



The Making (and Unmaking) of a Militant Economist: Leo Wolman's Reminiscences from the Columbia Oral History Collection

Part I: From Johns Hopkins to the Amalgamated Clothing Workers Union of America

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This paper investigates what may be termed the “Wolman problem”: the striking discontinuity in Leo Wolman’s attitude toward and relationship with American unionism. Drawing on Wolman’s recorded reminiscences from 1957–1960, we present a documentary account that foregrounds his own narrative of his career as both an academic economist and a public servant. Our aim is not only to recover the voice of one of the most prominent yet underexamined industrial relations economists of the early twentieth century, but also to situate his reflections within the methodological challenges of oral history. While Wolman’s memoirs provide invaluable insight into his intellectual trajectory and evolving stance toward organized labor, they must be read critically. As with all retrospective accounts, issues of memory, bias, and the shaping influence of historical context complicate their reliability. In Wolman’s case, his hardened disillusionment with unions by the late 1950s colors his recollection of earlier commitments, particularly his association with the Amalgamated Clothing Workers and Sidney Hillman. By bringing these tensions to light, the paper both makes accessible key documentary material and interrogates the interpretive limits of oral testimony in the study of labor history.



If I make a speech nowadays, somebody will say, “Is that what you thought when you were with the Amalgamated?”—or something like that. Well, it’s an interesting question. What did I think when I had a commitment to them, and why did I think that, and is this different, or why is it different? That’s a part of a man’s intellectual history, you see, which is what we want to get down to. (Wolman 1961, 39)

1. Introduction

Historians of any field have utilized oral histories for a number of years, in varying degrees of sophistication. Scholars have turned to recorded reminiscences to fill gaps in the documentary records and to obtain fundamental sources of information concerning new evidence and varying viewpoints. Unknown aspects of individual biographies, as well as the hidden nuances of the intellectual milieu of the period under consideration, can be obtained through interviewing. “The promise of actuality and immediacy created through hearing from those directly involved as witnesses to historical events seems to bring historians and biographers closer to the goal of accurate historical reconstruction,” noted Andrew McFadzean (1999, 30). Although oral history can never take the place of written evidence, it represents a vital supplement to conventional historical sources—a source which allows the historian to unveil specific angles of history from the privileged vantage point of a direct participant to certain events. It is no surprise, then, that banks of recorded interviews have now become a standard reference concerning many of the crucial events of the last century. Among these, the Oral History Collection at Columbia University stands out for its relevance to historians of economic thought and policy.¹ A large portion of the recorded memories held at Columbia refers in fact to economists and social reformers who were particularly active in the United States during the interwar years and in many cases directly involved in the New Deal Administration. The people interviewed include, among several others, Adolph A. Berle, Arthur E. Burns, Evelyn M. Burns (three interviews), Mordecai Ezekiel,

¹ According to Alistair Thomson (1998), oral history as a modern technique for historical documentation originated at Columbia University in 1948 when historian Allan Nevins began recording the memoirs of people who had played a significant role in American public life. While working on a biography of President Grover Cleveland, Nevins found that Cleveland’s associates left few of the kinds of personal records—such as private correspondences, diaries, and memoirs—that biographers generally rely on for their reconstructions. Nevins thus came up then with the idea of filling the gaps in the official records with narratives and anecdotes from living memory. Accordingly, he conducted his first interview in 1948 with New York civic leader George McAneny, and both the Columbia Oral History Research Office and the contemporary oral history movement were born.

Felix Frankfurter, Leon H. Keyserling (two interviews), Walter Lippman, Isador Lubin, Henry C. Taylor, Rexford G. Tugwell, Jacob Viner, and Leo Wolman.²

Each of these interviews differs substantially in length and method of conduct—ranging from brief monologues by the subject recorded, to lengthier testimonies characterized by a more articulate exchange between the interviewer and the interviewee. As to their content, virtually all the oral histories mentioned above maintain an exclusive focus on the role played by the interviewee in connection to the Roosevelt administration, with the broader aspects of the political, intellectual, and academic environment of the time somehow left in the background. There are, however, significant exceptions. The one that concerns us here is the lengthy interview given by the labor and industrial relations economist Leo Wolman (24 Feb. 1890–2 Oct. 1961) in 1957 and 1960. With the interviewer always aiming to elicit reflections on important or related persons and events, Wolman gives us a complete and detailed autobiographical account of his entire life and career. In his passionate narrative, he goes through almost five decades of personal experiences of one of the leading labor experts of the interwar years, a figure whose influence went well beyond academia. In this connection, suffice it to say that in 1920 Wolman became the first professional American economist to serve a union, working as director of research for the Amalgamated Clothing Workers of America (henceforth ACWA). In 1931, on the initiative of Franklin D. Roosevelt, then New York governor, Wolman was named chairman of the Interstate Commission on Unemployment Insurance. In that year, he left the ACWA to become professor of economics at Columbia University, where he remained until his retirement in 1958. When Roosevelt moved to the White House, Wolman was appointed Chairman of the Labor Advisory Board of the National Industrial Recovery Administration. At the end of 1933, he became a member of the newly created National Labor Board. The following year he served as Chairman of the National Automobile Labor Board to mediate labor disputes in the auto industry.

The significance of Wolman's reminiscences, however, extends beyond mere autobiographical narration. They provide an opportunity to illuminate the evolution of Wolman's ideas—particularly how his experiences, first at the Amalgamated and later as a New Dealer involved in labor disputes, contributed to a dramatic reversal in his support for unions and their practices. This shift in perspective is exemplified by the stark contrast between Wolman's early and later views on collective bargaining and its role in industry. In what is arguably his first major published essay, Wolman (1916a) highlighted the successful and enduring agreement between the Glass Bottle

² Jacob Viner's reminiscences have been edited and published with an introduction by Luca Fiorito and Sebastiano Nerozzi (2008).

Manufacturers' Association and the Glass Bottle Blowers' Union as evidence of the importance and effectiveness of national unions in American industry. He attributed the minimal occurrence of violations of the agreement primarily to "[t]he great centralization of power in the hands of the national union" (Wolman 1916a, 564) and to the agreement's national character, which "lodges in the national officers of the union the responsibility for [its] content ... and for its enforcement" (566). Of a completely different tenor was the position Wolman (1948) held some three decades later in a pamphlet published for the ultraconservative Foundation for Economic Education where he condemned the certification of a union as exclusive bargaining agent under federal legislation as an intolerable form of "monopoly" based on privilege and coercion. Here we find Wolman (1948, 48) insisting that if national unions and collective agreements were to be eliminated, and if employees were represented solely by "local independent organizations commonly described as company unions," the monopolistic element in industry-wide bargaining would be eradicated.

Such a transformation in Wolman's attitude toward unionism did not pass unnoticed among his contemporaries. There are, in this connection, a few interesting passages in the recorded reminiscences of Isador Lubin, another economist particularly active in the Roosevelt administration and a close friend of Wolman, which deserve to be quoted in full length:

I have watched Leo Wolman through this whole period [the 1920s] when he was the great liberal. He left Washington and went on with Mitchell and Veblen to the New School. They founded the New School. I was very close to them. I watched Leo go through this metamorphosis. He was the great defender of labor, he was the economic advisor to the Amalgamated Clothing Workers. I saw him change in Washington during the NRA days.... The man went through a complete psychological change, and developed an irrational attitude toward labor, the very things he argued for them, of course, he takes every opportunity now of arguing the other side of. (Lubin 1957, 20–1)

Quite surprisingly, this "metamorphosis" of Wolman from a paladin of labor to an open adversary of unionism has received scant attention in the literature. Joseph Dorfman, in his encyclopedic *The Economic Mind in American Civilization* (1959, 524), devotes a brief section to Wolman, describing him as "the intellectual that spoke for industrial unionism." Dorfman only notes that over the years his support of unions became tempered by a growing conviction that "organized labor was not the only interest in the community," and that, by following "extreme policies," it would run against its own interests. According to Broadus Mitchell (1964, 801), during the 1930s "Wolman

surprised and disappointed his former labor associates by becoming increasingly critical of the growing power of unions and of governmental policies regulating labor relations.” Similar passing remarks can be found in Paul J. McNulty (1980) and Leo Troy (2000). Wolman’s vicissitudes are also mentioned in the two existing biographies of Sidney Hillman, the charismatic leader of the ACWA (Josephson 1952; Fraser 1991). Here the focus is more on Wolman as a public servant rather than as a scholar. During his years at the Amalgamated, Wolman had established a close friendship with Hillman, becoming “his most intimate adviser and almost his alter ego” (Josephson 1952, 324). The personal and professional association between the two men started to deteriorate around 1934, soon after Wolman’s appointment as chairman of the Automobile Labor Board. “After having cleaved to Sidney’s side for long years,” Josephson (1952, 375) recounts, “he had begun to walk alone ... and the two old friends gradually drifted apart.” As to Wolman, he “felt that in instances where he had honestly judged the claims of labor as less strong than those of capital Hillman had criticized and opposed him unfairly.” Hillman, for his part, was “grievously hurt by what he considered Wolman’s betrayal,” and he “felt acutely the loss of intellectual support” he had received from Wolman over the years (Fraser 1991, 297).

In what follows, we aim to move beyond these fragmentary observations to offer a more comprehensive exploration of what might be termed the “Wolman problem,” i.e., the profound discontinuity in his attitude toward and relationship with American unionism. This will be accomplished by presenting Wolman’s own narrative of his career as both an academic and an economist engaged in public service. Our primary objective is documentary: to make accessible the relevant sections of the recorded reminiscences of one of the most renowned yet largely overlooked industrial relations economists of the first half of the 20th century.³ For the most part, we allow Wolman to speak for himself and guide us through his intriguing life story, intervening as editors only to provide brief introductions to the thematic sections of this paper. It is important to state from the outset, however, that Wolman’s reminiscences must be approached *cum grano salis*. Oral history is not an unproblematic source. Critics have noted the potential unreliability of recorded memoirs, observing—often with justification—that memory is prone to distortion due to physical decline and nostalgia in old age, the personal biases of both the interviewer and the interviewee, and the influence of shared and established narratives of the past.⁴ Others (Abrams 2010; Reynolds 2024)

³ Wolman’s reminiscences have received limited attention in the scholarly literature, with the only recent citations we were able to identify appearing in Bruce E. Kaufman (2004; 2009).

⁴ On the methodology of oral history and a discussion of its limitations see, among many others, Frisch (1979), Portelli (1981), Henige (1982), Vansina (1985), Ritchie (2014), and the essays included in Perks and Thomson (2015).

have argued that the intensely personal nature of such accounts tends to exaggerate individual agency. In Wolman's case, it is crucial to bear in mind that his reminiscences were recorded between 1957 and 1960, a period during which his disillusionment with organized labor had hardened into overt hostility toward national unions (see, for example, Wolman 1957). His recounting of his intellectual trajectory is thus clearly filtered through the lens of his mature perspective. This bias is evident, most notably, in Wolman's discernible tendency throughout the interviews to downplay the extent of his earlier involvement with the Amalgamated or his personal association with Hillman. The issue of bias in Wolman's narrative will be addressed in greater detail below.

A few final considerations regarding the material, its editing, and the organization of this paper are in order. Wolman's oral history consists of nine interviews divided into two blocks: four interviews conducted by Donald Shaughnessy in 1957, and five interviews conducted by Jerold Auerbach in 1960. These interviews are cataloged at Columbia University as a single document and will be referred to collectively as Wolman's reminiscences (Wolman 1961). We will follow the page numbering of the transcription found in the Columbia University Oral History Collection. In preparing the interview for publication, no major issues arose. According to Ric Wolman, Leo's son, the original typescript was edited by his mother, Cecil Clark Wolman. She made corrections to typographical errors, omitted repeated passages, combined descriptions of the same event, and rectified factual inaccuracies when the record was clear. To avoid overburdening the text, we have kept the footnotes to a minimum, including information on specific events and individuals only when strictly necessary. In selecting portions of the interview for publication, we prioritized those aspects of Wolman's biography most directly related to the evolution of his ideas on unionism.⁵ These excerpts are organized chronologically, divided into sections and subsections, each accompanied by short editorial introductions. Wolman's unreferenced quotations in the text are from the transcribed sections of his reminiscences reproduced in the dedicated sections. Due to the length of the material, it will be published in two installments. The first, which appears in this issue, covers Wolman's early career, from his student days at Johns Hopkins to his appointment at Columbia in 1931. The second, to be published in the following issue, will cover the New Deal years and the aftermath. We thank Eric Wolman, Wolman's son, for his cooperation and for granting us permission to publish these reminiscences. We also acknowledge the Columbia University Oral History Research Office for their support.

⁵ Accordingly, we deliberately left out of the picture otherwise interesting episodes of Wolman's career discussed in the interview—such as his work as a member of the Joint Palestine Survey Commission (1928) or his involvement in the early days of the National Bureau of Economic Research.

2.1. Education and early career

In the first portion of his recollections, Wolman reflects on his family background, his years as a student at Johns Hopkins University, and his early professional experiences leading up to his arrival at the ACWA. Born in Baltimore, Maryland, Wolman was the son of Morris Wolman, a contract tailor, and Rosa Yetta Wachsman, both Jewish émigrés from Poland. He had three brothers and two sisters, and despite their modest means all the children received a sound education. As Wolman noted, “In those Jewish families, education looms large, and if you can at all afford it, the family sacrifices themselves to send the children to school.” This cultural emphasis on education also instilled a strong incentive to excel academically: “That you had to work your way through somehow and, of course, the easiest way to work your way through was to do well, it was an incentive to do well,” he explained to the interviewer. At Johns Hopkins University, Wolman earned a B.A. in chemistry in 1911, completing the degree in three years rather than the usual four, and was inducted into Phi Beta Kappa. He subsequently pursued graduate studies, receiving a Ph.D. in economics in 1914 with a dissertation titled “Boycott in American Trade Unionism.” During his time as a graduate student, Wolman worked under the mentorship of Jacob Hollander and George E. Barnett, two prominent scholars who later served as presidents of the American Economic Association in 1921 and 1932, respectively. At the time, Johns Hopkins and the University of Wisconsin–Madison were both prominent centers of labor economics in the United States, though their approaches to the field diverged in significant ways. In this connection, Walter Galenson (1957, 86) noted, the Wisconsin school, identified with John R. Commons and his students, was very much in the tradition of continental social history, in the sense of being characterized by “a fairly straightforward, narrative approach [with] little conscious effort to apply the tools and concepts of economic and sociological theory to the data.” Hollander and Barnett, instead, showed no interest in the chronology, and very little in the politics, of unionism—“they looked upon the trade union as a peculiar economic institution, operating within certain economic constraints, and their concern was with the reciprocal relationships of institution and environment” (Galenson 1957, 86–7). This distinction is, as Galenson admits, overly simplified, and from his early academic writings Wolman reveals elements of both traditions.

At Johns Hopkins Wolman was exposed to what he described as the “orthodox view towards trade unionism.” Reflecting on this intellectual environment, Wolman elaborated in a later portion of the interview, providing insight into the prevailing academic attitudes of the era:

When I began to study the trade union movement, as a graduate student, and of course read around in the field, I absorbed, as my colleagues and fellow-students

did, what I would now describe (and wasn't in the position to describe as much then) as "the orthodox view towards trade unionism." I recollect that when I was a graduate student, Hollander had made a speech in Baltimore, which got into the press, and was called "The Abolition of Poverty." His prescription for the abolition of poverty was the orthodox prescription of that time, of people who wrote and talked about things like that. How did you do it? Well, by collective bargaining, which was assumed to lift wages, accompanied by a minimum wage; by social insurance, which ironed out the interruptions to income, due to risks or accidents; third, a central public employment agency, which brought people who were seeking jobs together with their jobs. Well, that was the formula. It's kind of disappeared out of the literature in recent years, but not so long ago. I mean, that's the formula that everybody who ever was in that field taught and talked about, at that time, and that's what I taught, out of the regular texts. (Wolman 1961, 53)

Such a combination of policy proposals—collective bargaining, social insurance, and the establishment of a central employment agency—was not unique to Hollander. These measures were central to Progressive Era debates on labor issues and were endorsed, albeit with varying styles and emphases, by nearly all reformers affiliated with the American Association for Labor Legislation (Gee 2012). In his reminiscences, Wolman (1961, 56) points out the particularly important role played by Sidney and Beatrice Webb in establishing such a consensus, especially in connection to the idea that "wages could be raised by collective bargaining." This was the "classical theory," Wolman tells us, "first and most effectively developed by the Webbs, where they set out, in a literary way, to develop the whole notion of inequality of bargaining, power, and there wasn't men in the United States—or in the world—who didn't teach this stuff, or any writers of textbooks in succeeding generations, who didn't say this—they still do, for that matter, in most of the books." Throughout the interview, Wolman frequently characterizes the evolution of his thought as a gradual departure from this "orthodox trade union doctrine."⁶

Following his graduation, Wolman held teaching positions at Johns Hopkins, Hobart College, and the University of Michigan. At Michigan, Wolman recalls, he was instrumental in introducing what he thought "was probably the first course in the United States in social insurance." His teaching career was interspersed with appointments to the U.S. Industrial Relations Commission, for which he conducted the

⁶ In his published works, Wolman makes only a single passing reference to the Webbs, remarking that "where [the Webbs] fall short is not in content but in the lesser emphasis they allot to the efficiency of an economic system as the source of higher wages, greater leisure, and advancing material standards of life" (1945, 87).

first comprehensive study of unionism's extent in the United States. During World War I, he served on the Council of National Defense and subsequently as chief of production statistics for the War Industries Board. In this capacity, Wolman interacted with influential figures such as Wesley Clair Mitchell, Edwin Gay, Walter Stewart, and Isador Lubin—all figures who significantly shaped Institutionalism as a key force in American economics (Rutherford 2011). At the conclusion of the war, Wolman was appointed to the American Peace Mission in Paris, where he worked under Harvard economist Allyn Young, the chief economic advisor to the American delegation. Upon returning to the United States, Wolman secured, through Mitchell's influence, a position as lecturer in statistics at the newly established New School for Social Research. There, he formed a close association with Thorstein Veblen, who was nearing the end of his career. "We used to see a lot of each other," Wolman recounts, "somebody had to take care of him in those days." Shortly thereafter, Wolman joined the National Bureau of Economic Research (NBER), where he remained affiliated until his retirement in 1958, also serving as its director of research for several years.

Wolman's time at the New School, however, proved somewhat disillusioning, and in the spring of 1920, he accepted an offer to become director of research for the Amalgamated Clothing Workers Union of America. The ACWA, a relatively young union founded in Chicago in 1914 as a splinter group from the United Garment Workers, had grown rapidly under Sidney Hillman's leadership, particularly in Chicago and the New York area. Wolman's introduction to Hillman occurred during the ACWA's legal defense in a 1920 injunction suit in Rochester, New York. The plaintiff, Michaels, Stern and Company, a prominent clothing manufacturer, accused the union of maliciously attempting to destroy its business through picketing after the company fired its unionized workers and adopted an "open-shop" policy (Forbath 1991). The union's legal counsel, Felix Frankfurter, who had previously worked with Wolman at the War Industries Board, recommended Wolman to Hillman. Wolman was tasked with producing an authoritative economic analysis of the clothing industry, highlighting the positive impact of unionism on the labor force since 1911. As Josephson (1952, 222) vividly remarked, "here was a combination of legal talent and university brains converging on the inland city of Rochester for the defense not only of the Amalgamated but of all American labor." Despite Wolman's efforts, the court upheld Michaels, Stern and Company's injunction, requiring the ACWA to pay damages. Nevertheless, the court rejected the plaintiff's request to disband the union as an illegal conspiracy. Frankfurter and Wolman persuaded Hillman not to appeal the ruling but instead to negotiate for the reinstatement of some employees and the dismissal of damage charges (Parrish 1982, 124–5). This strategy succeeded, and the

Rochester episode marked the beginning of a decade-long collaboration between Wolman and the ACWA.

2.2 *The interview: March 13, 1957; conducted by Donald Shaughnessy. (Wolman 1961, 1-22)*

Wolman: We were a big family. We had at no time much income.

Q: What type of work was your father in?

Wolman: He ran a contract tailoring shop. He'd started as a cigar maker when he came over from Poland in the eighties, when Grover Cleveland was President. My older brother and sister came over later with my mother and, as was customary, my father first established himself in Baltimore and then sent for them. We were altogether six children, four brothers and two sisters. We all went to public schools in Baltimore. I went to the same public school that all of us did.

My older brother was a brilliant student, went through high school and then through Johns Hopkins as an undergraduate, took prizes and fellowships, and went to medical school. He had strong mathematical gifts, as well as in metaphysics and philosophy, which he still has. He reads about them and knows what goes on.

I went to school. In those Jewish families, education looms large, and if you can at all afford it, the family sacrifices themselves to send the children to school, which meant that you were sent to school and the family did it. It also meant that one helped the other. It also meant that you had to work your way through somehow. And of course, the easiest way to work your way through was to do well, it was an incentive to do well.

I went through and I got a prize from Baltimore City College. In a class of about 100, I graduated third and got a hundred dollars, which in those days was a lot of money. That was 1908. My older brother graduated in 1899.

Then I wanted to go to college. We didn't have much money. I couldn't go to college unless I had scholarships. I could live at home, as we all did. There were competitive examinations, of course. There were five scholarships, I think open to everybody. I boned up that summer on the subjects Latin, mathematics, French and German—took the competitive examination at Johns Hopkins University, came out first, and got a scholarship.

Then, since we didn't have much money, and I didn't want to hang around school too long, I skipped a year and graduated in three years instead of four, and got Phi Beta Kappa, as my brother before me had. Since he was fairly influential in the family, through what he did, I decided when I went to college I'd go into medicine. I did all my

undergraduate work in science—three years of chemistry, physics, biology, the other requisite courses. In order to graduate in three years, I'd taken two years of Italian to fill in. I also took a course in political economy in my senior year. The subject interested me a great deal, and I discovered that it was in this area that I wished to make my career.

I then went, when I was about to graduate, to the head of the Economics department and said, "I'd like to do graduate work but I haven't had any preparation except this elementary course."

Well, they were very eager to have good students and I was a good student, and they said, "All right." They gave me a list of things to read during the summer and I went into graduate work in economics at Johns Hopkins.

Now, it so turned out—and this is again one of those accidents of life—that when I entered the economics seminar at Hopkins (which as compared to what goes on today was a small thing—ten to fifteen graduate students from around the country), the whole seminar was working on trade unionism. That was the decision the seminar made long before I knew anything about seminars, and consequently when I went in I was supposed to work on labor. I didn't know much about labor problems, but that wasn't a requirement, unless I had a strong inclination to work on something else. So they put me in the boycott in American trade unionism. My fellows in the seminar worked on strikes, on trade union government, on trade union finances, on jurisdictional disputes, etc. these Hopkins studies in labor union are, of course, well-known to students of labor everywhere.

Q: Were these all under the supervision of one person?

Wolman: Jacob Hollander and George E. Barnett. They were famous men in those times. Hollander, who was a professor of political economy, and Barnett, who was professor of statistics. They were great teachers, really, each in his own way, and they were well known men in their time. You weren't filled up, as we are nowadays, with lectures. We had five lectures a week, that's all, in our major subject.

Now, I happened to go into economics—as you see I graduated in 1911 with an A.B.—at a time when it was clear, from what little reading I did, that statistics was becoming important. So I was the first students at Hopkins, and probably one of the first students anywhere (I wouldn't know that) who decided to equip himself and learn statistics. I departed from the normal routine of the graduate student, and took a major in economics, and I took my first minor—which meant two years—in mathematics, not because I was peculiarly interested in mathematics but because I wanted to go better equipped to handle statistics. I remember I read the famous text which came

out at that time by the Englishman [George Udny] Yule.⁷ I studied calculus, the theory of probability, differential equations, all for that purpose. These were things I was interested in and I had a bit of talent in that direction. And when I came up for my major, political economy, and in my first minor by a professor of mathematics.

I was one of the earliest people in labor, probably, who was concerned with the measurement of labor phenomena, and I tried to equip myself to do that sort of thing.

I worked my way through graduate school with the aid of a fellowship and odd jobs for Barnett. Barnett used to review for the old *Nation*, and he'd turn some books over to me, and I'd make a few dollars that way. Occasionally, I'd go over and substitute at the Baltimore City College, which was around the corner, where I graduated before I entered Hopkins. I taught everything under the sun—Latin, chemistry, mathematics, English, at the rate of \$5 a day.

In 1914 I graduated. So you see that my majoring in economics was a deliberate choice, and in the materials of public issues. Specializing in the labor side was the result of a decision made by my department. At the time it didn't seem to matter much what I worked on so long as I got economic training.

I graduated in 1914, and it proved very hard to find a job. You remember that was a depression year, on the eve of World War I.

So I stuck around Baltimore, hoping to find a job. Right in the middle of all this, the insurance underwriters of Baltimore, life insurance underwriters, who were managers of the Baltimore branches of the big insurance companies, Mutual Life, Equitable, New York Life insurance—came to the university and asked the university whether they wouldn't give their underwriters (sixty or seventy men) a course in life insurance.

Well, the head of my department called me in and said, "Would you give this course?"

I needed the money—\$500. I said, "Sure." I didn't know anything about the subject. I had a month or so to prepare. So I got to the library and picked up all the texts I could on life insurance and read parallel chapters, and went in and taught life insurance for a year. I learned a lot out of it. It was another accident, you see. If I hadn't been asked to do that, I would have done something else, heaven knows what. But I taught that [for a year] and made friends.

So I yet had no job, though there'd been feelers. Oh yes—and then a vacancy appeared at Hobart College, up in Geneva, New York—an old denominational school. That was in 1915.

⁷ Yule, G. Udny. 1911. *An Introduction to the Theory of Statistics*. London: C. Griffin and Company.

Q: Didn't you have a job with the United States Commission on Industrial Relations?

Wolman: I'll come to that. I went up to Hobart for a half year because the man who was professor of economics and sociology (a very interesting man named James Mickel Williams, who wrote the classic book on the American town, as a sociologist—a big, towering fellow, an awfully sweet fellow) felt he wasn't well, so he wanted a substitute for that term, and I was recommended.⁸ During Christmas holidays, I went up there, and he saw me, and we got along well together. So I got the job for that term, four months, acting professor of economics and sociology at Hobart and its coordinate women's school called William Smith College. You walked across the fields from Hobart to William Smith, where you taught the girls. I had a good time up there, but it was for that short period.

In the meantime, Barnett, one of my teachers, had been put in charge of the labor studies for Woodrow Wilson, or what they called the Walsh Industrial Relations Commission, which was appointed by Wilson because of the unemployment in 1913–14. He then engaged me, because I had no other job—the Hobart thing was done, I think; there may have been some overlapping—to make two studies. One was the first study made of the extent of union organization of the United States in 1910. I did that down at Hopkins, for the Industrial Relations Commission. It was later published in the *Quarterly Journal of Economics*. [Frank W.] Taussig, head of the economics department at Harvard, heard I'd done this and invited me to talk to his seminar, which was a fine thing for me, starting my career, and the beginning of a long friendship I had with Taussig over the years.⁹

I made also two studies of collective bargaining, which I had to do in the field, aside from documents. One was of an old system of collective bargaining in the glass bottle industry, the results of which were published in the *American Economic Review*,¹⁰ and another on the fur and pelt industry, which I studied through Grange and South Norwalk, Connecticut, and which was never published. Then that connection terminated.

In the meantime, there were feelers from the University of Michigan. They offered me a job as an instructor at \$900 a year in 1916. So I went out to Michigan, and there I made really my first serious effort at teaching. I'd had this little bit of other experience, you see, teaching at Hobart, working at the Industrial Relations Commission, giving a course in life insurance at Hopkins. So I taught labor, which was a good thing to me.

⁸ Williams, James M. 1906. *An American Town; A Sociological Study*. New York: J. Kempster Printing Company.

⁹ Wolman, Leo. 1916b. "The Extent of Labor Organization in the United States in 1910." *Quarterly Journal of Economics*, 30 (3): 486–518.

¹⁰ Wolman, Leo. 1916a. "Collective Bargaining in the Glass Bottle Industry." *American Economic Review*, 6(3): 549–67.

I was young, an instructor. I was given charge of that course. Then I gave a course in elementary economics for engineers. I had a third course of my own choosing, and to show you how these things operate because I'd studied life insurance I very early got interested in the whole field of social insurance, which would have been an enigma to me otherwise, and I said, "Well, this is a good time to try and learn something about social insurance," so I gave another course which I think was probably the first course in the United States in social insurance.

Q: Was it called social insurance?

Wolman: Social insurance, in the catalogue, I guess, at the University of Michigan. I had a very good time out there. I was an instructor, and you lived on \$900, and lived well. I came back to Baltimore for holidays, and then stayed out there for the summer and gave courses in life and property insurance, to supplement my income.

Q: Was this course in labor that you were giving a history of the labor movement?

Wolman: General problems of organized labor. Now, my ideas behind that I won't cover now. I'll come back to that eventually. This is the chronology.

That's what I did, and I had a very good time, and it was very successful. In the meantime, Hopkins wanted me back and they offered me a somewhat higher rank, the position of associate in insurance, which is the equivalent today of an assistant professor. I came from Baltimore and I didn't see myself living forever in Ann Arbor, so I said, "All right," and went back. At that time Michigan wanted me badly, and I would have been a professor there in a year. They offered me the job a year or so later, but I didn't want it.

I went to Baltimore, and you remember the War broke out then—broke out while I was in Michigan. I saw my classes disappear as more and more of my students went into the Army. I went to Baltimore and started to teach; then the war was on and I was offered a job at the Council of National Defense. So I was given leave from the university, and went on to Washington to the council of National Defense, doing statistical work.

There again, though a series of accidents, I met a number of people with whom I worked. There I had charge of raw materials, copper, non-ferrous metals, thing of that kind, and worked under Walter Gifford, who was the director of the Council of National Defense, then president of AT&T.

Q: What do you mean, you "had charge of..."?

Wolman: Well, that was my function. My function was to make available the current records on the supply and production of the rare and scarce materials required for the waging of war.

While I was doing that, I ran across a man who was doing a similar thing and who knew more about it than I did. He was a geologist, an exceptionally able man named Fred Tryon.¹¹ A Minnesota graduate; very able fellow, and a wonderful person.

One day Edwin F. Gay turned up. He was professor of economic history at Harvard and the founder and organizer and first dean of the Harvard School of Business Administration, and was then the director of statistics of the U.S. shipping board, which was a quasi-war agency. How he came, I never did know, but he came along one day, asked for Tryon and me. He said, “We need to have an estimate of the minimum shipping requirements of the United States, now that we’re at war.”

I didn’t know one ship from the other, but we were asked to make this estimate. So Fred Tyron and I, with a woman whom he had brought along with him from the University of Minnesota who knew how to operate the very elementary calculating machines we had in those days – nothing like those things they have today – we sat ourselves down to make this estimate. We had as our office a big room at the Council of National Defense, in a temporary building in Washington. With a trade map of the world on the wall, Department of commerce foreign trade statistics and production figures, we set to work. We had to work all night and go around the corner to get coffee to keep ourselves going. Within a week we came out with an estimate of the minimum shipping requirements of the United States, which became the basis for future estimates.

Q: What kind of man was Gay?

Wolman: Gay was a scholar. He was the great teacher of economic history. He turned out more economic historians than any other teacher in this country—men like [Abbott Payson] Usher and [Earl J.] Hamilton. He was also a man of affairs, and he had to be busy. In some respects, I’m like that, you know. I want to do a job in research, and also get bored with it and want to go out and do something. I’ve always had both interests, a research interest and an administrative interest. When I get too much administrating, I get fed up with it and go back and do some of my own work. That’s always been my problem, you see. Or, if I sit in my closet, I like to have my hand in on the outside somewhere. So that’s a problem, with a mixed personality.

It was in this period that I met Wesley Clair Mitchell, the foremost economist in the United States. He was working with Gay at the Shipping Board, and so was Walter Stewart, who after became a great friend of mine. Stewart was a graduate at the University of Missouri. He after became chairman of the Rockefeller Foundation. He was the first economic adviser to the Bank of England, although an American,

¹¹ Tryon (1892–1940) was a geologist, economist, and statistician, working at the US Geological Survey then at the US Bureau of Mines.

and director of research at the Federal Reserve Board, and director of an investment firm downtown called Case Pomeroy. A very able man. I got to know all these people at the time.

As the war was drawing to a close, Gay and Mitchell conceived the idea that there ought to be a history of the behavior of prices during the war.¹² So Mitchell and Stewart and his group came over to the War Industries Board – the Council was gone by that time, and I was now an employee of Barnard Baruch, War Industries Board, and was doing similar things of a general statistical nature. On the floor below me these people were moved in, Mitchell and Stewart and the rest of them, and I'd work occasionally with them. I'd be invited every day or every week to become a member of the price section, but I couldn't leave my own job.

The war ended, and the Peace Conference got under way. Then Gay came to me and said that in Paris they needed some people who had general economic training and knowledge of the statistical series we'd been working with, and he wanted me to go to the Peace Conference in Paris.

Well, it sounded like an awfully good opportunity for me. That was in November 1918, right after the armistice. I said, "All right."

So I and Frank M. Surface, where he worked with Hoover,¹³ and Walter Tower who was professor of economic geography at the University of Chicago and had also worked for the Shipping Board, and [Charles Kenneth] Leith, the geologist from the University of Wisconsin, we four were sent over, not as part of the whole study group but as a separate group. We started to work on whatever we were put to work on, generally under a man called Allyn Young, who was the great economist in charge of research for the American delegation. He had been a professor at Harvard, at Cornell, and later at the London School of Economics.

So we got to work there, and they put me in all kinds of jobs – reparations, about which I knew nothing: the value of the German colonies in Africa, e.g., Togoland as an offset to the reparations bill. Anyway, we got to Paris at the end of December and were given offices at the [Hôtel de] Crillon, which the Americans occupied.

Then in January Walter Tower and C. K. Leith came to me and said, "Let's go home." That was the time the Americans at the Peace conference were disappointed that the reparations bill was so vast and the prospective terms of the treaty appeared much too onerous. Well, they were older than I. I was younger. This was my first experience in Europe. I said, "I'll stay."

¹² Mitchell, Wesley C. 1919. *History of Prices During the War*. Washington: Govt. Print. Off.

¹³ Frank M Surface (1882–1965) worked at the American Relief Administration when Hoover was the program's director.

So they left and I stayed there for six months, and at the end of May came back to the United States. I stopped in New York, on my way home to Baltimore, to resume teaching in the fall at Hopkins, from which I had a leave. I stopped off to see some people here (New York City) and among them Wesley Mitchell with whom I'd worked pretty closely in the War Industries Board and council of National Defense, he and Edwin Gay. He then lived in one of these big houses down in Washington Square. I got to know him well. We had quite a long talk, about the Peace Conference and other things, and Mitchell said, "What are you going to do?"

I said, "I am going back to teach at Hopkins."

They were then organizing the New School for Social Research, and Mitchell had quit Columbia to go there, as had James Harvey Robinson, Charles Beard, and others.

I said, "Nobody's offered me a job there."

Mitchell said, "I'll offer you a job."

"Well," I said, "fine." A move to New York and teaching at a new institution seemed to me a wonderful opportunity.

I went back to Baltimore and resigned from Johns Hopkins. Then Mitchell also said – he was going up to Greensboro, Vermont, where he used to spend his summers – "These fifty-seven volumes of the price history of the United States are in a terrible mess. I can't stay here and deal with it. You're going to be in Baltimore. Could you take charge of that?"

So I said, "Yes," and I went to Washington every day and saw the volumes through the press. In the fall of 1919 I moved on to New York and settled down to teach statistics at the New School.

Q: Did you have a labor course there too?

Wolman: No, not then. Why statistics I don't any longer recall, but anyhow, that's what they wanted. And that was an interesting place. Everybody turned up there—Graham Wallas, the old city planner [Patrick] Geddes, [William H. R.] Rivers, the anthropologist; all the psychoanalysts began to descend on it, Freud's followers and dissenters, and all kinds of people. It was a very interesting and unusual place. Horace Kallen came on the faculty on the same time I did.

So I went to the New School, and that was an interesting experience. These people were all strange to me. I didn't know them at the time, but they were around—a lot of people. I hadn't been there very long when I had a visit from two lawyers, Robert Szold and Gerry Henderson. They were young lawyers. Henderson was Taussig's son-in-law. He was later killed crossing a railroad track, near Boston. I have to go back in this story

a little bit. When I taught at Michigan, one of the men in the department was named [Isaiah Leo] Sharfman, a graduate of the Harvard Law School.¹⁴

Q: Is this the Interstate Commerce Sharfman?¹⁵

Wolman: That's right. He was a great friend of Felix Frankfurter, Max Lowenthal, Morris Cohen the philosopher. Through him I got to know some of these men. When I was in Washington during the war, and working at the Council of National Defense and War Industry Board, Felix Frankfurter was with Newton Baker, the Secretary of War, in the War Department. Frankfurter would occasionally ask me for a report on some labor questions.

One had to do with unemployment in the clothing industry. During the war the women's clothing industry suffered—or said they suffered—unemployment, while the men's clothing industry was busy making uniforms for the armed forces. But the women's clothing industry didn't make uniforms. The people who ran the union in the women's clothing industry came down to the War Department to demand uniform contracts for the women clothing shops, because they said otherwise their people were unemployed. It was facts that the War Department wanted investigated, as to whether there was more unemployment than usual in the women's clothing industry. I made the study and found that there wasn't any more unemployment in women's clothing than normally. There was thus no justification for shifting uniform contracts.

Anyway, I got to know these people. Szold was connected with these people, too. He was a New York lawyer and partner of Max Lowenthal's, and was associated with Felix Frankfurter. They came to see me and here was the proposition. This is how I got into labor union.

The Amalgamated Clothing Workers, which was relatively new, started in 1914 or '15, by Sidney Hillman and his associates, carried on a great organizing campaign during the War and immediately after the War and succeeded in organizing the men's clothing manufacturing centers in the U.S. In Rochester, the Union was unable to organize a big non-union firm called Michaels-Stern. In its efforts to unionize this company, the union threw picket lines around the plant, and the firm got out a temporary injunction against union picketing. Hillman consulted with Frankfurter and others as to how most effectively to fight the injunction. It was agreed that the union should try to fight this

¹⁴ Isaiah Leo Sharfman (1886–1969) received his law degree from Harvard in 1910 and served in the economics department of the University of Michigan from 1913 to 1955. He worked in the fields of labor economics and industrial organization, especially transportation and public utilities. Sharfman was president of the American Economic Association in 1945.

¹⁵ Sharfman, I. Leo. 1931–37. *The Interstate Commerce Commission; A Study in Administrative Law and Procedure*. 4 vols. New York: The Commonwealth Fund.

in the courts in a new way by introducing new kinds of evidence, economic evidence, analogous to what [Louis] Brandeis had done when he got the Goldmark sisters, who were sisters-in-law of his, to make the famous study of the economics of the shorter workweek. It was then that I was suggested as the person to gather and present to the court this type of economic evidence.

Well, it sounded interesting to me. It took me back to a subject I had studied before, and I agreed to take on the assignment.

They gave me an office at the headquarters of the Amalgamated Clothing Workers, and a right to pick assistants. I picked a few assistants and gathered data on wages and hours, arbitration decisions, the nature of agreements and so on. Much of this material was put into charts.

I'd never met Hillman. One day Hillman walks in and introduces himself and says he'd like to look at the charts. He found them interesting and borrowed them to use at a union meeting that night.

After a few months the trial started in Rochester, and I went up with this galaxy of lawyers headed by Frankfurter. The trial lawyer for the Amalgamated was Emory Buckner, who was a classmate of Frankfurter's and later become district attorney in New York City, and a member of a law firm of Root, Clark & Bird.

I was to be the first witness for the union, to introduce this new kind of evidence. I got up on the stand, was sworn in, and was asked what I was going to testify about. When the nature of my testimony was disclosed, the attorneys for the other side objected that much evidence was "immaterial, irrelevant and inconsequential." The judge ruled the whole thing out and I never opened my mouth.

It is worth pointing out that what determined the decision in this case was a moving picture taken by the company and shown in the court of the mass picket line thrown around the plant by the union. This picture of potential violence and intimidation settled the case in the employer's favor.

That's how I got to know Hillman. I was in Rochester for a couple of months, through this long trial. Hillman would come up, and we'd all spend evenings together and take long walks in Rochester—a pleasant town in the spring. When it was over and we got back to New York, Hillman invited me to lunch with him one day and in the course of conversation asked me to become the economist for the Amalgamated.

By that time, I was teaching at the New School, and I also was beginning to be associated with the National Bureau of Economic Research, which had been started in 1920, and had offices then in the Teleological Seminar on 21st Street, in the block opposite to the *New Republic*.

“Well,” I said, “that interests me. I’d be interested to do it.” I didn’t know, of course, what it would involve. No one ever does when he goes into a new job. But I said I couldn’t do it full time. I wanted to teach and I wanted to continue my other work. I’d do it part time, and that would require a younger man on the job full-time, to manage the office, build up the files and the like.

He was agreeable to these conditions because he wanted me. So I agreed.

That’s how I went into the job. I went to work, and of course in a couple of years I was in it over my head—traveling to the various union centers, negotiating, making speeches, participating to the organization of their banks in New York and Chicago, cooperative housing, and numerous activities associated with running a union.

3.1 *The ACWA experience*

The portions of Wolman’s interview reproduced in this section focus on his tenure as director of research for the ACWA, from 1920 to 1931. As noted in the introduction, his recollections are marked by a degree of ambiguity. On one hand, Wolman acknowledges his active participation in many of the ACWA’s initiatives during this period. From his account, we learn that he was present at virtually every critical negotiations and that on several occasions Hillman entrusted him to act on his behalf. He also served as director of the Amalgamated Bank of Chicago and the Amalgamated Bank of New York, banks owned by the ACWA, and the Amalgamated Investors, Inc., an ACWA-owned investment trust.¹⁶ As director of research, he published a volume on the early history of the ACWA (Amalgamated Clothing Workers of America Research Dept. 1922) and contributed regularly on newspapers and magazines in support of the union’s initiatives. The extent of Wolman’s involvement in the union was such that the press of the time described him as an “unofficial leader, but of enormous significance to the organization, ... who has his finger in every agreement, in every innovation, for the simple reason that his technical equipment as an economic adviser is probably the most clean-cut and competent in the country” (Stolberg 1928, 667).

On the other hand, Wolman is adamant in stressing that by the mid 1920s he had acquired enough knowledge of the ACWA’s methods and practices to “affect” negatively his thinking about the “instrument of trade unionism,” and in more than one occasion he does not hesitate to distance himself from his involvement with the Amalgamated. As significantly, throughout the interview Wolman is virtually silent as to his connection with Hillman, somehow implying the idea of an absence of a personal relationship with him. This sometimes “detached,” if not hostile, stance contrasts from the evidence we can gather from the available sources of the time which shows no public sign of conflict between Wolman and the ACWA until the early 1930s. In this

¹⁶ See also Wolman (1923b; 1926).

context, it is worth noting that at the seventh Biennial Convention of the ACWA in 1926, Hillman referred to Wolman as a man who “has become an integral part of the Amalgamated family” (Amalgamated Clothing Workers of America 1926). Two years later, he addressed the audience, saying: “I won’t introduce him as Dr. Leo Wolman—brother Leo Wolman” (quoted in Zaretz 1934, 203). For his part, Wolman himself praised the ACWA as representative of the “new unionism,” attributing its success to its “clear realization that it was not fertile to import the tactics of European labor movements into the American situation” (Wolman et al. 1929, 139). He elaborated that the “new unionism” involved “essentially the job consciousness of the old unionism rationalized, modernized, and with a flexible method of procedure.”

Wolman allocates significant portions of his memoirs to discussing his contributions at the ACWA, notably his instrumental role in promoting the first unemployment insurance plan within the clothing industry. Hillman had consistently championed out-of-work benefits, emphasizing the persistent seasonality of the men’s clothing industry, which left nearly half of the workforce unemployed for two to three months each year. To advance this initiative, Wolman authored a pamphlet titled *A Proposal for an Unemployment Fund for the Men’s Clothing Industry*, published in early 1922. As Wolman recounts, the pamphlet “was simply an exposition of the whole theory and functioning of what little experimentation there had been with unemployment insurance, up to that date.” The opportunity to actualize this proposal emerged soon after. By mid-1922, the clothing industry began recovering from the post-war depression, with favorable prospects for sustained growth. In December 1922, Hart, Schaffner & Marx, a prominent Chicago manufacturer, initiated negotiations and agreed to establish an unemployment insurance plan financed jointly by employers and workers. Shortly thereafter, Hillman and Wolman traveled to Chicago to present the union’s demands, which included a wage increase and the implementation of an unemployment fund based on Wolman’s proposals (Nelson 1969, 85). Although employers, particularly members of the Industrial Federation of Clothing Manufacturers, resisted these demands, both parties ultimately agreed to settle the wage dispute through a special Board of Arbitration. This Board, which included leading institutional economists such as Commons, William Leiserson, and David Friday, awarded a 10% wage increase. As Wolman detailed, “3% was to go into an unemployment fund, and that 3% was to be defined as 1½% from the employer and 1½% from the individual member. That was the beginning of the unemployment insurance fund for the Chicago market.”¹⁷

While Wolman acknowledges his role in establishing the “Chicago plan” of unemployment insurance in 1923, he also notes that by then he had formed reservations

¹⁷ On Wolman’s insistence, the ACWA took part in the administration of the unemployment funds. The insurance plan established five different funds, each controlled by a different board with its own administrative rules regarding contributions and benefits (Wolman 1924; Nelson 1969, 85).

about the broader efficacy of such measures. Drawing on insights from a 1921 trip to England to study their benefit schemes, Wolman contributed a chapter to the NBER conference volume *Business Cycles and Unemployment* (1923a), highlighting two major challenges. First, he questioned the solvency of such plans, citing England's financial struggles ten years after the passage of its Unemployment Insurance Act. Second, Wolman doubted the capacity of unemployment insurance to address "persistent" unemployment, emphasizing the economic incentives at play. "Unemployment," he wrote, "will probably not be reduced substantially through insurance if it is cheaper to pay the insurance premium than to take the measures necessary to reduce unemployment" (Wolman 1923a, 341; see also Wolman 1929, 27).

The most compelling sections of the interview detail Wolman's experiences with the Amalgamated in the 1920s, which led him to question the "orthodox" view of trade unionism. His shift from his earlier stance is particularly evident when juxtaposed with his 1922 assessment of the ACWA's accomplishments, written two years after he had joined Hillman and the Amalgamated. The main development toward labor control in the clothing industry, he wrote at the time,

has been in the direction of increasing participation by the union in the maintenance of shop discipline and morale. Once feared and fought by the employers as the great menace to discipline in the old autocratic sense, the union has gradually become one of the most potent factors, if not the mainstay, of law and order in the shop. It has become an indispensable ally of management in the task of securing the willing co-operation of the workers in the industry, that has superseded the enforced co-operation under the old regime of fear and hate. And along with its enlarging responsibilities for the discipline of the shop, the union has acquired corresponding rights and privileges, that have, in turn, contributed to its growth both in numbers and in solidarity, and made of it a powerful force working toward self-government in the industry. (Amalgamated Clothing Workers of America Research Dept. 1922, 231)

Over the years, Wolman suggests in his recollections, he became more and more aware that the ACWA, far from working toward "self-government in the industry," had turned into a center of power that employers had to respect in making decisions about wages and working conditions. His tone becomes particularly critical as he portrays the union as a regressive institution that exacerbated the clothing industry's economic difficulties. Drawing from his own experiences in negotiations with primary players in the garment industry like Hart, Schaffner & Marx, Fashion Park, or Royal Tailors. Wolman reports telling examples of unions imposing rigidities on employers

which in some significant cases eventually led to the firms' bankruptcy. For instance, unions mandated that during slack seasons, available work be evenly distributed among employees to maintain employment stability—a practice Wolman criticized as inefficient and costly. Reflecting on these experiences, he remarked: “I learned something that nobody had ever taught me, and that was that a union could put a company out of business, friendly or not, that's all.” Wolman attributed the growing tensions to the rise of mass production, which, he argued, had fundamentally altered the nature of trade unionism. Unions, he contended, “take over more and more functions of management, and that's a suicidal business. It's suicidal for both, yet they do it.”

Whether Wolman's discontent with union's methods directly influenced his decision to leave the ACWA is uncertain. He notes that the death of Henry R. Seager in 1930 created a vacancy at Columbia, which Mitchell encouraged him to fill. Wolman recalls: “I'd been with the Amalgamated for ten years. It's a dog's life and I was pretty well through with them anyway, and this attracted me. We discussed the thing [with Mitchell] and I decided to come. I came during the academic term of 1932. I gave a course in labor all the way through, from that time.” In a later reflection, Wolman explicitly cites his departure as motivated by his disapproval of union practices, including “violence, use of force, that sort of thing.” Despite his eventual break with the ACWA, Wolman acknowledges the importance of his union work in shaping his views. In the interview, he underscores the value of fieldwork in labor economics: “I learned an awful lot in the Amalgamated, no question about it, and that's the way you learn, that, in my judgment, in a thing like labor relations, is the only way to learn. I don't think you can learn it out of books, because it's a living record and you've got to be a participant in it. I was a participant.” Wolman's transition to Columbia in the 1931–1932 academic year marked a new phase in his career, which will be explored in the next installment.

3.2 The Interview: March 19, 1957; conducted by Donald Shaughnessy. (Wolman 1961, 57–65, 90–6)

In 1919, when I came back from the Peace Conference, it wasn't long after that that I went to work for the Amalgamated: at first indirectly, when I prepared the facts of the Rochester injunction case; then later formally, when Hillman came to see me and said, “Why not be our economist?” and I said, “All right, on part time,” and I did.

Then he was entering into negotiation—this was the spring of 1920—in the principal markets in which he had contracts, and that was a very interesting period. That was the end of the boom, though we didn't know it at that time—the end of the big postwar boom of World War I, the big inflation, big business, and that sort of thing.

It was a highly seasonal industry, the men's clothing industry, and one of the things the union was thinking about was a way to deal with seasonal unemployment, and they naturally thought of unemployment insurance, because of the British scheme, you see, was originally directed purely against seasonal unemployment. The first people to be insured under the British scheme were people in seasonal industries, and the coverage was only two and a fraction million. It wasn't extended until much later, to cover others. They had no notion, you see, of unemployment insurance being a remedy for general unemployment of a cyclical character, depressional character. Just take care of those people who suffered every year from a clack season. Clothing was preeminently that kind of industry.

So, knowing they were interested in that, I wrote the pamphlet for them which became part of their bargaining activity, called "An Unemployment Fund for the Men's Clothing Industry," which was simply, as I recollect it, an exposition of the whole theory and functioning of what little experimentation there had been with unemployment insurance, up to that date.¹⁸ The union printed it, and published it, and used it.

Well, it turned out that in the negotiations of 1920, in Chicago, which was a center of negotiations because the union was most highly organized and successfully organized there, and was strongest there, the whole business collapsed because in the middle of negotiations, the business went to pot. That was the beginning of the great depression. Prices nosedived. Suits that had been selling for \$50 or \$60, you just couldn't get rid of any more, and prices were slashed in the liquidation of 1921. So this whole thing was withdrawn.

But then there was a recovery, and in 1923 the union went back to ask for a wage increase to compensate them in part for two cuts they had had in 1921 and 1922, during the depression period, and one of their demands was a tax on the payroll, to be paid by the employers in Chicago, which was to go into an unemployment fund. That's where this pamphlet of mine began to be used, practically. It was put in the hands of an arbitration board, since the two sides couldn't agree, and the arbitration board was composed of men who were very well known at that time; David Friday, who was a Michigan economist, a famous fellow, now dead—died eight years ago—Billy Leiserson, and John R. Commons. In the arbitration award—which, by the way, was an agreed-upon award, that was the customary thing to do where neither side wanted to take the responsibility of saying "We've agreed on that," but they had previously agreed and the arbitration board then made the award—they then said there was to be a

¹⁸ Wolman, Leo. 1922. *A Proposal for an Unemployment Fund in the Men's Clothing Industry*. New York: Amalgamated Clothing Workers of America.

13% or 12% increase, and 3% of that was to go into an unemployment fund, and that 3% was to be defined as 1½% from the employer and 1½% from the individual member. That was the beginning of the unemployment insurance fund for the Chicago market.

Q: It sounds like working towards a guaranteed annual wage.

Wolman: Well, but they had no such a thing in mind, and Hillman would have been the last man to have it in mind, because he knew they couldn't pay a guaranteed annual wage. He wasn't fooled by that kind of a formula. Anyway, that was the way it was raised. It was a way of collecting some fund, an insurance fund, which could be used in slack times to supplement or to add to a man's income, when his income from his work had either been greatly reduced or had ceased entirely. This was the history of that course.

Now, then, we have another. By that time, as I told you, in the early twenties, I had become pretty close to the fellows that were running the National Bureau of Economic Research. It had just begun in 1920, and I knew Mitchell and Gay from Washington, and Herbert Hoover was then Secretary of Commerce, you remember. So during the depression of 1920–1921, through the instrumentality of Hoover, the National Bureau was asked to make a study of defenses against cyclical unemployment, and Mitchell became the director of that study and the editor of a volume, and he asked me to do the chapter on unemployment insurance. That's when I went to England, got enough money to make that trip, and studied the British unemployment insurance on the spot. I wrote a chapter in *Business Cycles and Unemployment* on unemployment insurance.¹⁹ If you read that chapter, you can again see what was blowing up in my mind about what the limitations of social insurance in this area were, and they were significant, let me tell you, because I was thinking still in terms of an idea which has since gone out of the literature completely, or out of the thinking completely; that a social insurance plan (like an individual insurance plan) had to be solvent. British solvency had been lost in one year—1921. If you ever have a chance to go back and read that article, it's a pretty good article. It's about the best summary, I think, of the experience up to that time. It was published in 1923. It's a summary of what the problem of British unemployment insurance became under the impact of this big World War I depression, which hit Britain ten years earlier than it did us. The problem, that is, of persistent unemployment.

That's when my thinking became to be influenced, about trade unionism, but only in a very indirect way, as to what it was that caused persistent unemployment, because persistent unemployment was a new phenomenon in the modern industrial world. Not that there hadn't been unemployment, and big unemployment occasionally, as in the

¹⁹ Wolman, Leo. 1923. Unemployment Insurance. In *Business Cycles and Unemployment*, 304–43. New York: McGraw-Hill.

seventies or the nineties, but it didn't last, and when you got out of it, you rose to new levels of employment. But that was not true of Britain in the twenties, nor of the United States in the thirties, and not only Britain but a whole range of European countries where they had unemployment, and the depression lifted, and they went into recovery, but when the recovery was under way you had ten years almost of a much higher rate of unemployment than had ever existed before.

When I went back into teaching, I began to lecture about that as a new phenomenon, and I began to probe my own line of thinking about why that was so. In my thinking of that time—though I haven't written much about it—I began to feel, as many people do now, but in a different context, that a trade union movement which tried to keep its price, the price of what it's selling, which is labor, at an artificial level when circumstances don't justify it, may create unemployment—of which there then began to be a very large amount. I mean, I was beginning to entertain a very unorthodox notion about this. I remember privately talking to Hillman about it, though I wasn't writing in those terms. That was the general beginning. It had nothing to do with trade union practices directly, but with the whole economic influence of trade unionism. It took me a long time to do what I thought was clarifying my own mind about this.

[...]

Q: I wanted to ask you about some of the problems you had to deal with as an economist on the Amalgamated's staff.

Wolman: Well, there really weren't any at that time. If you want to understand—and I don't know how typical this is, but it was typical with me, anyhow, I mean this was what happened to me—you go into a job like that. You're green. Hillman had never had an economist. He didn't really know what he wanted; I didn't know what he wanted. My relations with them were fairly tenuous, because I'd made it clear that that wasn't going to be my full-time work. I had to do work with the Bureau and also I was to continue to teach at the New School.

So one of the conditions under which I went was that I would find a younger man to go in and build up files. This I knew, that if you are going to have an economic department for a union, you want to have a place where to pick up material when you needed—wages, not only here but elsewhere in the country; hours, working conditions, arbitrary decisions; general industrial conditions, particularly in the clothing industry. We set about building those files.

Well, when you get a thing like that, people come and ask you about these things. That isn't very interesting but it was necessary.

Well, then came these negotiations, and Hillman, who was a very sociable man, wanted me to go with him. It was a great experience. I went with him, went to Boston, went to Baltimore, went to Chicago; I was an onlooker. I didn't know about this. Sometime, when we get further along, I want to tell you just what my experience were in this. So I sat in those negotiations, you see. The process of learning was informal. I didn't know anything about the union. I'd meet the people. They looked on me with a jaundiced eye: "Who the hell is this, coming in?"

I didn't have anything particular to do. Then came the negotiations for wage cuts, arbitrations, and I prepared stuff to combat the demand for wage negotiations, and I spoke, presenting this technical evidence. But they got the wage cuts anyway, as they should. Then came negotiations in '23, in which I was more deeply involved because that was not only wages any longer, but also unemployment insurance.

Then, as happens in a job if you show any capacity to do it, I got more and more involved in what the union was doing not only what you call being an economist—but seeing what was going on in the industry, traveling with Hillman. Came a time when I'd negotiate in Rochester and I'd negotiate in Chicago, when he was busy in New York, I'd carry on the negotiations out there, and come in on the Twentieth Century in the morning and tell him what was going on and chat with him about it, and take the Century back. I was unmarried, you see, and wandered around. I'd go to St. Louis, Cincinnati, wherever anything needed to be done—mainly Chicago and Rochester, occasionally Baltimore, but Chicago and Rochester were their two big centers where they were strongest. I knew very little about New York, because they handled that. That was a case in itself.

So I was constantly accumulating experience in this, accumulating knowledge. It was a slow business. Then later, taking part, at his request, in union politics, internal politics, which was a totally new thing to me. That's where I learned about this. So it was not after the middle twenties—and I'll tell you after why that was so—that I began to see what unionism was about, and began to have some feeling as to what my own personal views about it were.

While I was with them, I was in everything. I was on their board at the bank, on their executive committee. That hung over to the depression of the thirties, when I stuck by it long enough to see it through, and I had a hell of a lot to do with their getting through the depression. So I got a general kind of knowledge that I don't think anybody ever before or since has had. I wasn't like any of these research directors, who are really outsiders, and tell them certain things. That's what I did at first, but that isn't of any significance.

Q: Were you one of the first union economists?

Wolman: I was the only one, as far as I know. Maybe [William] Jett Lauck had some kind of relationship to John Lewis, but what that was, I don't know.²⁰ That was earlier. But nobody was in it as fully as I was. I did everything they were doing. I wrote articles for the *Advance*. I participated in their fight against the Communists—not participated, but observed it and wrote about in their paper. So you see I got an all-around view of this.

I can't do it now, because this is something I ought to do at some length; tell you how that affected my thinking about the instrument of trade unionism. It was a slow, cumulative thing. I just learned things. To mention one thing, it never occurred to me, from anything I had learned, that a trade union could put men out of business. Nobody ever taught me that collective bargaining, as practiced, could put anybody out of business, inadvertently, incidentally.

Well, I was with the Amalgamated in what was a prosperous period of American economic history, after the depression of '21, the big boom of the twenties, and I saw old, established firms just fold up, when I was around, and I knew why it happened, which nobody could have taught me. That made a deep impression. I want to go through that whole history with you, because my job changed its character through time. I had to do certain things that I didn't know anybody would ever do. One of things I had to do was try to keep people in business. It was ineffective. That was another factor in it. But that's where this process of learning something, which was highly complex, and the reactions of people to it, added to my increasing knowledge of what union policy is – union policy is an abstraction to a fellow who reads about it in a book. It doesn't mean anything. You try to raise wages and this and that, but it's got nothing to do with actuality. Of course you do. Everybody does. But how you do these things, what power the union has, I never knew. I know now. And I also learned it elsewhere, later.

You see, to jump still one step ahead, when I went to Detroit in '34 as a Member of the Automobile Labor Board, I said to myself, "Well, this will not be like anything I've learned in the clothing industry, because here's a great mechanical industry, and that sort of thing."

One of the things I learned is the identity of these problems, as you go from one place to another, which I've since learned is true the world over, in industrial conditions. The same problems, usually met the same way, and not very successfully solved.

²⁰ W. Jett Lauck (1879–1949) was Associate Professor of Economics and Political Science at Washington and Lee University, 1902–1908. Lauck served on several government commissions and committees, including conducting the industrial investigations for the U.S. Immigration Commission, 1907–10. Lauck also served as an economist for the United Mine Workers and in 1937 became a consultant economist for the United Automobile, Aerospace, and Agricultural Implement Union.

Well, the union was an education for me. It was my second education in the subject to which, for one reason or another, I happened to be devoting most of my life.

3.3 The Interview: March 21, 1957; conducted by Donald Shaughnessy. (Wolman 1961, 106-25)

Q: I want to ask you about the experiences which you had in the Amalgamated during the twenties which made you question the “orthodox trade union movement.”

Wolman: That’s intellectual history, really. As I told you before, I was raised intellectually as a graduate student, in this trade union area, which was an accidental thing. I decided to be an economist, and the seminar I went to really didn’t deal much with economics problems, but dealt with this institution of trade unionism, and dealt with it the way you have to in a university, according to the documents. That’s what everybody studied, and I got interested in it. Also, such thinking about functions and purposes of trade unionism was the orthodox traditional thinking that which pretty nearly everybody held at that time. I remember I illustrated that by saying that the man at the head of my department at Hopkins, Jacob Hollander, had to make a speech about the abolition of poverty and had this threefold solution of poverty in a country like the United States, which was then already growing and its production increasing, and we certainly weren’t a poverty-stricken country, but we had areas of what you might call poverty.²¹ His orthodox solution was the one everybody was taught in those days and believed in, particularly if you weren’t a student, as I hadn’t been, of economic theory. It was (1) social insurance to take care of the risks of life, where poor income got either interrupted or stopped, (2) a system of national integrated public employment offices that moved labor from where it was redundant to places where it was in demand, and (3) collective bargaining for the minimum wage, to lift the lowest strata up by mandate, law or bargaining.

That’s what everybody accepted. That’s what I accepted. I hadn’t thought much about it. I certainly hadn’t had any experience in it. When I first started to teach, that’s what I taught.

Well, then I was catapulted by accident into a working organization, and I went into it at a peak of a prosperity—1920, a great prosperity and inflation—prices had multiplied one and a half times, and the cost of living nearly that much, and there was this vigorous, nervous activity in the country. I didn’t know much about it. You don’t know these things till you experience them. You didn’t know what a depression was until you’d lived through the 1930s. It was in that atmosphere that I went with the

²¹ Hollander, Jacob H. 1914. *The Abolition of Poverty*. Boston: Houghton Mifflin.

union, with this intellectual background, and I began to argue cases for them. In this process, I learned something about the industry. It's a slow business, you see, because the industry was changing and conditions were changing.

The first cases I went into were in the middle of 1920, when industrial activity was still high, and I went on the road with Hillman. He was negotiating contracts in all the leading cities. I went to Chicago with him, where they were having arbitrations on Union demands. They were demanding a 20% increase, cost of living and what-not. I don't know whether I told you this story. The arbitrator was [James Hayden] Tufts, who was a professor of ethics at the University of Chicago.²² He was a well-known man. As the arbitrator, he was to hear the arguments. He went into this room at the La Salle Hotel. It was May or June, or maybe July, 1920. He went in to hold the sessions, and before they got under way, some of the manufacturers went up and talked with Tufts. He left the room with them. After a lot of time he came back, looking rather troubled. He looked around for Hillman, went up to him and beckoned to him, and Hillman left the room with him and they were gone for quite a time. Then, they came back.

After that happened, the arbitrator, who was chairing this meeting, naturally, adjourned it without stating any date for another meeting. I didn't know what this was all about. This is the way you learn these things.

When this was all over, I said to Hillman, "What's the trouble?"

"Well," he said, "trouble enough."

"What is it?"

He said, "These manufacturers brought to Tufts batches of cancellations of orders from the wholesalers."

This was the beginning of the depression of 1921, which hit the clothing industry very hard, because it had been an inflationary industry and prices had gone up. I remember myself, as I look back on it, when I lived in Baltimore, you could go to a quality store like Hamburgers there which is a great men's store and buy a good suit for \$15, but during the War you paid \$50. Then all went bust, you see, and the orders petered out and there was a lot of unemployment, and prices went to pot. This arbitration didn't take place again until the fall of 1921, and the issue was no longer a wage increase but a wage cut. The tables were turned. [Harry A.] Millis was then the arbitrator, of the University of Chicago—he later became chairman of the National Labor Relations Board.²³ He granted

²² James Hayden Tufts (1862–1942) was on the faculty of the Department of Philosophy at the University of Chicago from 1892–1930.

²³ Harry A. Millis (1873–1948), professor and chairman in the department of Economics at the University of Chicago.

a cut of 10%, and granted another one in 1921 in Chicago, and I presume in 1922. It was a very serious depression.

Well, 1922–23, business began to pick up. 1923 was an extraordinarily good year, and the union came back and asked for an increase and got 10% and also got unemployment insurance, 3% in addition, 13% per cent.

This was all education, you see. I was seeing something. I could argue about these things, as to whether you ought to do this or do that, but I'd no experience with industry. Industry was the last thing I knew anything about.

Then came the big bulge of '23, when we had fairly good business, but obviously a city like Chicago was in distress, because the business began leaving Chicago, and they would appeal to Hillman as national officer, "We've got to get some relief."

Then I began to learn about it. Hillman was sending me out when he couldn't go, and I'd be there months at a time, trying to help them improve their competitive position, give them a cent or two, here and there. By "them" I mean the manufacturers, who were of course obviously in distress. Before the twenties were over, they failed one after another, big old firms which had been well known in their days, like Royal Tailors and others, just folded up—whole city blocks. Chicago was a great center, you see.

I began to learn something about this. I began to say something about—well, put it in this way: the inflexibility of the trade union contract. It's all right when everything's all right, but when things go against you it isn't so good, and it wasn't that those manufacturers were anti-union. They weren't anti-union, but they couldn't survive under this arrangement. Those firms which didn't operate with the union could survive.

Now, let me go back to New York, which I had very little contact with at that time because my principal operations were in Chicago and Rochester, which, by the way, were the two best organized markets. New York in 1910—some problems arose as arose in Chicago. I wasn't familiar with that, except from what I heard later. The firms asked for a cut; they were in distress in New York. They were smaller manufacturers, contract shops and so forth. Those fellows were very close to the business, you see, not like a big firm. They asked for a cut and the thing was put before an arbitrator. Billy Leiserson was the arbitrator, as he was in Rochester, and off and on in other places.

Well, all this was hearsay to me. The first thing you know, the manufacturers in New York locked out the union. That's what they said, anyway. It was described as a lock-out, and it lasted for six months. In this period, some of the biggest manufacturers of New York either shut down or left. The cutting rooms remained in New York, but the tailor shops went away, to Philadelphia, New Jersey, Passaic, Poughkeepsie, Springfield, Massachusetts—everywhere. New Bern, North Carolina, one of the big ones went down

there. Norfolk, Virginia—places where the union always said you couldn't make clothes because you didn't have the skill. Of course they made them.

The cutters stayed in New York and cut the stuff. It went in bundles down to these non-union shops. And the union was in a very bad way, in New York, in Chicago, and elsewhere.

By that time, I began to learn more about what this process was, what it is, how you run a business. If you run a business, you have to have authority to run it. Now, Hart, Schaffner & Marx was the biggest manufacturer and the most friendly to the union, because having been organized in 1910–11, they had reorganized themselves on a labor-management basis, and brought in Earl Dean Howard, who was professor at Northwestern University.²⁴ He became one of the very earliest of those labor-management people, and he was a close friend of Hillman's. Very friendly, did everything. They went out of their way to make it possible for Hillman to operate. They were also the leaders in the Chicago market, and if they made a settlement, that settlement went for everybody, because of their prestige and their size.

Well, the first thing you know I saw Hart, Schaffner & Marx slipping. They'd been a very big and prosperous firm for many, many years, and amassed a large surplus, but they used it up very fast. I would even sit on negotiations that Hillman held with them when they would say, "We can't compete," and he'd say, "Well, that's your own fault, you're inefficient here and there."

They had their own stores—Wallack's, which they owned, and other stores in other cities like San Francisco. Hillman would say, "Your stores are inefficient."

Young Schaffner, who was the son of the old man Schaffner whom I never saw—he died before my time—young Schaffner was working in the store in San Francisco. He's a pretty bright fellow. He came back to Chicago, as I found out later, and he told his people that the store was all right, but the reason they couldn't sell the suits and overcoats was that they were just not as good for the money as people could buy elsewhere. They could prove this to the union if their San Francisco store went and bought clothing in the open market and didn't get it from Hart, Schaffner & Marx.

I was in the conference when Hart, Schaffner & Marx management in Chicago put it up to Hillman: "Shall we show you in the stores? All right. It's your union burdens that make us non-competitive. Let us buy."

²⁴ Earl Dean Howard (1876–1956), Professor of Sociology and Economics at Northwestern University from 1907 to 1941. In addition to academics, Howard worked for Hart, Schaffner & Marx as a Labor Manager and Vice President, as well as serving as the City of Chicago's Labor Director and Mediator and the Deputy Administrator of the NRA under Roosevelt.

Hillman had said to them, “If you buy, we’ll put you on strike.”

See, this is the way this thing goes—because he couldn’t afford to let them buy. Strong as his arguments were that it wasn’t the union that was responsible for this sort of thing, it clearly was.

So Hart, Schaffner & Marx slipped more and more. They wanted to introduce a cutting machine. He wouldn’t allow them to do it. Not to cut the cloth, but to cut what they called the trim, which was the lining and the canvas. Somebody got a machine that had been developed in the automobile industry for cutting automotive trim. They experimented with it and thought they could save some money. You see, it cost over a dollar to cut trim for a suit—a lot of money. Then they came and said, “We are going to use this machine.” Hillman said, “If you use it, we go out on strike,” so they had to put the machine into the cellar. The cutters were full of restrictive measures, as everybody else was—very ingenious, resourceful things which made them very hard to deal with.

Another episode happened, which was very widely advertised in the literature as one of the constructive contributions of the union. I thought it was at the time, but I got to know more about it and concluded it was not. It was this: Hart, Schaffner & Marx came to the union, towards the middle twenties, 1926 or ’27—this all happened before the depression, when it got worse—and said, “We are not competitive.” We’ve got to manufacture a suit and it’s got to be a good suit that we can sell for \$35, and we have no such thing. We’ve got to do this and we’ve got to get your cooperation.”

Hillman said, “All right, you tell me what the specification of a suit like that are”—which means what work goes into it—“and we’ll see what that’ll cost. You tell us what you think it ought to cost, and we’ll see what we can make.”

So we got the data together, and then the union said, “All right, you open a shop employing 300 people.”

The union fixed the piece rates for everybody in that shop, and that was a very curious thing, you see, the full import of which I didn’t realize until later: that a company, because it dealt with a union, couldn’t, on its own, decide to manufacture a \$35 suit, but had to get the consent of the union, and the union fixed the piece rates, which is a managerial function.

By that time I knew a good deal about what the problems of management were, and how they got into these various difficulties. Anyway, that was hailed. The *New Republic* had articles. [Sumner] Slichter’s written about it. None of them knew what they were talking about.²⁵ They missed the point of it.

²⁵ Slichter, Sumner H. 1941. *Union Policies and Industrial Management*. Washington, D.C.: The Brookings Institution.

Well, they got this shop organized and started, and manufactured \$35 suits, and the people in that shop made a lot of money, because the rates were all out of line with what they should have been, and the suits weren't worth the \$35. But Hart, Schaffner & Marx had a good name, and after one season, when they went through their retail stores, wouldn't sell them again. Hart, Schaffner & Marx was in the doldrums again.

That was a typical thing which went on everywhere and caused firms to shut down. I'll give you another illustration. In Rochester, there was Fashion-Park. Stein-Block had already gone out of business. Levy-Adler had gone out of business. Mauldin's had gone out, Fashion-Park was one of the big ones left. Fashion-Park had had a decline in business. When you have a decline in business, you see, in order to survive and be in a position to turn the corner when things get better, you've got to have a lot of flexibility in operating your plants, your shop.

So they came to Hillman and said, "Now look, we've got too many shops and too many people, and that costs us a lot of money. We've got to reduce our work force because we don't have business enough for all of them."

You see, the custom in men's clothing industry, and in women's clothing too for that matter, was that if work slackens—and this is a seasonal idea—what work there was, however little it may be, must be divided equally among the whole labor force. If you had a big drop in business during the off season, you worked two days a week, or you worked mornings and not afternoons, or you worked one day a week. This is a very costly kind of business. If it's only for a slack season, that's one thing, but if it's for a period of decline in business, it gets to be awfully costly. Your overhead eats you up, having more people than you need.

Fashion-Park said, "We've got to have a reduction of our work force."

In the agreement, of course, there is this provision—has to be—that in event of unemployment, you get equal division of work, unless there is a permanent reduction of the labor force. They had in mind such a contingency as this, where you weren't only dealing with a seasonal decline in activity, but where the long-run size of your labor force had to be reduced, and the longer you took in doing it the more costly it became.

Well, they argued for years over that. That's the trouble with this union thing, you see. You sit and bargain all the time on something that ought to be settled right away and everybody would be better off—if you settled it, if you acknowledged the problem was there.

Well, that's something I learned, and to put it in a capsule—as I used to say to my class later, and to other people—I learned something that nobody had ever taught me, and that was that a union could put a company out of business, friendly or not, that's all.

I negotiated, for example, with Royal Tailors, which was a very big firm and had a very excellent labor manager. They had to get some relief. It was just impossible. Finally they said, “The hell with it, we shut down, let’s just salvage what we’ve got left in this business”—which was dwindling away all the time. So they did.

Of course, during this period I learned a lot more about the operations of the union than I had ever known, because I had no way of knowing it—like one of these people who appear in class to teach labor problems and had never been inside a union and doesn’t know a damn thing about it. I got to know the fellows pretty well, and we were all very friendly. Some of them resented me, but not most of them. We used to have big parties and have a hell of a good time. People in the union, officers, yes—we were all very close.

There was one man there who struck me as being one of the ablest fellows I had ever see, because, you know, you get big officials and there are great differences in their ability and their character. This was a fellow named Charlie Weinstein. He was very able. I used to see him a good deal, as I did many others, and I remember a conversation I had with him in a hotel one night. We had dinner and we chatted. He knew Chicago. He was a business agent out there. He knew that the union was responsible for the decline of Chicago, and he knew better than I did, though I had by that time grasped it or sensed it. I remember his saying to me one night, “If you are an employer and you deal with the union, and you’re too friendly with them, they’ll put you out of business. But if you’re an employer and you fight for every cent, you’ll stay in business.”

Now, this was a professional view. I thought that was a very good, simple, and interesting way to put it, and it’s absolutely true.

Q: Surely the economics of the industry itself, at that time, and the general economics of the nation had a bearing on whether or not they stayed in operation.

Wolman: Oh yes, of course that had a bearing, but then you can adjust yourself to these things. Of course these industries have adjusted themselves in the past to bad times and good times, as you have to do. In any big industry, like the automobile industry, firms have survived a long time and then disappeared, when they couldn’t stand the gaff, and it’s mainly a labor thing. I know them all, because I was out there too, in which I originally thought was a very different kind of an environment—the automobile industry: Hudson, Nash, Packard, Studebaker—all gone.

Q: You think that this is primarily due to the labor problem, rather than to economic circumstances in the industry apart from labor?

Wolman: Well, the industry part has its place, but if you would let it alone, it could survive. On the labor side, it wouldn’t do their people any harm. They’d be better off

than having to go elsewhere to seek other kinds of work. Sure, I saw them operate at Hudson. Impossible to work with. The same at Packard, and obviously that was the thing at Studebaker, where [Paul Gray] Hoffman, who ran that company, was just as friendly to them as he could be. That was the trouble with it—just a wonderful illustration of what Charlie Weinstein told me years before in the men’s clothing industry, that if you were a friendly employer, you’d go out of business.

Q: Why should a union be anxious to put an employer out of business?

Wolman: Well, it isn’t anxious to put them out, but the ordinary rules and regulations and methods of operation of a union are such that unless a company is in tip-top shape, it can’t survive them. That’s all. I saw it over and over again with Hart, Schaffner & Marx; they were too easy to bargain with. Their view was—as was true of Paul Hoffman—maintain friendly relationships. When the United Auto Workers went up to take his business away from him, that’s what they did, they all suffered from it.

Q: Isn’t it true that they don’t want to take the business away and run the shop?

Wolman: Well, they don’t want to, yet they do. I mean, if you ask somebody to spell this out, and you spell it out in the orthodox way, they don’t want to take over management, yet they do. They did in Studebaker. They laid down the rules. Every union does that, sooner or later, if you let them get away with it.

Q: By laying down the rules, they become management itself?

Wolman: They take over more and more functions of management, and that’s a suicidal business. It’s suicidal for both, yet they do it. That’s the process. You can study that process in a much older trade union system in England, where the rules just got built up over generations, accepted by everybody and knocked Britain out competitively. That’s what happens.

That goes back to another question, you see, a bigger question related to what we were first talking about, namely, what a union does and how it determines its policies and that sort of thing. A union cannot survive in its own eyes unless it’s adding to its activity all the time. You take recent history of unionism, and what it is? I remember when I used to draw up contracts in the clothing industry, which I would draw up, you see, and take them in to an employer or to a group of employers. When I’d draw them, I’d have them read them over and we’d make a few changes. It’s a damn simple document. When you bargain, what you have in the contract is a general clause asserting the right of the firm to conduct its own business and recognizing the union. Scheduled hours of work. Rates of pay. Arbitration machinery for the setting of grievances. That’s all. Look at a market contract. That’s what you ought to study.

I remember when old [Franz Leopold] Neumann came to Columbia in political science. He was a German and came to the United States after the Nazis got control; he had worked on trade unionism.²⁶ We had a conversation. He came in to see me. He was killed in an automobile accident a few years ago. He came and talked to me about something he wanted to work on; what he wanted to do was—and this came out of his German experience—to collect all the union contracts he could lay his hands on, and make a cross-sectional study of them.

“Well,” I said, “that wouldn’t teach you anything. Each is a living document. You have to know what they mean. If you understood what you read, you’d go to the steel industry, where they have been bargaining with the union since, say, 1938—that’s eighteen years—and if you knew what these words meant (and if you don’t know what the words mean there’s no use doing it). If you knew what they meant when I first started—it wouldn’t do you any good—I know what they mean now—that does you some good.

You have, let’s say a contract every two years. So they’ve had during 1920 to 1938, or 1938 to 1956, each a period of eighteen years, nine or ten contracts. You study those contracts. What you derive from them is a clear-cut picture of those functions of management which no longer solely reside in management. It’s a big movement.

Now, if there’s a big inflation, where anything goes, it doesn’t matter; but you get competitive, and it begins to tell on you, and top off the whole cost of operating a country in an economic system. That, in more general terms, is what happens.

I remember when I was with the Automobile Board, they used to say to me, “Well, you don’t restrict output in the automobile industry.”

They weren’t worried about that, the automobile manufacturers. Of course, when I went there, the big issue the union raised was the method of wage payment. They had it complicated, as many companies did and industries did—by a method of time payment plus incentive payment, and different schemes that operated. The union made that a point of their criticism. It’s an orthodox point of criticism. There are all kinds of crazy arguments about it, but what it really comes to is, they don’t want to work that way.

So the companies gave it up, for almost all of the automobile plants, and the reason they gave it up was: “We don’t need it. It’s just as well if they work time. We control the speed of the assembly line. What’s the difference?”

²⁶ Franz Leopold Neumann (1900–1954) was a German political activist, Western Marxist theorist, and labor lawyer, who became a political scientist in exile and is best known for his theoretical analyses of Nazism. He studied in Germany and the United Kingdom, and spent the last phase of his career in the United States, where he worked for the Office of Strategic Services from 1943 to 1945.

But they didn't understand, you see. One of the first things that happened was a restriction of output. You remember this year, when Chrysler introduced its new models—a series of strikes. Because Chrysler's re-organized itself, else it would be out of business too, and put in a tremendous amount of borrowed capital, a quarter of a billion dollars. What for? For new buildings. For new machinery. What's the advantage of new machinery? New machinery isn't any good to you unless it produces what it is designed to produce. This means that the fellows who operate it have got to run it that way.

Well, they right away say "Speed up," and "We don't want to work this way." It's an old idea, but it's a destructive idea and ruins the advantage of the machines. You have to fight it out. You fight it out; you keep some of it and you surrender some of it. After ten years you've surrendered a lot.

That's why American Woolen couldn't operate in Rhode Island, because you can get machinery in the woolen industry where one man could operate ten machines. That's an economical way to do it, but they refused to operate ten machines. They want to operate one or two. There's a long history of this in the textile industry.

You read in the paper today, the Bates Manufacturing Company, up in Maine—five thousand people—it's shutting down. They feel they need a wage cut, or else the union's asking for a wage increase which they don't want to give. The union's adamant on it, and the plant is shutting down. It's a crazy idea, but that's what this is like. You've got power and you use it.

Now, in unions, when you use power, what do you use it for? Two things. One—get more money, and you've got to get it often. Two—do less work, subject to less discipline. Discipline becomes a mutual thing, you see. Making standards of discipline is no longer a function of management. That function you divide not only with the union but also with an arbitrator. Most of the responsible people in American industry are arbitrators, and all you have to do is read their decisions. Well, naturally, I mean, that's their way out. They say, "You want this, they want that—fifty-fifty."

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Competing Interests

The authors have no competing interests to declare.

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