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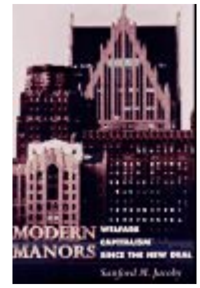
Sanford M. Jacoby. *Modern Manors: Welfare Capitalism Since the New Deal.* Princeton: Princeton University Press, 1997. xii + 345 pp. $102.00, cloth, ISBN 978-0-691-01570-5.



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Sanford Jacoby has chosen a modest title. He has set out ostensibly to trace the development of welfare capitalism in the United States from the Great Depression until the present. But in the course of his analysis, Jacoby gives us a first-rate history, among other topics, of the interface between union and non-union sectors, the origins of modern personnel policies, the impact of academics on human resource management, and of the effectiveness of the NLRB in the post war period. The perspective Jacoby brings to these issues is refreshing and novel, because the standard account of U.S. industrial relations, certainly for the 1930s and 1940s, has all but ignored the impact of welfare capitalism and welfare capitalists in these areas.

At the turn of the twentieth century, welfare capitalism or paternalism was associated with employers' attempts to reform, if not Americanize, the "slothful worker or the ignorant immigrant" (p. 15). It was also single-mindedly anti-union, leaving an indelible mark on American paternalism. In the British textile industry, in contrast, paternalism went hand in hand with craft unionism. By the 1920s, welfare capitalism in the U.S., still fiercely anti-union, had refined its rough edges. Leading enterprises specializing in consumer, electrical, and chemical products whose influence was greater than their numbers would warrant began to offer comprehensive welfare programs, including financial benefits, career jobs, company unions, and supervisory training programs. According to the standard interpretation, these endeavors came to an end with the Great Depression. Massive layoffs signaled to workers that firms could not keep their commitments about employment stability. The Depression, a "defining moment" in industrial relations, thus led to the rise of the modern American labor movement.

Jacoby challenges this interpretation of events. He argues that an alternative and at times complementary industrial relations system of welfare capitalism existed alongside the ascendant model in which managers accepted reluctantly the reality of organized labor. Jacoby does not regret the path taken, nor does he sing the virtues of renewed welfare capitalism. His point is more subtle. The book is written with the belief that managers and workers have both opposing and shared interests (p. 6), and that within the universe of potential matches between workers and firms, we cannot rule out the possibility that there exists a constellation of interests that lead toward welfare capitalism. The popularity of this outcome expands or contracts, but the bottom line is that there will always be workers and firms who prefer to work in a non-union environment. This base of support permitted welfare capitalism, whose demise was prematurely announced in the 1940s, to resurface in the 1960s and 1970s. Put differently, Jacoby attacks the common notion in industrial relations that the history of labor market arrangements and institutions develops along a linear path.

Jacoby uses three case studies to trace the ups and downs of welfare capitalism: Kodak, Sears, and Thompson Products. The companies faced different economic and social contexts. Of the three, Kodak, with the vast majority of its employees in Rochester, was perhaps the most stable because it faced little competition in its product markets; in contrast, Sears shifted from mail-ordering to national retailing; while Thompson, the smallest of three companies with plants in Cleveland and Detroit, began as a producer of precision automotive and aircraft parts before diversifying into the manufacture of rockets, satellites, and other sophisticated products in the 1950s. Although the three used different technologies, and the demographic makeup of their workforces differed as well, they were all located in the Northeast and Midwest, the heartland of organized labor. Exploiting combinations of different strategies--and the chapters that tell this story are exhaustive--they all succeeded in keeping unions at bay.

Kodak offered its workers a package of benefits that mixed economic and ideological motives, and that included pensions, paid vacations, and a profit-sharing scheme. Workers were encouraged to think of themselves as an elite. It was the employer of choice in Rochester, with wages generally ten percent higher than the average. Sears also had a profit-sharing scheme and similar benefits, but was more innovative in introducing initiatives emanating from the behavioral sciences. Using questionnaires, Sears aimed to get to know workers better and to narrow the distance between mangers and workers, a distance that had fueled unionization elsewhere. But the surveys were also used to weed out union sympathizers and ultimately to influence the actions of workers and their tastes. Unlike the other welfare capitalists studied, Thompson had fewer benefits and it made no promise of employment stability, although it did favor promoting from within. Like Sears, it was on the forefront of drawing on academic and non-academic research and developing new ideas about employee involvement and small-group activities. It went further than the others in organizing company unions, testing the limits of the Wagner Act. Its charismatic president, Frederick C. Crawford, was active outside the firm and he rallied other employers in the anti-union drive that culminated in the Taft-Hartley Act.

Jacoby tells this history from the perspective of managers. But what about workers? After the Wagner Act, union and non-union establishments diverged in the benefits they offered. Non-union workers were most likely to participate in profit sharing and hold fringe benefits unrelated to seniority. Unionized workers set up programs that promoted seniority and they had more generous health benefits. What makes a worker choose one type of package over another. And what type of worker? Jacoby argues that firms were able to create the workforce they desired, especially through exploiting the research of behavioral scientists. But why were these policies not successful everywhere? Kodak, for example, using its tried and true welfare policies, failed to head off unionization in its Canadian branch plant. An alternative hypothesis which needs to be developed further is that workers are not everywhere identical and that there must have been some sorting or matching going on in Rochester, Chicago, and Cleveland. Firms may have found workers that they wanted, but workers also had their preferences about employers.

Another aspect of this type of sorting is that union and non-union workers will exhibit different attitudes to their coworkers. Where labor is organized it is the union which is preoccupied with the median worker; the firm is concerned about the contribution of the marginal worker. In the non-union paternalist sector, it is the employer who targets policies toward the median worker; the workforce itself is concerned about the impact of the marginal worker on the division of profit-sharing gains. What type of worker would accept a smaller share of the pie and under what conditions?

It is Jacoby's success that he has motivated these type of questions. In so doing, he has set the agenda for further research on contemporary and historical labor issues.

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