

The Residue of a Failed Economy

There is no problem more vexing in a postindustrial society than the persistence of chronic unemployment that idles significant portions of the labor force, sometimes in periods of relative prosperity. At present, the American economy is undergoing a significant adjustment, accompanied by downsizing and restructuring, as well as structural unemployment which has left many workers bereft of the technological skills necessary for survival in the modern workplace. Dramatic as these changes have been, they are best understood against the background of a long history of employment instability, never completely absent from the capitalist economy in the United States.

As this study will demonstrate, economic crises have sometimes resulted in innovative institutional changes designed to alleviate the most damaging effects of systemic failure. The Great Depression of the 1930s forced important advances in the scope of the American welfare state and encouraged the development of labor unions, some of which worked to meet the broad social needs of their most vulnerable members. While the 25 percent unemployment of the early

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1930s encouraged the development of new solutions by community and union organizers, the nagging joblessness of the 1980s and 1990s has created a major problem for modern labor unions struggling to assist workers caught in the structural reorganization now under way.

As scholars reflect upon the human wreckage of the modern economic readjustment, it can be useful to recall the crisis of the 1930s and the response of industrial unionism to the scourge of unemployment in another time. This analysis reminds unionists, community organizers, and policymakers that the labor movement once functioned as a social movement dedicated to goals that transcended the limits of business unionism. The postwar shift to massive bureaucratization in American labor should not obscure the creativity demonstrated by the United Automobile Workers and the CIO in their moment of intense social consciousness. For community activists and industrial unionists in Michigan, the Great Depression was in one sense, a great opportunity.



The numbers were staggering and the social damage extensive. As the scourge of joblessness spread across the economic landscape after the Crash of 1929, Americans struggled to adjust their expectations to the realities of scarcity. Personal misery and human dislocation were especially devastating to a generation schooled in the myth of benevolent capitalism and unlimited abundance long nurtured by the leaders of corporate America. When the grand dream of a new era dissolved before them, stunned workers were forced to confront unemployment unprecedented in scope and demoralizing in effect. An already bleak picture darkened until, by the end of the Hoover administration, nearly one-third of the labor force had been idled by the collapse of the economic system.

The sharp decline in employment during the Great Depression has often obscured the fact that chronic joblessness had become a recognizable feature of the American economic scene before 1900. By the first decade of the twentieth century, unemployment was a national problem, one not confined to the outcomes of the few well-publicized panics of the late nineteenth century. In 1900, 22.3 percent of the national labor force was idle in a period of relative prosperity. Michigan's 19.9 percent approximated the national level. Long before the collapse of the 1930s, therefore, unemployment

had emerged as an element in American working class life and as a potentially serious social problem.¹

During the generally prosperous 1920s, at least two trouble spots appeared in the Michigan employment picture. First, the economy of the urban southeast was marred by the phenomenon of recurrent seasonal unemployment. Although auto production, the heart of the regional economy, grew by 170 percent between 1919 and 1929, the annual model changeover resulted in regular periods of joblessness for large numbers of workers. While the months of lay-off varied from year to year, a pattern of summer-fall seasonal unemployment in the auto industry had emerged by 1926.²

In the key industrial city of Detroit, these fluctuations in employment created significant relief needs and forced civic and business leaders to explore the causes of unemployment. As early as 1915, the Detroit Board of Commerce commissioned a survey that documented a chronic instability in the city's labor market and revealed a normal unemployment rate of about 10 percent. Following World War I, another wave of unemployment accompanied the reconversion cutbacks of 1920 and increased pressure on the Detroit welfare system. The return of prosperity after 1922 failed to bring stable employment to the auto industry, in which model changeovers continued to produce hardship for workers. The Ford Model A changeover of 1926 was especially devastating to Detroit-area workers, who flooded relief offices to seek public assistance. By the end of the 1920s, then, irregularity of employment plagued the working class of southeastern Michigan.³

A second pocket of employment decline appeared in the cutover lumber areas and mining districts of Michigan's remote Upper Peninsula. Between 1915 and 1929, over half the jobs in the copper mines of Houghton, Keweenaw, Ontonagon, and Baraga counties were lost. Despite these losses, a steady stream of outmigration to Detroit in the 1920s helped minimize the potential poverty and unemployment that might otherwise have developed. Local mine managers regarded the 1920s as a period of labor shortage. Moreover, management now moved to consolidate the largest companies in the Lake Superior copper district, while more than a dozen smaller mines closed. By 1929, the surviving corporations had lowered production costs, reduced output, and cut the size of the work force, thus placing themselves in what seemed a strong competitive position, only to have their hopes for profit dashed by the economic collapse of the 1930s.⁴ Once the Great Depression set in, a reverse

migration combined with a further contraction in employment to create a massive new relief burden which the communities of the UP were unable to bear.

Because of declining employment in the UP and the chronic seasonal labor market instability of the urban southeast, the industrial crisis and economic collapse following the stock market crash of 1929 were especially severe in Michigan. With its faltering automobile industry in decline, Michigan experienced unemployment levels unmatched in any other state during the early depression years. As early as 1930, 18 percent of nonagricultural workers were jobless. The proportion of unemployed workers in Michigan was the nation's highest, while the Detroit unemployment rate topped that of America's twelve largest cities. Between 1930 and 1933, Michigan's 34 percent average unemployment was substantially higher than the national average figure of 26 percent. With 485,000 out of work and a jobless rate of 46 percent in 1933, Michigan was perilously close to economic disaster.⁵

Although the plague of unemployment affected the entire state, the urban centers suffered most, particularly those most influenced by the automobile, textile, and consumer goods industries. In no city was the descent more dramatic than in Detroit, where a struggling auto industry dominated an economy geared to an ever-expanding market for America's number one luxury good. By 1931, economic conditions in the motor city had deteriorated so badly that Secretary of Commerce Robert P. Lamont described it as the "hardest hit of the nineteen cities sampled" in the special census unemployment report of that year.⁶

Even the grossly understated estimates recorded in the 1931 census confirm the fact that urban Michigan experienced the heaviest unemployment recorded in the state. Detroit, Hamtramck, Flint, Pontiac, Saginaw, and Jackson bore the brunt of joblessness, with jobless rates ranging from 8 percent to 16.7 percent. Intensity of unemployment in 1930 was most severe in Detroit and incorporated places over 50,000 in population, where 11 percent and 10.2 percent of the population, respectively, were unable to find work. But while the burden was greatest in the industrial southeast, the *relative* need for assistance was more dramatic in the economically devastated mining and lumbering districts of the Upper Peninsula. Between 1929 and 1933, UP mining companies discharged 6,000 men, and by 1934 one-third of the population was on relief. In

hard-hit Keweenaw County, 75 percent of residents were receiving public assistance. According to Federal Emergency Relief Administration administrator Harry Hopkins, there were more persons receiving relief in the Copper Country than in any comparable area of the United States. One year later, Michigan relief administrator William Haber concluded that no area of the state had experienced intensity of unemployment (as measured by the ratio of unemployed workers to the total number of gainful workers) comparable to that endured by Upper Peninsula residents.⁷ In sum, Michigan's hard-core unemployment was concentrated in two distinct areas of acute distress, the industrial heartland of the southeast and the remote districts of the far north, where extractive industry constituted the economic base.

In January 1935, 45 percent of the urban jobless were to be found in the manufacturing and mechanical industries; of these, nearly half had been employed in the dominant automobile industry, with the remainder spread throughout other industrial groups such as building and construction, iron, steel, machinery, food and allied industries, lumber and furniture, paper and printing, and chemical and allied industries. An overwhelming 84.7 percent of the unemployed were male, though in trade, domestic, personal, and professional services, the female jobless predominated. Finally, the unemployed were disproportionately found among the less skilled segments of the labor force. One-half of all the jobless workers were drawn from semiskilled and unskilled occupations. In the bell-weather automobile industry, nearly 60 percent had been engaged in semiskilled occupations.⁸

For reasons related to traditional employment practices, the depression dealt Michigan's black population an especially hard blow. A larger proportion of the black population depended upon unemployment relief than was true of other racial groups. While 29 percent of the black population received relief at the time of the 1930 census, only 12 percent of the white population were on the relief rolls. Last to be hired and first to be fired, black workers were eventually to assume a prominent role in the unemployed organizing that took place in response to economic privation. During the 1920s, Detroit blacks had lacked even the minimal security acquired by other immigrant groups and had often sought city welfare services. Always marginal workers, they now took their places in the army of the unemployed.⁹

zation on Unemployment Relief reported in 1931 that Republican Governor Wilbur Brucker opposed a special legislative session that might revise the state's tax program and make "wasteful appropriations for relief." Similarly, POUR fieldworker Alice Stenholm asserted that despite pressure on Brucker, the governor's advisory committee on unemployment hoped to prevent legislative action. She noted that although government and community organizations in Michigan had been slow to organize, they were moving in a constructive direction by coordinating private and public resources. More remarkable was her accurate observation that the state's welfare authorities were confident that "Michigan will be able to handle its responsibility without outside aid."¹²

Contrary to this sunny forecast, the realities in Michigan were grim. Homes were lost, diets changed, and bills mounted as employment continued a precipitous decline. Detroit's agony was recorded in numerous popular articles. Social worker Helen Hall's analysis in *Survey* detailed the human impact of joblessness in several anecdotal accounts of courage, spirit, and resistance against the often unavoidable drift towards relief, regarded by many as evidence of failure and personal inadequacy. As unemployment mounted, Detroit job lines lengthened and superfluous people brooded darkly. The sullen men at the plant gates stood as stark evidence that the glowing optimism of the 1920s had turned to quiet desperation with the collapse of the capitalist edifice. Michigan's urban communities responded with penurious relief allowances, municipal lodging houses, food distribution programs, and resistance to further immigration. Despite these palliatives, welfare rolls mounted steadily, and neither public assistance measures nor corporate relief programs seemed capable of stemming the tide of despair.¹³

Popular legend and modern historiography suggest that stunned workers drifted aimlessly, awash in a sea of self-blame and paralyzed by misfortune; and it is true that many responded with quiet resignation. Equally significant, however, was the spark of radicalism ignited by the widespread suffering. Resistance took many forms, including cooperative activity, family and neighborhood support groups, local supply networks, spontaneous political activity, occasional looting, and sometimes militant collective action. Radical organizers worked tirelessly to galvanize the unemployed into a social, economic, and political force and to promote in them a more

advanced sense of class awareness than had previously been observed. Although the jobless often resisted radical ideology, they frequently responded to efforts to aid them in coping with their plight. These initiatives resulted in occasional successes for unemployed organizers, especially in the nation's largest urban centers. In no city was the potential for class militancy or the power of popular response more explosive than in Detroit, where the collapse of the automobile industry had created widespread hardship.¹⁴

This study traces the origins and development of organizational activity among the unemployed in Michigan from 1929 through 1941 and advances an explanation for the unique form taken by this workers' struggle. It identifies a clear link between the institutions created by and for the jobless and the conditions, circumstances, and organizations that prevailed in Depression-era Michigan. Given the state's social and economic environment, including the pervasiveness of the auto industry as an economic force, it was predictable that the United Automobile Workers Union would ultimately assume a significant role as an influence on the unemployed movement. The rise of industrial unionism shaped the struggle in lower Michigan and determined that unemployed activity in that region emerged in a form distinct from that which prevailed in most industrial states. Moreover, the Michigan organizational model created in 1937 by UAW welfare committees was doubly important because of its impact on the CIO's national commitment to the unemployed during the recession of 1937–1938 and in subsequent years.

While the CIO initiative and UAW activism dominated unemployed organizing in southern Michigan from 1937 on, the Upper Peninsula, with its unique economy, presented organizers with a special challenge. The weakness of an extractive economy combined with the political culture of Finnish radicalism to produce an alternative variety of unemployed activity. Beyond the reach of successful unionism for most of the 1930s, leftist Finns assumed leadership of the organized unemployed and created organizations that often expressed Communist Party ideology as they worked to aid the jobless. The Workers Alliance, which in the southeast offered spirited competition to the UAW, became the dominant unemployed organization in the UP. Here ethnicity and the absence of a viable union movement determined the course of the organized unemployed.

Ethnic tradition, religious institutions, and economic history were also significant in influencing unemployed activity in one additional geographic area of the state, the northern and western portion of lower Michigan. The relative weakness of unemployed organizations in this district is best understood in terms of its mixed urban-rural economy and the predominance of small and medium-sized cities. Without the concentrations of heavy industry or mass population that characterized the urban southeast, western Michigan appeared to be suffering economic contraction and joblessness less severe than that sustained in the Detroit, Flint, Lansing, and Jackson areas. Even if this flawed perception had been accurate, the local economic base and demographics would not have provided a full explanation for the region's relatively feeble unemployed organizations. An essential element in the story involves the penetrating influence in many western Michigan communities of the Dutch Reformed Church, the teachings of which embodied a Christian ethic of social harmony, cross-class cooperation, and deference to authority. This area, long hostile to labor unionism, was not fertile ground for the growth of militant unemployed organizations.

While geographic, economic, and cultural distinctions are important factors in any interpretation of unemployed organizing in 1930s Michigan, it is also necessary to consider separate phases of organizational activity. It is possible to identify several clearly defined stages of activism, during which various organizations worked to unite the unemployed in their own interest as well as that of their sponsors. At different times, Communists, Socialists, Trotskyites, Lovestoneites, and mainstream labor unionists were influential in attempts to mold the jobless into an effective economic, social, and political force.

These organizational efforts took place in two distinct phases, roughly separated by the advent in 1935 of the Roosevelt administration's Works Progress Administration program, the Social Security system, unemployment insurance, and the Wagner Act. The first, militant stage spanned the years between 1929 and 1935. In this period, unemployed organizers emphasized social action, community organizing, and the exertion of pressure through mass action. They employed various direct action tactics, including public demonstrations, welfare office sit-ins, eviction actions, and occasionally legislative pressure, to secure assistance for relief re-

cipients and voice the broader demands of the jobless. At this point in their development, unemployed groups were often governed through a process of direct democracy in which the rank-and-file had substantial influence on policy and strategy. Often led by left-wing spokesmen, of whom the Detroit Communists were most active and influential, unemployed groups attempted to force public officials to accept responsibility for the casualties of the collapsed economy.¹⁵

The first period of unemployed organizing was itself divided into two substages of activism. Prior to the inauguration of Franklin D. Roosevelt, militants relied heavily on direct action to accomplish their objectives. In Michigan, Communists gave aggressive leadership to the unemployed, though their rank-and-file supporters often became involved in organizational work for essentially nonideological reasons. There is substantial evidence to indicate that jobless workers turned to the CP-dominated Unemployed Councils because of personal need and frustration, but that their participation in Council activities did not necessarily translate into endorsement of the Party. Rather, they saw the Communists as the only organization that offered them meaningful assistance. After 1933, however, other unemployed activists competed for the allegiances of the jobless. Socialists engaged the Communists within the Workers Alliance, which by late 1935 had made a promising start in Michigan. Between 1933 and 1935, the Unemployed Councils and their competitors responded to such New Deal programs as the Civil Works Administration, Federal Emergency Relief Administration, and Public Works Administration by assuming an advocacy and bargaining role for the jobless that began to resemble a labor union model.

Following Roosevelt's stunning legislative victories in 1935, unemployed organizing in Michigan entered a second major phase, during which attention focused on the development of a response to the newly created Works Progress Administration and the implementation of the Wagner Act in the auto industry and elsewhere. The central innovation in this period was WPA, a program rooted in the concept of the right to gainful employment. Because of this assumption, jobless organizers moved to apply the collective bargaining model to workers employed on WPA projects. In 1936 and 1937, the militant Workers Alliance assumed center stage, eventually gaining prestige, political acceptance, presidential patronage,

and UAW cooperation. Since government employees seemed fair game for organizers and public employment legitimized collective action for them, the Alliance succeeded in establishing a position as the recognized union of the unemployed.¹⁶

However, once the UAW became firmly established in 1937, the ground rules for unemployed organizing in Michigan changed dramatically. The third and final phase of unemployed activity bore the indelible stamp of industrial unionism. This period is critical to an understanding of the political culture of unemployed workers and the limits of radicalism in the American social, economic, and political context. The direction taken by organizational activity after 1937 confirmed both the power of the CIO as a magnet for workers and, in the last analysis, the compelling attraction of mainstream liberalism for recently enfranchised unionists.

Joblessness was an inescapable dimension of the Michigan worker experience of the 1930s. And the definitive response to the challenge of unemployment from the recession of 1937–1938 onward emanated from the state's most powerful union, which embraced the jobless as both a service to the victims of a broken economy and as a matter of self-preservation. The rise of the UAW and CIO, whose social commitment reached far beyond the goals of traditional business unionism, holds the key to an explanation of organized unemployed activity in Michigan and accounts for its distinctiveness. The success of UAW in capturing the loyalties of jobless workers and harnessing their energies strongly reinforces an interpretation of the early CIO as not simply a powerful economic force, but also as a social movement of transcendent importance.

But was the drive to organize the unemployed itself a social movement in the accepted sense of the term? It was clearly perceived as such by those most active in its leadership ranks. Movement rhetoric was prominently featured in the public pronouncements of Unemployed Council and Workers Alliance organizers. Moreover, unemployed activism was geographically comprehensive, in that the work of Michigan's predominant organizations was matched by similar efforts throughout the United States, including not only the Councils and the Alliance but also the militant Unemployed Leagues of Pennsylvania, Ohio, and West Virginia and the West Coast Unemployed Citizens Leagues.

Some scholars have argued explicitly that Depression-era unemployed organizing constituted a classic social movement, including

the requisite transformation of consciousness and behavior. Once the unemployed had denied the legitimacy of a system that had failed them and demanded that their right to survive be respected, they turned to defiant collective action to achieve their objectives. The result was spontaneous social protest that rose from the grass roots and ultimately expressed itself through a variety of organizational vehicles.¹⁷

In many respects, the development of unemployed organizations in 1930s Michigan displayed the definitive features of a social movement. In the first phase of activity, there is substantial evidence of spontaneity and grass-roots pressure, as well as a clear strain of democratic control from below. However, it is equally true that various organizations became active among the jobless in order to promote an ideology or advance a political agenda. The history of the Michigan unemployed reveals that idealism, social concern, and political/ideological self-interest combined to produce activities clearly seen by their adherents as a movement.

By the end of the 1930s, the personnel trained in the early years of unemployed activism had entered the larger labor movement. Indeed, it is plausible to argue that the work of organizers among the jobless constituted an early, preliminary stage in a larger national movement that climaxed after the enactment of the Wagner Act in 1935. The Michigan case supports the assertion that the protest which had flourished in the streets during the Hoover administration helped set the stage for the workplace insurgency that followed and provided many of the organizers who served the labor movement of the Roosevelt years.¹⁸

The direction taken by unemployed organizing in Michigan provides evidence that after the early expressions of mass protest and direct action, a combination of New Deal reforms and a bureaucratizing labor movement coopted the militants and drew many of them into a developing liberal consensus. As the New Deal welfare state extended benefits, including direct work relief, to the Depression's victims, some radicals were integrated into the relief administration's structure, while others played the role of willing collaborators who exerted controlled legislative pressure on Congress, as well as local relief bureaucracies. In Michigan, the final step in this integrative process was taken when the UAW launched its own drive to aid the unemployed and at the same time to preserve its hard-won gains.

The UAW's initiative, which brought the union into a closer relationship with New Deal work-relief agencies, undoubtedly played a role in the gradual domestication of the labor movement that accompanied state rationalization of the economy in the 1930s. It was, nonetheless, an innovative step for Michigan labor. While the casual ascription of blanket conservatism to the Detroit Federation of Labor and other state craft unions would be an oversimplification, the available evidence does suggest that in most cases affecting the interests of the unemployed, the building trades and other craft organizations were indifferent. Although AFL affiliates occasionally came to the aid of the jobless, as in the isolated efforts of the Kalamazoo and Grand Rapids Federations during the early 1930s, the predominant attitude of Michigan craft unions was closer to the suspicion of unemployed organizations regularly expressed by Frank Martel of the DFL. Partly for practical reasons and partly because of its social vision, UAW found it possible to think beyond the immediate concerns of employed dues-paying members. In contrast to Martel's skepticism, the UAW's acknowledgement of unionism's community dimension during the auto workers struggle for recognition at Flint and in subsequent years marked an important extension of union social consciousness. The union's grasp of the interrelatedness of unemployment, union community services, and the fate of its own organizational efforts became even more evident during the deep recession of 1937–1938.¹⁹

The nature and significance of that relationship are central issues in the analysis that follows. Equally important is an examination of the New Deal's impact on both the mass insurgency of the early 1930s and the evolution of the labor movement throughout the Depression years. For all participants in the struggle, whether radical organizers who advanced the immediate interests of the poor, ideologues who looked to the unemployed as the shock troops of revolution, union bureaucrats engaged in the institutionalization of their organization, or workers intent on gaining control of their lives and fortunes, one thing is certain: the union made a difference.