compulsory Unemployment Insurance--A Measure Which Will Decrease Employment and Increase Taxes (October 28, 1935); Illinois Manufacturers' Association, Compulsory Unemployment Insurance Bulletin No. 2 (November 7, 1935).

The Association placed its chief emphasis upon "the huge new tax burden" which the law would impose, a sum which "rises each year until after 1937 it reaches over $60,000,000 per year." The tax provided in the law was, furthermore, "only a starter," the "rates will be increased and other provisions liberalized from year to year in accordance with political considerations." The Association considered that "group activities of the kind now typified by the so-called Townsend Clubs will become universal." Moreover, the Association warned, "employers of Illinois will not be able to assume the responsibility of the huge burden of these taxes," which would "accordingly be shifted to the consumer of goods." Thus while "the steady worker, the farmer, the farm worker, the domestic, the public servant, the independent worker" received "not a cent from the money collected under this program," each "as a consumer of goods" would "bear his burden just as surely as he bears the Illinois sales tax today."[65]

What was perhaps even more serious, the law would fail utterly of its purpose since "economists are universally agreed that a system of compulsory unemployment compensation of the type contemplated by this legislation cannot possibly take care of a major depression." The law, instead of reducing unemployment "as a practical matter" would"tend to do the opposite." Since "the great bulk of employers" were "today operating on a hand to mouth basis," and found "it very difficult to meet their payrolls," the tax contemplated would, by depleting their cash working capital "force employers in all lines of endeavor out of business." The "increase in the cost of the goods to the consumer "would at the same time "so increase living costs as to cut down production and consumption and accordingly reduce the number of jobs." The Association concluded that "the tax on the payroll of the employer . . . . is the most effective plan that could be devised to force men and women out of work."[66]

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[65] Illinois Manufacturers' Association, How Unemployment Insurance Legislation Would Affect the General Public, the Farmer, the Wage Earner, the Employer, pp. 2-4; Ray E. Wantz, Radio Address Reprint Unemployment Insurance (Chicago, November 10, 1935); Chicago Tribune, November 11, 1935, p. 32.

[66] Illinois Manufacturers' Association, How Unemployment Insurance Would Affect the Farmer, pp. 7-10; Ray E. Wantz, Radio Address Reprint: Unemployment Insurance; Chicago Tribune, November 11, 1935, p. 32.

If the economic arguments against the bill were strong, the Association considered the political arguments even stronger. The bill would engender "a political system which would be entirely socialistic in principle," and would "create a vast new bureaucracy," a veritable "large army of employees to be supported by the tax payers." The whole idea, the Association concluded, was "a stupendous and unsound experiment" that would "cost the people of Illinois untold millions of dollars" and would "fail in its reckless promises to the unemployed."[67]

There was one argument which had little to do with the wisdom of the bill, but which was of great practical importance nevertheless, the obvious point that unless a satisfactory Illinois unemployment act were passed, the workers of Illinois would lose completely the unemployment tax collected within the state. "That," replied President Thomas S. Hammond, "is not the case."

> The facts are that in the opinion of lawyers generally, that portion of the Federal Social Security Act which undertakes to impose a tax for so-called unemployment insurance purposes is clearly unconstitutional and invalid and no such tax can lawfully be collected in Illinois unless the Illinois General Assembly imposes it.
>
> Illinois employers therefore will not, in our opinion, be required to pay a tax for this purpose unless the state should be saddled with the so-called unemployment insurance legislation now pending in the General Assembly.[68]

While the Association thus exerted itself to place its position before the people of Illinois, it was engaged in a fight to hold the senate bill in committee of the Whole. Hearings opened before that body on November 5th, the supporters of the law being heard first. Testimony was offered by the Illinois State Federation of Labor, the Illinois Joint Legislative Board, and the Council of Social Agencies. Donnelly, who was present, Challenged the evidence presented every step of the way and succeeded in creating a sensation when he read a telegram from Edward L. Ryerson of the Council of Social Agencies which seemed to deny that his organization desired passage of the law, contrary to evidence which supporters of the bill had just introduced.[69]

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[67] Illinois Manufacturers' Association, How Unemployment Insurance Would Affect the Farmer, pp. 7-10; Wantz, Radio Address; Chicago Tribune, November 11, 1935; p. 32.

[68] Manufacturers' News, January, 1936, p. 35.

[69] Weekly News Letter, November 16, 1935.

The effect was seriously to damage the testimony in support of the bill. A week later, with hearings resumed on November 12, Donnelly presented a number of prominent manufacturers, including C. S. Craigmile, Belden Manufacturing Company, L. G. Sherman, of the Caterpillar Tractor Company, Robert I. Pierce, of the Chicago Heights Manufacturers' Association, and David M. Clarke,[70] all of whom vigorously attacked the bill.[71] Donnelly, on the plea that the Association had not as yet finished its testimony, was able to hold the bill in Committee for an indefinite period. Meanwhile in the house, Donnelly suggested the passage of a bill setting up an investigating commission; this attempt failed, however, when Soderstrom forced the bill out of the Judiciary Committee and onto the house calendar.[72] The triumph of labor was short lived, for an attempt to advance the bill to third reading failed of the necessary two-thirds vote, and the house, on December 11, was forced to adjourn until January upon a call of "no quorum."[73]

Before the legislature met again it was recognized that the bills had but little chance of passage.[74] The house bill remained stationary, while during January and February Senator Lee repeatedly postponed a vote in the upper chamber, in the realization that the Association had mustered sufficient votes to secure certain defeat. In the words of the Association, the two houses had adopted "a genuinely cooperative attitude,"[75] and when the bill finally came to a test vote in the senate, it received but seven votes.[76] The house bills were shortly stricken from the

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[70] These men, with the exception of Attorney Clarke, were directors of the Association.

[71] Weekly News Letter, November 16, 1935.

[72] Ibid., December 7, 1935; Journal of the Illinois House of Representatives, 1st Special Session, 1935-1936, p. 27.

[73] Journal of the Illinois House of Representatives, 1st Special Session, 1935-1936, p. 39.

[74] Industrial Review, January, 1936.

[75] Ibid., April, 1936.

[76] Journal of the Illinois Senate, 1st Special Session, 1935-1936, p. 86.

calendar, and the Assembly adjourned sine die on March 6.[77] The Association, in triumph, announced that the proposed law had been defeated by the protests of the people "when the public began to understand the real import of the legislation and particularly the tremendous additional tax load that the bills would impose."[78]

Final settlement of the question was, however, merely postponed. When the regular session of the General Assembly convened in 1937, Senator John M. Lee and Representative Robert M. Harper again prepared and introduced unemployment insurance bills in the legislature.[79] These acts required a 3.5 percent payroll tax from July 1, 1937 to January 1, 1938, after which the rate was to be fixed at 2.7 percent. Employees were not to contribute until 1940, after which they would pay a 1 percent payroll tax.[80] Benefits, to become payable after July 1, 1939, ranged from $5 to $15 per week for thirteen weeks, to begin after any three week period of unemployment. The measures were referred to a joint legislative subcommittee of the senate Public Welfare and house Insurance Committees, where conferences between representatives of organized labor and certain Illinois employers' groups, notably the Chicago Employers' Association and the various local merchant associations, began. The Illinois Manufacturers' Association, however, refrained from participation in these conferences. It was the contention of Donnelly that in any event no law should be passed until the validity of the federal Social Security Act had been passed upon by the United States Supreme Court, since if the law were declared invalid, any state statute would still remain operative. In stressing this argument the Association was now shifting its tactics; it no longer emphasized the viciousness of the act itself but the inadvisability of passage at the present time.[81]

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[77] Journal of the Illinois House of Representatives, 1st Special Session, 1935-1936, p. 52.

[78] Industrial Review, April, 1936.

[79] Chicago Tribune, March 31, 1937, p. 11.

[80] All payments were to be placed in a single pool, there being no individual employer's accounts. The bill provided for the so-called state pool plan, which gave no opportunity for individual merit ratings on a basis of employment records.

[81] Weekly Legislative Review, May 6, 1937.

The result of the Association's failure to participate in these conferences was that a joint subcommittee placed a new "agreed" measure in the hands of the senate Public Welfare and house Insurance Committees. This bill increased employers' contribution to 3.8 percent, eliminated employees' contributions entirely, made no provisions for credits to employers with good employment records, and contained no clause rendering the law inoperative should the federal statute be declared unconstitutional.[82] In this form the measure was introduced into the upper chamber by Senator Lee, and the Public Relations Committee of that body began a second series of public hearings upon it.[83] The Association now apparently realized the passage of some form of unemployment insurance law to be practically inevitable, and in a new shift of tactics, it bent its efforts toward the modification of the bill then before the senate, to the end that its most objectionable features might be eliminated. Under Donnelly's direction the Association's legislative committee staged dozens of meetings among the manufacturers of the state, in order to acquaint them with "the state of affairs at Springfield," and muster as much support as possible behind the fight for modification. Meanwhile Donnelly and the legislative staff succeeded in forcing the adoption by the senate Committee of a series of amendments eliminating most of the "objectionable" features of the law, the principal effect of which was to establish provisions setting up individual employers' reserves and granting reductions for good employment records.[84] These changes met with the strenuous

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[82] Ibid., May 6, 1937.

[83] Weekly Legislative Review, May 13, 1937.

[84] The amendments sponsored by the Association and adopted by the Committee were:
1. An amendment to provide an advisory commission to assist the administration in arriving at rules and regulations that would simplify the accounting and reporting required of employers.
2. An amendment to strike out the so-called "syphon clause," the effect of which was to "minimize the advantages of the merit rating system," through the syphoning of contributions from individual employers away from their individual reserve accounts and into the general pool account.
3. An amendment to reduce the percentages of annual payrolls required to be accumulated in individual reserve accounts to enable contributors to secure a favorable rating with reduced rates of contribution.
4. An amendment to provide for the repeal of the Illinois act

resistance of the State Federation of Labor which acted with the co-operation of Professor Paul Douglas of the University of Chicago, and as the committee reported the bill favorably to the floor of the senate, the fight centered upon the retention of the "reserve merit rating"[85] provisions of the law.[86] In spite of the opposition of organized labor the bill passed the senate unanimously on June 1 with the Association's amendments intact; however, Soderstrom announced that he would seek to destroy the system of individual employers' accounts entirely by amending the act in the house to provide again for a "pool type" fund, individual employers' accounts being eliminated. To this announcement the Association replied that "the primary concern of these labor leaders is to build up a huge fund which will be concentrated in Washington and which can be used for political purposes," and it rallied its members to the support of the amended measure.[87] It appeared, however, that Victor Olander of the State Federation had enough votes assured in the lower chamber to threaten the retention of the "employers' reserve" plan,[88] and the Association accordingly resorted to negotiation. In a series of conferences between Olander and David Clarke, counsel for the Association, a compromise was developed which proved acceptable to all parties concerned. The new amendment provided for adoption of the pool plan, insisted upon so firmly by organized labor,

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in case the federal unemployment compensation tax provisions were invalidated.

The Association failed to secure adoption of a provision placing administration of the bill in the hands of a special commission to be created for the purpose. As drafted the measure provided for administration by the State Department of Labor. Weekly Legislative Review, May 21, 1937; Chicago Tribune, May 20, 1937, p. 6.

[85] That is, those features which reduced the tax of the employer if his individual reserve rose above certain percentages of his payroll tax.

[86] Late in May, the United States Supreme Court ruled in favor of the unemployment insurance features of the Federal Social Security Act, and the Association abandoned all hope of defeating passage of the law entirely.

[87] Illinois Manufacturers' Association, Bulletin: Labor Leaders Make Plans to Destroy Merit Rating Provisions in Unemployment Insurance Measure (Chicago, June 4, 1937).

[88] Weekly Legislative Review, June 11, 1937.

but it also retained the merit rating system by providing for reduced payments by employers with "good employment experience."[89] These changes were immediately accepted by the house,[90] and on June 25 the representatives passed the act by a vote of 86-0.[91] With passage of the act Illinois became the last state to comply with the unemployment insurance provisions of the Federal Social Security Act.[92]

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[89] Chicago Tribune, June 17, 1937, p. 14.

[90] Ibid., June 18, 1937, p. 8.

[91] Ibid., June 26, 1937, p. 4. The senate concurred in the house amendments on June 28, and the bill went to the governor, who signed it on June 30. Chicago Tribune, June 29, 1937, p. 3; ibid., July 1, 1937, p. 3; Illinois Manufacturers' Association, Bulletin: Illinois Unemployment Compensation Act (Chicago, July 9, 1937).

[92] The main features of the Illinois law were as follows:
1. All employers, of more than eight persons, with July 1st - December 31, 1937, an unemployment insurance tax of 1.8 percent of the wages payable in 1937; thereafter the tax was to be levied at the rate of 2.7 percent of the annual wage bill. All taxes were to be paid over to the Illinois Director of Labor.
2. The act provided a merit rating system through which all of an employer's contributions are credited to his individual merit rating account, while benefits paid to his former employees were charged as debits against his merit rating account.

Accordingly as an employer had a good or poor record of employment stability, his tax might be raised or lowered from the norm of 2.7 percent in accordance with the following: If at the beginning of any calendar year, the total of all an employer's contribution paid and credited for all past years exceeded the total benefits paid from his accounts then his rate might be reduced

To 1.8 percent, if such excess was equal to 7.5 percent but less than 10 percent of his average annual payroll,

To .9 percent, if such excess was equal to 10 percent but less than 12.5 of his average annual payroll

To zero, if such excess equalled or was greater than 12.5 of his average annual payroll.

If, however, the total of his contributions for all past periods (or for the past 60 months, whichever was more advantageous to the employer) was less than the total benefits charged against his account then his rate was to be 3.6 percent, unless such experience was due to any act of God, fire, etc.

3. Any eligible employee, upon discharge and after a three week waiting period no other work being available, was entitled to receive weekly unemployment compensation benefit payments, limited to 50 percent of his full time weekly wage, but in no case less than $5 nor more than $15 per week, such payments to continue for a maximum of 16 weeks. See Illinois Manufacturers' Association, Illinois Unemployment Compensation Act. Full Text (Chicago, 1937).

The 1937 session of the Illinois General Assembly was to prove a memorable one in more than one respect, for not only did it witness the passage of the much mooted unemployment insurance measure, but the women's eight hour measure bill, a subject for bitter conflict at every meeting of the legislature since 1909, was at last enacted into law. In 1929, 1931, and 1935, the bill had come "dangerously close" to passage; yet on each of these occasions the Association had succeeded in effecting its defeat.[93] In 1937, Governor Horner in his message to the legislature made a special appeal for the passage of the law,[94] and with this beginning the final successful drive for enactment was begun. The bill in its traditional form[95] was introduced into the upper chamber by Senator Loughran, and referred to the Committee on Public Welfare. The Association immediately attacked the bill, both in

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[93]Thus in 1929, the bill, introduced by Representative Lottie O'Neill, was killed by a tie vote in the house of representatives, there being 16 less votes than the constitutional majority. The story of the defeat is told in the Chicago Journal of Commerce, May 24, 1929, p. 3. The 1931 bill passed the senate 27-11 but was defeated in the house, where, although it received a majority of 65-16, it failed of a constitutional majority by 18 votes. See Journal of the Illinois Senate, 1931, p. 1056; Journal of the Illinois House of Representatives, 1931, p. 1442; Industrial Review, March, 1931; ibid., August, 1931; Weekly News Letter, June 20, 1931; Manufacturers' News, December, 1931, p. 35. In 1935 the bill passed the house early in the session, but the Association successfully held it in the senate committee, where it was finally tabled after going to second reading. Journal of the Illinois House of Representatives, 1935, p. 1268; Journal of the Illinois Senate, 1935, p. 1288; Industrial Review, February, 1935.

[94]Journal of the Illinois Senate, 1937, p. 9.

[95]Section 1 of the bill read: "That no female shall be employed in any mechanical or mercantile establishment, or factory, or laundry, or hotel, or restaurant, or barber shop, or beauty parlor, or telegraph or telephone establishment, or office thereof, or in any place of amusement, or by any person, firm or corporation engaged in any express or transportation or public utility business, or by any common carrier, or in any public or private institution or office thereof, incorporated or unincorporated in this State, more than eight hours during any one day nor more than forty-eight hours in any one week. The hours of work may be so arranged as to permit the employment of females at any time so that they shall not work more than eight hours during the twenty-four hours of any day." Illinois Manufacturers' Association, Bulletin: Labor Bills Being Rushed to Passage in State Senate (Chicago, March 18, 1937).

committee and before the general public. The principal argument presented by Donnelly was that the passage of the eight hour law in Illinois would reduce the working day for females below that of every other industrial state in the Middle West, and would thus have the effect of "driving industry from Illinois." The Association pointed to New York, an "unfortunate example" of such legislation, where, according to Senator James J. Crawford of Brooklyn, whom the Association quoted, "since 1929 more than 13,000 factories have gone out of business or left," the departure being principally due to the passage of a women's eight hour law.[96]

Notwithstanding the opposition of the Association, however, the Committee on Industrial Welfare reported the bill favorably to the floor by a vote of nine to one,[97] and after a preliminary failure,[98] it passed the senate on April 21, by a vote of 26 to 8, after the adoption of several amendments permitting exceptions to the eight hour day in certain industries.[99] Until this time the Association had been preoccupied with the "dangerous and revolutionary" bill amending the workmen's compensation act, but the eight hour measure had now also become "dangerous" and the Association settled down to fight in earnest. It denounced the proposed law as "a purely synthetic labor union issue," "unfair and inaccurate" in sentiment, and "grossly discriminatory against manufacturers." "Prompt action" was "essential" if the bill were to be killed in the house, and the Association asked that the membership wire their representatives in opposition at once.[100] As the bill came up for consideration before

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[96] Illinois Manufacturers' Association, State Hours Laws for Women (Chicago, March, 1937). This bulletin contained a map comparing the working day in Illinois with that in Michigan, Indiana, Kentucky, Missouri, Iowa, and Wisconsin, demonstrating that with the passage of the proposed act Illinois industry would have a shorter female working day than any of these states.

[97] Chicago Tribune, March 18, 1937, p. 7.

[98] The bill, in a sudden attempt at passage, failed on April 13, the vote being 25-9, one short of the necessary constitutional majority. Chicago Tribune, April 14, 1937, p. 15.

[99] Ibid., April 22, 1937, p. 1; Weekly Legislative Review, April 23, 1937.

[100] Weekly Legislative Review, April 23, 1937.

the house Industrial Affairs Committee, the Association held a series of legislative rallies at Springfield, designed to awaken sentiment of manufacturers against the act and bring as many of them as possible before the Committee hearings.[101] These efforts were again unavailing. Donnelly brought scores of manufacturers and working women before the Committee, while it held sessions during May, but the time honored expedient for once failed to work, as the bill went to the house with a favorable report on May 18.[102] Donnelly and Gordon, now working through Elmer J. Schnachenberg, sought to force through an amendment altering the bill to a nine hour law.[103] Unfortunately for this attempt, the main body of the house had apparently caught the drift of the wind. Majority leader Benjamin Adamowski came to the support of the bill, as did Representatives William J. Lawler, Harry M. McCaskrin, Joseph Davis, and Richard J. Lyons, all recognized as among the most influential men in the chamber.[104] After some

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[101] The Association complained that "employers have adopted an apathetic attitude toward this bill because they feel this type of legislation is 'in the air' or because they are not now employing women more than eight hours a day." It went on to warn its members that "this measure . . . . is probably the most misunderstood piece of legislation pending in the Illinois General Assembly. The bulletin continued:

"There are relatively few industries employing women on an average of more than eight hours a day. However, in practically every instance there are peaks when overtime is necessary. Such overtime is prohibited for all practical purposes in this bill . . . . .

"This 'constructive' legislation is primarily designed by professional labor leaders to force women out of jobs because women workers cannot be conveniently unionized as men.

"No evidence has been submitted that manufacturers are overworking or exploiting women workers . . . . .

"Will Illinois employers sit by and adopt an apathetic attitude while these groups continue their efforts to foist this legislation upon Illinois employers, or will they take the time to come to Springfield and give their legislators the Facts regarding the application of this proposal to their business and their women workers?" Weekly Legislative Review, May 6, 1937.

[102] Industrial Review, May 21, 1937.

[103] Donnelly, in rallying his forces for a last fight, warned that the enactment of the law would not be the last of the matter, for "its sponsors will come back at the next session with a six or seven hour bill. THEY MUST HAVE ISSUES." Weekly Legislative Review, May 27, 1937; ibid., June 4, 1937.

[104] Chicago Tribune, June 16, 1937, p. 1.

weeks of maneuvering, the bill was called up for discussion and vote on June 9. Opponents of the measure made twelve different attempts to amend the bill into non-existence, but one after another the proposals were shouted down, and it became apparent the bill would certainly pass.[105] The end came on June 15, as the house, amid cheers of approval for Agnes Nestor and R. G. Soderstrom, who had worked for the law for a generation, put its final stamp of acceptance upon the act 113-22.[106] The bitter battle which had been waged continuously since the passage of the Ten Hour Law of 1909 was ended.[107]

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[105] Ibid., June 10, 1937, p. 10; Weekly Legislative Review, June 11, 1937.

[106] Chicago Tribune, June 16, 1937, p. 1; Industrial Review, June, 1937; Illinois Manufacturers' Association, Review of Legislation Affecting Industry (Chicago, July, 1937), p. 5.

[107] As passed, the act provided in part that "no female shall be employed in any mechanical or mercantile establishment, or factory, or laundry, or hotel, or restaurant, or barber shop or beauty parlor, or telegraph or telephone establishment or office thereof, or in any place of amusement or by any person, firm or corporation engaged in any express or transportation or public utility business, or by any common carrier, or in any public or private institution or offices thereof, incorporated or unincorporated in this State, more than eight hours during any one day nor more than forty-eight hours during any one week. The hours of work may be so arranged as to permit the employment of females at any time so that they shall not work more than eight hours during the twenty-four hours of any day."

The act made exceptions in the case of telephone operators, graduate nurses, telephone operators in private establishments, and canneries in the busy season. Exceptions were also established for "public emergency which requires immediate action." Employers might on one day a week extend the working day to nine hours "in occupations other than mercantile establishments, provided the total time of employment "in no event exceeds forty-eight (48) hours in any one calendar week."

A nine hour day, and fifty-four hour week was established "for women employed in mercantile establishments," for "not more than four weeks in any one calendar year." Illinois Manufacturers' Association, Illinois Women's Eight Hour Law (Chicago, July 7, 1937).

CHAPTER XXX

CONCLUSION: SIGNIFICANCE OF THE ASSOCIATION

Any student of the Illinois Manufacturers' Association who has before him even a hasty summary of the activities of this organization during the last forty years, must inevitably come to one conclusion: that any history of Illinois politics and law-making which does not recognize the determining influence of this and a very few other minority pressure groups is dealing with superficialities and not with the realities of the legislative process. For the history of Illinois legislation is in reality the story of the conflict between those interests who seek to advance or defeat particular social or economic aims. Whether it be the women's eight hour law, a workmen's compensation act, or a social security statute, the main developments are essentially the same. Behind each bill which has any chance of passage, there stands some powerful minority interest group, usually organized labor. Through the representatives which it controls, labor maneuvers committee meetings, produces witnesses, introduces testimony and evidence, and forces the proposed law toward third reading and some final action of the legislature. The Manufacturers' Association, on the contrary, working through its own representatives, obtains postponements of hearings, produces unfavorable testimony when hearings finally occur, rallies its membership to protest to the assembly, and buries in the anonymous grave of tabled bills those measures which approach the dangerous stage of third reading.

To state the matter somewhat more succinctly, the battle takes place on the floor of the General Assembly, but it is not a conflict between legislators or political parties. It is rather a fight between two interest groups who of necessity make use of the legislature as the focal point of their conflict. This idea is of course contradictory to the traditional notion of the way in which laws are fashioned. The average person who has no opportunity to observe a legislature in the process of law-making

probably conceives of certain issues as arising at election time, and of certain men chosen under party standards who are pledged to a given course of policy. Legislation then arises as a result of issues which have been made a matter of public concern, or which at any rate are supposed to have become a matter of public concern during the progress of the measures through the legislature. And the final action of the Assembly is then supposed to take place with reference to the best interests of an enlightened public policy, and in full view of the pressure of public opinion. To sum the matter up, the legislature is supposed to be a representative body.

A student who has watched the process of law-making as a constant struggle for control waged on the floor of the Assembly between organized capital and organized labor, however, might accede to the proposition that the legislature is representative, but he might add the pertinent observation that it does not represent the people of Illinois but merely organized minority groups. The idea that legislation is worked out in the light of the public welfare is to him utterly naïve. Not that every stand of a particular pressure interest is of necessity inimical to the public welfare. But one thing is certain: <u>the stand is taken without reference to the public welfare</u>. And since the ultimate action of the legislature appears to be but a reflection of the play of minority forces upon the "representatives of the people," the conclusion must follow that the action of the Assembly, also, has no particular reference to the public welfare.

If this concept appears to the reader to portray the individual representative as too completely the mere puppet of some minority group, usually organized labor or organized capital, let him undertake to investigate the consistency with which individual assemblymen vote upon the issues of capital and labor. The "free lance" representative is a rare bird indeed. If a man be found voting against the women's eight hour law in the 1925 Assembly, it is a certainty that he will be found acting against the same bill in 1927, 1929, and so on. It is almost equally certain that he will be found opposing anti-injunction bills, increases in the level of workmen's compensation, and social security legislation. He is, in short, a "Manufacturers' Association man," with as much assurance as an assemblyman who supports these measures is labelled a "labor union man."

It is of course true that the opposition to social legislation offered by the "manufacturers' man" is not always open. For the average solon, contrary to what might be expected of human nature, has a passion for anonymity. He would much rather avoid voting upon the eight hour bill if it can be arranged. The measure can perhaps be held upon the speaker's table for an indefinite time, finally to die a quiet death in a general motion to table all bills not then advanced to third readings. If necessary, it can be passed by one house late in the session, and under these circumstances the "manufacturers' man" need not actively oppose it if he has reasonable assurance that there is no chance of passage in the other chamber. If the bill, in spite of everything, does become dangerous, he can vote "present" on the roll call, or be "unavoidably absent" from the chamber. He will adopt these expedients as an intelligent "manufacturers' man," in the full understanding that too obvious opposition to the labor lobby may mean that the concentrated efforts of the State Federation will be thrown against him in the next election. One can, after all, be faithful without being indiscreet.

What all this means when applied to the commonly accepted theories of democratic government and legislative processes is worthy of some reflection. To put it briefly, it means that democratic representative government, as at present practiced in Illinois is neither of these things. It is hardly democratic, since it does not, at least in the legislative process, function with reference to the general welfare but with reference to the interests of a number of peculiar minorities who have "assumed" the task of "protecting" the public interest. It is not representative, since it functions as the "front" for these same minorities, rather than as an arena in which the problems of society at large are resolved. In short, one may well question whether the state government is not a species of oligarchy in which conflicting cliques struggle for control in a battle which is very largely conducted quietly and away from the eyes of the average citizen, except in so far as it may be expedient on occasion to identify "public opinion" with minority group interest. Only when this happens does the voice of public welfare have an effective range in the legislative councils of Illinois. Fortunately it happens often enough so that no single minority group ever becomes complete master of the situation. Democratic government,

in the last analysis, becomes an instrument for resolving peacefully the conflict between economic interests with occasional reference to the public welfare.

What occurs at every General Assembly in Illinois may well occur in every state legislature in the country. The Illinois Manufacturers' Association probably has more power, influence, and prestige than other state manufacturers' groups, and its legislative influence is probably greater. There are, however, active manufacturers' or employers' organizations in nearly every state in the union at the present time, and it is a fair guess that their local legislative influence is by no means negligible. In many states, however, the network of minority groups is more complicated than in Illinois. There are few powerful minority groups in Illinois which lie completely outside the influence of the Illinois Manufacterers' Association or the State Federation of Labor. The fact that in other states, railroad, power, public utility, and commercial interests may have various organizations to represent them does not, however, alter the essential fact of "government by lobby."

In the sphere of national affairs it is not possible, of course, to show the determining or even decisive influence of the Illinois Manufacturers' Association upon the trend of events. Here the Association is, at best, but one of a great number of state and national employers' and industrial organizations, all of them attempting to exert influence upon the national government in one direction or another. Yet it remains true that the Association is of sufficient consequence so that its voice is raised in Washington upon nearly every issue affecting the interests of organized capital. The Illinois delegation in Congress listens to that voice with distinct respect. The Association never fails to obtain a hearing for its viewpoint before congressional committees considering new legislation, and the New York Times, whose judgment is reputedly sound as to the importance of news, seldom fails to mention that the Association has spoken.

The Association's pronunciamentos are of importance in one other respect: for the last forty years they have been as excellent a representation of the philosophy of organized capital as one might expect to find in the United States. When the Association speaks upon "the menace of Communism," the "evils of government ownership," "the overwhelming burden of industrial taxa-

tion," or the "labor dictatorship," it speaks in a language that all aggregations of organized capital have but little difficulty in understanding. The reasons for this become plainer when it appears that the "voice of Capital" over the entire United States is after all but one voice. The Illinois Manufacturers' Association is an active member of the National Association of Manufacturers, the National Industrial Conference Board, the United States Chamber of Commerce, and the National Conference of State Manufacturers' Associations. So, also, are countless other state and local employers' groups and even industrial firms through the United States. The network is a tangled one, but the voice of organized capital is nevertheless clear, certain, and seldom in conflict with itself. The evidence lies in the remarkable unanimity with which every manufacturers' group interprets great national issues of public policy. And the philosophy of organized industry is certainly worth investigation, not only for its effect upon governmental policy, but because of the light it throws upon a whole problem of capital-labor relationships today.

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