

PATERNALISM, INDUSTRIAL DEMOCRACY, AND UNIONIZATION IN THE CLEVELAND GARMENT INDUSTRY, 1900-1935: THE CASES OF THE PRINTZ-BIEDERMAN AND JOSEPH AND FEISS COMPANIES

By

Robert R. Ebert, Ph.D.

Shea L. Monschein

Baldwin-Wallace College

Department of Economics

Berea, Ohio

RESEARCH QUESTION

- ✗ Did the experiments with scientific management /paternalism at the Joseph and Feiss Company and Industrial Democracy at The Printz-Biederman Company in Cleveland, Ohio in the first third of the 20th century improve the working conditions of workers and the effectiveness of labor-management relations at those companies?

RESEARCH METHODOLOGY

- ✕ The study incorporates economic history with the expectations of labor economics theory.
- ✕ Primary and secondary materials are utilized in the analysis
- ✕ Special appreciation is given to the following institutions and their staffs:
 - + Western Reserve Historical Society Library for access to the corporate records of the Joseph and Feiss Company and the Printz-Biederman Company
 - + Cuyahoga County Library, Fairview Branch for assistance with access to historic Cleveland newspapers.

THE CLEVELAND GARMENT INDUSTRY

A PROFILE

- ✖ Leading industry in late 19th and early 20th centuries
- ✖ Employed about 10,000 workers or 7% of Cleveland work force
- ✖ Cleveland second to New York as a leading center for garment production
- ✖ Over 30 firms actively involved in the industry
- ✖ Two dominant Firms:
 - + Printz-Biederman Company – number one producer of women's cloaks and suits in the U.S.
 - ✖ Founded 1893
 - ✖ Approximately 1000 employees
 - ✖ Purchased by Max Reiter in 1954
 - ✖ Declined in 1960s and 1970s and closed in 1978.
 - + The Joseph and Feiss Company
 - ✖ Founded as general store in Meadville, PA by Kaufman Loeb
 - ✖ Moved to Cleveland in 1845
 - ✖ 1865 – Julius Feiss joins as partner
 - ✖ 1907 – became Joseph and Feiss under leadership of Julius Feiss and Isaac and Moritz Joseph
 - ✖ 1966 – merged with Phillips-Van Heusen
 - ✖ 1989 – acquired by Hugo Boss of Germany.
 - ✖ Still operating at facility in Brooklyn, Ohio

INDUSTRIAL DEMOCRACY

- ✗ A movement founded by John Leitch, a labor theorist whose ideas received some attention in the early 20th century.
- ✗ See *Leitch, John (1919). Man to Man – The Story of Industrial Democracy. New York: B.C. Forbes Company.*
- ✗ **Industrial Democracy:**
 - + Organizing a factory as a little representative democratic state
 - + A House of Representatives elected by workers
 - + A Senate for middle management (foremen, etc) (appointed, not elected)
 - + A Cabinet for upper management.
 - + House ideas passed to Senate then to Cabinet
 - + Objective: achieve justice in the workplace encompassing cooperation, economy, energy, and service or, what Leitch called “The Square Deal.”

APPLICABLE ECONOMIC THEORY

× Bilateral Monopoly

- + Monopoly = a single seller of a good or service (in labor relations, this is the labor force, especially if organized as a union)
- + Monopsony = a single buyer of a good or service (in labor relations this is the management which hires labor)
- + Negotiations between labor and management (i.e., between the monopoly union and monopsony management) result in indeterminate outcomes because the setting of wages, hours, and working conditions is predicated on the relative bargaining strength of the union and management in an adversarial relationships

× Shirking

- + Defined as opportunistic behavior by workers to increase their leisure such as taking unauthorized breaks or reducing effort during working hours

PRINCIPAL GARMENT WORKERS' UNIONS

- ✗ International Ladies Garment Workers Union (ILGWU)
 - + Founded in 1900
 - + Early President: Benjamin Schlesinger
 - + Iconic President (1932 – 1966): David Dubinsky
- ✗ Amalgamated Clothing Workers of America (ACWA)
 - + Men's Clothing firms
 - + Founded 1914
 - + Iconic President (1914 – 1946): Sydney Hillman
- ✗ ILGWU and ACWA split from AFL to form CIO in 1930s
- ✗ ILGWU and ACWA combined in 1995 to form the Union of Needle Trades, Industrial and Textile Employees (UNITE)
 - + 350,000 members (8000 in Ohio)

PROGRESSIVE ERA ENVIRONMENT

- ✗ Era of growing labor unrest
- ✗ Wilson Administration Policies –
 - + Attempt to bridge gap of “haves” and “have - nots”
 - + Create opportunity for middle class
 - + Advocated for 8 hour day
 - + Legislation
 - ✗ Regulating child labor
 - ✗ Promote better working conditions on the railroads
 - + However, established policies and agencies to avoid and control labor unrest during The Great War.

GARMENT INDUSTRY LABOR UNREST

- ✗ Uprising of the 20,000 (New York: Nov. 1909 – Feb.1910)
 - + 20,000 to 30,000 shirtwaist makers – mostly women
 - + As plight of strikers became critical, ILGWU called strike off.
 - + Associated and Waist and Dress Manufacturers refused to reach agreement if union insisted on recognition
 - + Women claimed victory, of sorts, due to workweek being reduced from 58 to 53 hours and some pay increase received.
- ✗ New York Cloakmakers Strike (June 10 – Sept. 2, 1910)
 - + 60,000 ILGWU and other union members struck the members of the Cloak, Suit, and Skirt Manufacturers' Protective Association
 - + Agreement arbitrated by Lewis D. Brandeis (later a Supreme Court Justice)
 - ✗ Protocol of Peace signed
 - ✗ No closed shop, but hiring to be on a preferential basis for union members
 - ✗ Pay increase achieved

GARMENT INDUSTRY LABOR UNREST, CONTD.

- ✘ Chicago Men's Garment Workers Strike (Sept. 1910-Jan. 1911)
 - + 40,000 garment workers struck 48 firms
 - + Started and led by women
 - + Strike settled with establishment of an Arbitration Committee and re-employment of all strikers regardless of union membership
 - + Instrumental in getting settlement was Sydney Hillman who formed the ACWA as an outgrowth of the Chicago strike.
- ✘ Cleveland 1911 Garment Workers Strike (June – Oct. 1911)
 - + 6000 strikers – demanded 50 hour week, ½ days on Sat. & closed shop
 - + Bitter strike with violence: Manufacturers claimed Cleveland workers had it better than workers in New York.
 - + Union funds ran out and ILGWU told workers to “use discretion” about returning to work.
 - + Lasting legacy, however, was aggressive role of women in the strike
 - + Also, led to re-thinking of labor relations in garment shops by two firms.

INDUSTRIAL DEMOCRACY AT THE PRINTZ-BIEDERMAN CO.

ADOPTION AND IMPLEMENTATION OF THE LEITCH MODEL - 1914

- ✗ Printz-Biederman Co. - Founded 1893 in Cleveland (Closed 1978)
- ✗ Became largest women's cloak and suit manufacturer in U.S.
- ✗ Alexander Printz, son of the founder, President by 1914
- ✗ Leitch sold ideas on I.D. to Printz
 - + Printz called I.D. a recognition of collective bargaining – a view not always shared by ILGWU
- ✗ Structure of Industrial Democracy at Printz-Biederman
 - + Senate = first institution organized; foremen, superintendents: appointed by management
 - ✗ Attendance by members at Senate meetings became problematical by 1915 and in 1918 it was disbanded by management and replaced by a Planning Board consisting of heads of major departments.
 - + Cabinet consisting of Officers of Company formed next
 - + Senate recommended formation of House
 - ✗ House formed with, ultimately, one rep for each 20 workers
 - ✗ House members elected by popular vote of workers (1/2 elected every 6 months)
 - + Senate or House could initiate measures.
 - ✗ When measure passed by one house it went to the other for approval, rejection or amendment
 - ✗ A Conference Committee would work out differences and make recommendations
 - ✗ Cabinet retained right to veto measures, but by 1919 had never exercised the veto
 - + After creation of the Planning Board, it appears to have undertaken many of the functions of the Senate in handling company details. House actions could now be taken directly to the Cabinet

FUNCTIONING OF INDUSTRIAL DEMOCRACY AT PRINTZ-BIEDERMAN

✘ Organizational Documents call on the House to:

- + The function of this House of Representatives shall be to study and recommend action to the Senate as shall be concerned with the production of good coats and suits at the lowest possible cost, the payment of the highest profits, salaries, and wages consistent with the competitive ability and betterment of social and physical conditions among the people of the Printz-Biederman Company”
- + Leitch was frequently invited to address the House and stressed the importance of the “Square Deal” of Justice, Economy, Energy, Cooperation and Service.

✘ Leitch and Alexander Printz, in remarks to the House, clearly feared and sought to avoid strikes:

- + Leitch stated strikes could be avoided if conditions at Printz-Biederman were made so good that workers would not want to go on strike.
- + Printz stated that the ILGWU was saying I.D. was an attempt to deceive workers and that the Cleveland manufacturers would cooperate with the ILGWU without any strikes or lockouts and then said: “We...shall run this organization without any outside influence whatever...There is no understanding to that effect [i.e.about avoiding strikes].”

FUNCTIONING OF INDUSTRIAL DEMOCRACY AT PRINTZ-BIEDERMAN, CONTD.

- ✘ Two important committees were formed to make recommendations to the House:
 - + The Betterment Committee dealt with issues of physical and working conditions
 - + The Wage – Rate Committee dealt with wage rates and work standards
- ✘ Issues taken up by the House with successful resolution
 - + Reduction of the work week from 49 $\frac{3}{4}$ hours to 48 hours with agreement “to give 48 hours of actual service” and to avoid shirking
 - + Several issues of wages and a complex bonus system including obtaining C.O.L. raises during the World War I inflation.
- ✘ The ILGWU made an attempt to organize P-B during a 1918 strike against 39 Cleveland firms. P-B was the only firm to continue working with all but 7 of 950 workers staying on the job. The ILGWU was rebuffed by the House.
 - + However, P-B was brought before the War Labor Board for dismissing the union workers and discriminating against trade unionists (a violation of WLB policies).
 - + P-B had a narrow escape when the House testified the workers were dismissed for disloyalty to the existing organization of the shop and not for their trade union activities.

FUNCTIONING OF INDUSTRIAL DEMOCRACY AT PRINTZ-BIEDERMAN CONTD.

- ✘ In 1920 the ILGWU sought to meet with reps of the House to “work out relations.”
- ✘ The response of the House was as follows:

“Our collective bargaining arrangement has been satisfactory. Under it a plan of operation grew up which we believe is far ahead of any in the garment industry. We trust that you will not begin again to try to force us to join an organization which so far has done us no good, even though it may be useful to others.”

THE ILGWU ORGANIZES PRINTZ-BIEDERMAN

- ✗ ILGWU aggressive in its collective bargaining activities in Cleveland in 1933
 - + Employers not willing to sign new contracts: strike threatened
 - + Strike averted through efforts of an arbitrator in early 1934.
- ✗ Printz-Biederman not a part of this situation, but ILGWU targeted P-B
 - + August 1934: Abraham Katovsky, VP of ILGWU for Cleveland, wrote Alexander Printz accusing the company of violating the NIRA
 - + A series of terse letters were exchanged between Printz and Katovsky
 - + Jan. 25, 1935 – an acrimonious meeting occurred between Printz and Katovsky
 - ✗ P-B had signed a one year contract under Industrial Democracy with its workers on July 10, 1934 and Printz refused to change that to recognize the union
 - ✗ Katovsky wanted an agreement that as of July 10, 1935 the ILGWU would be the bargaining agent for all workers at P-B whether union or non-union.
 - ✗ Changing views and attitude of Printz toward the future of Industrial Democracy at P-B is seen in this statement by him: “...when my agreement expires in July 1935, the employees will be free to vote for yours.”
 - ✗ Katovsky rejected Printz’s offer and said that P-B had poisoned the employees against the union and insisted that the ILGWU be the bargaining agent for all P-B employees. A strike was threatened.

THE ILGWU ORGANIZES PRINTZ-BIEDERMAN, CONTD.

- ✗ Following the meeting with Katovsky:
 - + Printz contacted Sec. of Labor Frances Perkins and David Dubinsky, Pres. Of ILGWU
 - + Perkins assigned a conciliator to the case.
 - + After an exchange of telegrams, Printz and Dubinsky met in New York on Feb. 2, 1935
- ✗ On Feb. 4, 1935 Printz met with his employees - told them union members might not have been wise, but if they felt they were better off in the union, he has no objection to it. He then made a proposal to the employees to take to Dubinsky. In a secret ballot, the employees voted 206 to 8 to approach Dubinsky with the idea.
- ✗ On Feb. 6, 1935, Printz and Dubinsky met in Washington with the Dept. of Labor conciliator and agreed:
 - + The ILGWU would establish in Cleveland a separate local of the union under the supervision of the General Executive Committee and Dubinsky and not Katovsky. (All other ILGWU members in Cleveland, regardless of firm employing them, were in a single local.)
 - + Dr. Arthur Rubin of the Dept. of Economics of the University of Chicago would be the sole arbitrator of all matters between the ILGWU and Printz-Biederman and was authorized to prepare an agreement between them.
 - + The Industrial Democracy experiment at Printz-Biederman had given way to another, unique for its time, experiment of a separate local of the ILGWU at the company's shops.

FUNCTIONING OF SCIENTIFIC MANAGEMENT AT THE JOSEPH AND FEISS COMPANY

- ✕ Joseph & Feiss Co. – Founded 1845 in Cleveland
- ✕ Officially named JFC in 1907
 - + Under leadership of Isaac and Moritz Joseph and Julius Feiss
- ✕ JFC acquired by Hugo Boss AG in 1989
 - + Deal worth close to \$150 million
- ✕ Richard Feiss, son of Julius Feiss, Vice President in 1905
 - + Devotee of Taylor and scientific management
- ✕ Initial Complications of scientific management at JFC
 - + 1909 JFC's earliest walkout after protest of lowered wages that would “reduce their earnings from 25 to 50 percent, work rules they considered onerous, and fines that penalized workers for damages” (Goldberg, 1992)
 - + JFC hired strike-breakers, retained enough loyalty from workers, and hired new workers to defeat the strike
- ✕ Components of scientific management at JFC
 - + One of first to establish 5-day workweek (1917) to improve efficiency as part of labor policy
 - ✕ Advantages: saving power; reduction in absenteeism and labor turnover; new sources of labor supply; more balanced production

FUNCTIONING OF SCIENTIFIC MANAGEMENT AT THE JOSEPH AND FEISS COMPANY, CONTD

- ✗ Components of scientific management at JFC, contd
 - + Piece-rate system with bonuses (using 1921 wages)
 - ✗ 1st week “retainer” = \$.35; 2nd week = \$.45; max = \$.55
 - ✗ Bonuses for: quality of work (15% hourly wage), production goals (15% hourly wage), and attendance (\$.50 daily)
 - ✗ Results: hourly wage of \$.715, or \$6.72 daily (including the attendance bonus)
 - + Manufacturing organization and planning: Time studies and methods and layouts critiques
 - ✗ Time study: permanent standards set to min. of 51 observations (would have to watch a particular part of the garment process at least 51 times to make accurate analysis)
 - ✗ Would then take the median time for the standard set and add an additional percentage of time for delays
 - ✗ Management would take these times and find the most efficient methods and layouts of the garment process
 - + Standardization of suit: increase efficiency and decrease turnover rates
 - ✗ Standardization of suit = decrease in cost of production, allowance for direct sales (instead of taking orders), and also allowed for a year-round market
 - ✗ Correspondingly, year round production leads to fewer lay-offs and a lower turnover rate

FUNCTIONING OF PATERNALISM AT THE JOSEPH AND FEISS COMPANY

- ✕ Richard Feiss realizes welfare practices in workplace will lead to great efficiency
 - + 1913: Employment and Service Dept. est., headed by Mary Barnett Gilson to keep labor-relations peaceful
 - ✕ Service dept. creates a synthesis of scientific management and paternalism
- ✕ Steps to improving workplace: Service Dept. of JFC Report (1914)
 - + Light, sanitation, ventilation
 - + “personal standards” and cleanliness of individual
 - ✕ Untidiness, powder (makeup), jewelry, chewing gum, smoking, etc., were “inefficiencies” and not for the JFC employee
 - + Healthy diets/lunches were promoted and made affordable to workers (\$.10 boxed lunch)
 - + Exercise and Games
 - ✕ Noon games (men and women separated) included crack the whip, cards, tag, baseball, etc
 - ✕ On Wednesdays at noon the Orchestra would come in and a dance would be held
 - ★ Set up to increase cooperation and team spirit in the employees
 - + Parties and Visiting days
 - ✕ Wednesday evenings employees and friends/family invited

FUNCTIONING OF PATERNALISM AT THE JOSEPH AND FEISS COMPANY, CONTD

- ✗ Steps to improving workplace: Service Dept. of JFC Report (1914), contd
 - + Medical services provided because “attendance is vital”
 - ✗ Oculist and dentist available 1 day each a week; physician 2 days a week
 - ✗ Permitted to go there without permission from production superintendents
 - + Vacations (first week of Sept. JFC temporarily suspended)
 - + Penny Savings Bank set up to encourage thrift among workers and pension fund developed
 - ✗ After 1st year with company, \$.05 added to bank account daily and would increase yearly up to \$1.50 per day (\$8000 in 30 years)
 - + Education promoted by hiring 5 public school teachers to work with foreign employees and teach them English
 - ✗ No burden of cost on worker
 - ✗ Libraries also available to workers to further educate employees
 - + Women held in same position of men: could hold management positions and pay was in accordance with difficulty of task
- ✗ Criticisms of paternalism: authoritarian
 - + Service Dept. checked up on absentee workers at their own homes
 - + Appearance of workers regulated heavily
 - + Lunches had to be taken at factory; could not go anywhere else

THE ACWA ORGANIZES JOSEPH & FEISS

- ✘ Complications arise in management in latter part of 1920's
 - + Gilson resigns in 1924; R. Feiss in 1925 after coming under attack by other executives regarding the welfare practices and scientific management
 - ✘ Net earnings and production dropped dramatically and overhead costs became problematic
- ✘ Atmosphere between employee and employer progressively more hostile and in Aug. 1933, ACWA urges JFC to unionize
- ✘ Union movement does not begin until March, 1934 when John Melda was discharged for union activities
 - + ACWA meeting unanimously voted for committee call on management of JFC and demanded reinstatement of Melda. Further, the ACWA agreed decisive action would be taken if any other employee is fired for union activities at JFC
- ✘ March 14, 1935: JFC's second walkout in company history occurs
 - + Demands include: 25% wage increase, recognition of union, and reinstatement of Melda

THE ACWA ORGANIZES JOSEPH & FEISS, CONT.

- ✕ JFC both compliant to the demands of workers and revolutionary in its attempts to settle strike
 - + JFC asks Cleveland Regional Labor Board to assist in reaching an agreement
 - + March 19, 1934, after one failed agreement attempt, an agreement had been struck and promptly ended the strike – making it a historically short strike for the JFC
- ✕ Negotiations between Paul Feiss, JFC Pres., Sidney Hillman, general pres of the ACWA, and Ralph Lind, executive secretary of the Cleveland Regional Labor Board, made this prompt agreement possible
 - + Pivotal part of agreement was the provision to allow employees to vote for either ACWA union representation or the company's old union.
 - ✕ Vote taken on March 19: 1,216 to 402 in favor of the ACWA representing JFC

CONCLUSIONS

- ✖ The structure and functioning of the Industrial Democracy experiment at Printz-Biederman and the Industrial Psychology – Paternalism experiment at Joseph and Feiss:
 - + Represented an attempt by the managements of those firms to circumvent the usual bilateral bargaining relationships inherent in the bilateral monopoly labor-management model.
 - + Had as a motive to improve productivity and avoid shirking by workers through creating unique and different relationships between labor and management.
 - + Appear to have been successful and met with employee approval for a period of two decades.
 - + Ultimately gave way to the pressures of union organization attempts in an environment of economic exigencies evolving during the Depression of the 1930s
 - + Were replaced by traditional bilateral monopoly/bilateral bargaining labor-management relationships at both firms.