WORKER RESISTANCE TO COMPANY UNIONS: THE EMPLOYE REPRESENTATION PLAN OF THE PENNSYLVANIA RAILROAD, 1920-1935

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Panel: Railway Organisations and the Responses of Capitalism and Governments, 1830-1940: A National and Internationally Comparative View

THE MASTER'S VOICE

William Wallace Atterbury, the PRR Vice-President in Charge of Operation, believed that a golden age of harmony between management and labor had existed prior to the period of federal government control of the railway industry, during and immediately after World War I. Following the Outlaw Strike of 1920, Atterbury attempted to recreate that mythic golden age through the Employe Representation Plan. Workers, however, saw the Employe Representation Plan for the company union that it was, ultimately leading to far more serious labor-management confrontations. Illustration originally appeared in the *Machinists' Monthly Journal* 35 (May 1923), 235.

Introduction

The vicious railway strikes that tore across the United States in 1877 marked the emergence of class conflict in the United States. They also shattered the illusion that the managers and employees of the Pennsylvania Railroad (PRR) shared a common bond of familial loyalty and dedication to their Company. For the next forty years, PRR executives attempted to reestablish that sense of loyalty, harkening back to an imagined pre-industrial past, redolent with harmony and cooperation. As late as 1926, the PRR's treasurer, Albert J. County, spoke for his fellow executives when he suggested that "the Chief problems of human relations in our time, as affecting the great transportation systems and manufacturing plants, have therefore been to find effective substitutes for that vanished personal contact between management and men, to the end that the old feeling of unity and partnership, which under favorable conditions spontaneously existed when the enterprises were smaller, might be restored."[1]

PRR executives attempted to recreate "the old feeling of unity and partnership" with periodic doses of welfare capitalism. Both in the United States and Europe, many large corporations had attempted to induce labor harmony by providing workers with pension and profit-sharing plans, health benefits (particularly in the form of company hospitals), recreational facilities, and housing. The PRR embraced many elements of welfare capitalism, although never to the extent of the Pullman Company and its eponymous company town near Chicago. Between 1886 and 1920, the Railroad inaugurated pension, insurance, savings, and profit-sharing plans; sponsored YMCA facilities and athletic programs; encouraged its foreign-born workers to assimilate into American society; and launched a company union, the Employe Representation Plan (ERP). PRR executives claimed that ERP would, more than any other aspect of the Railroad's agenda of welfare capitalism, restore the imagined harmony between management and labor. Instead, its short and troubled existence led to one of the most catastrophic strikes in the nation's history.[2]

Labor Unions and Public Policy

In the United States, only those railway workers who possessed a high degree of experience and control over specialized technology – engineers being the prime example – enjoyed the protection of powerful independent unions. The preeminent operating union, the Brotherhood of Locomotive Engineers emerged on the Michigan Central in 1863 and spread to the PRR the same year. The Brotherhood of Locomotive Fireman dated to 1873, but remained a weak union for more than a decade, owing in part to ongoing conflicts with the BLE. That dispute was not resolved until 1906, when the BLF amended its constitution to allow engineers as members, creating the Brotherhood of Locomotive Firemen and

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[1] Albert J. County, "Improving Human Relations in the Transportation Industry," paper presented at the Ninth Annual Conference on Human Relations in Industry, Lake George, New York, reprinted in *Pennsylvania Railroad Information*, October 1926.

[2] Brian Gratton, "'A Triumph in Modern Philanthropy': Age Criteria in Labor Management at the Pennsylvania Railroad, 1875-1930," *Business History Review* 64 (Winter 1990): 630-56, 636-37.

Enginemen. In 1868, employees on the Illinois Central organized the Order of Railroad Brakemen of America. Early attempts to organize brakemen, through the Brakemen's Brotherhood and the Trainmen's Union, proved largely unsuccessful, until the creation of the Brotherhood of Railroad Brakemen in 1883. That organization became the Brotherhood of Railroad Trainmen three years later. Aside from these "operating brotherhoods," however, most railway workers – including those who labored in shop facilities – lacked representation.[3]

The First World War engendered a radical transformation in labor-management relations. The inability of the railways to cope with increased traffic demands led to the temporary nationalization of the rail network. On December 26, 1917, President Woodrow Wilson signed the Federal Possession and Control Act, nationalizing the American railroad industry, effective January 1, 1918. For the next several months, private operation continued with little interruption, until the Federal Control Act of March 21, 1918 created the United States Railroad Administration (USRA), extending the period of nationalization for up to 21 months after the end of the war. This was perhaps not nationalization in the truest sense of the word, as the railroads would remain under private ownership, but under the supervision of McAdoo and other USRA officials.[4]

President Wilson's political survival depended in some measure on the support of organized labor, and he ensured that USRA officials protected the interests of workers. In January 1918, General Order No. 5 established a Railroad Wage Commission, under the direction of Secretary of the Interior Franklin K. Lane, with the authority to investigate wages and working conditions. On February 9, the USRA formed a Division of Labor, under the direction of W. S. Carter, the former president of the Brotherhood of Locomotive Firemen and Enginemen, who reported directly to USRA Director General William Gibbs McAdoo. On February 21, USRA General Order No. 8 prohibited railroads from discriminating against union employees, encouraged workers to organize, and gave the Director General the ultimate authority to arbitrate all disputes involving wages and working conditions.[5]

These were but tentative steps, for on May 25, 1918, the USRA promulgated General Order No. 27, which established uniform wages, hours, and working conditions throughout the railroad industry. McAdoo, on his own initiative, established an 8-hour day and a 6-day week, decreeing that employees who worked more than 48 hours a week were to receive overtime. McAdoo's decision increased the PRR's labor costs and – more importantly –

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[3] Shelton Stromquist, *A Generation of Boomers: The Pattern of Railroad Labor Conflict in Nineteenth-Century America* (Urbana: University of Illinois Press, 1987), 107-111; "An Historical Sketch of the Brotherhood of Locomotive Firemen & Enginemen (From 1873 thru 1931), *The BLF&E Magazine* (June, 1937).

[4] Walker D. Hines, *War History of American Railroads* (New Haven: Yale University Press, 1928), 27-28.

[5] Gordon S. Watkins, *An Introduction to the Study of Labor Problems* (New York: Thomas Y. Crowell, 1922), 422; Peter J. Conlon, "Memories of the Past," Part 12, *Machinists' Monthly Journal* 35 (April 1923): 191-93, 222, at 193; Hines, *War History*, 154-55, 160.

prevented Railroad managers from exploiting wage differentials that existed among local labor markets.[6]

The emergence of new and more radical unions caused far more concern for PRR executives. The main shopcraft unions – the International Association of Machinists, the International Brotherhood of Boilermakers, and the International Brotherhood of Blacksmiths were all affiliates of the American Federation of Labor (AFL), and represented only the most skilled of shop forces. At the 1908 AFL convention, these groups requested that the Federation endorse a joint organization for all shop workers, regardless of skill level. The following year, the AFL created the Railway Employees' Department (RED), which soon added ten other, less powerful unions, including the Sheet Metal Workers' International Alliance, the Brotherhood of Railway Carmen, and the International Brotherhood of Electrical Workers.[7]

RED gained little traction until the advent of USRA control, but grew with astonishing speed thereafter. More than 38,000 workers signed up in 1917 and, during 1918 alone, RED membership increased from 150,000 to 305,000.[8] Much of that growth took place on the Pennsylvania Railroad. On February 4, 1918, labor representatives from 28 railroads gathered at the Moose Temple in Pittsburgh, to organize RED Division No. 2. "The chief topic the meeting was of course the matter of organizing the big systems like the New York Central and the Pennsylvania," recalled labor organizer Peter J. Conlon, and "It was decided to make a determined and combined attack on the Pennsylvania."[9] "I don't suppose there was such an organizing campaign ever waged as the twenty-four organizers assigned to the Pennsylvania System put up from February 15 to July 1, 1918," Conlon boasted.[10]

Conlon could take justifiable pride in his accomplishments, inasmuch as he had persuaded the PRR shop forces at Harrisburg, Philadelphia, Camden, Wilmington, Baltimore, Washington, Jersey City, Long Island City, and numerous other locations to join RED. Despite intense managerial opposition, by the time that RED's campaign had ended, on July 1, 1918, Conlon and his fellow organizers had enrolled more than 40,000 PRR shop workers in the union. Barely six weeks after the USRA issued General Order No. 27, establishing its *bona fides* as a protector of organized labor, the AFL anointed the Railway Employees' Department as the representative of all PRR shop, as System Federation No. 90.[11]

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[6] Hines, *War History*, 162-65.
[7] Colin J. Davis, *Power at Odds: The 1922 National Railroad Shopmen's Strike*, (Urbana: University of Illinois Press, 1997), 27; Peter J. Conlon, "Memories of the Past," Part 9, *Machinists' Monthly Journal* 34 (December 1922): 782-88, at 782.
[8] Hines, *War History*, 161.
[9] Conlon, "Memories of the Past," Part 12, at 193.
[10] Loc. cit..
[11] Loc. cit.

The members of RED's System Federation No. 90 were primarily interested in the elimination of piece rates in railroad shops. Since the 1880s, PRR executives had incrementally ceased to pay hourly wages to shop workers, and instead paid them according to each specific task that they had completed. PRR managers had steadfastly defended piece rates, insisting that they offered industrious workers a chance to maximize their income. Workers, however, saw them for what they were – an opportunity for the shop foremen to speed up the work process, identifying the fastest worker, and setting his rate of production as the new standard. With the advent of wartime inflation, workers also complained that the piece rates did not include a cost-of-living adjustment.[12]

RED officials and rank-and-file members called on the USRA to abolish piece rates in shop facilities. On July 25, 1918, Director General McAdoo issued Supplement No. 4 to General Order No. 27, imposing uniform wages and working conditions for shop workers. The supplement also established a series of precisely defined occupational classifications that greatly impeded the efforts of PRR managers to assign shop workers to whatever tasks they saw fit. Shop workers had their own reasons to be infuriated with the supplement, because it raised pay for hourly workers by 13 cents per hour, while leaving piece rates unchanged. Of the 40,000 PRR members of RED's System Federation No. 90, more than 98 percent expressed their displeasure by voting for a resolution calling for the abolition of piece work. On October 2, RED's president, B. M. Jewell, wrote to McAdoo, conveying the workers' attitudes, and calling for an end to the piece rate system. McAdoo, in his last decision as Director General, and on the last day of 1918, with the war over for more than a month, abolished piece rates in railroad shops.[13]

On January 10, 1919, Walker D. Hines, a former Atchison, Topeka & Santa Fe Railway executive, replaced McAdoo as the Director General of the USRA. By the time that Hines assumed his new duties, the war had been over for two months, patriotic fervor had subsided, soldiers were on their way home, and the transportation crisis had eased. More ominously, the national economy was slipping toward depression, the Soviet Union had emerged as the world's first communist nation, and labor unrest was spreading across Europe. Under those circumstances, many Americans began to change their attitude toward organized labor, thanks in part to astute political lobbying and widespread public relations efforts on the part of railroad industry executives. "At the present time," a USRA report noted in August 1919, "the public is thoroughly out of humor with railroad labor. The Public has an impression that railroad labor is grossly overpaid, more than similar labor in other industries. Insofar as the shopmen at least are concerned, this is not a fact, but nevertheless, the public believes it."[14] PRR executives, led by Vice-President William

[12] *Railway Age* 75:8 (May 25, 1923): 344-46.

[13] Davis, *Power at Odds*, 39-41; Conlon, "Memories of the Past," Part 12, at 193, Conlon, "Memories of the Past," Part 13, *Machinists' Monthly Journal* 35 (May 1923): 236-60, at 236-37; Hines, *War History*, 167, 176-77.

[14] M. Brice Clagett to Walker Hines, August 18, 1919 (quote), Records of the United States Railroad Administration (RG 14), National Archives and Records Administration, College Park, Md. (Hereafter referred to as USRA Records), Box 142.

Wallace Atterbury accordingly experienced considerable success in their efforts to portray unions as greedy, inefficient, a danger to industrial America, and the opening wedge of the communist invasion of the United States.

The "Outlaw" Strike of 1920

Railway workers, anxious to protect their wartime gains, became increasingly militant after the Armistice. On August 1, 1919, RED threatened a nationwide strike, if the USRA did not accede to its demands for additional wage increases. By August 8, nearly a hundred thousand shopworkers were on strike across the United States, with heavy concentrations of strikers on railroads serving the Chicago area. The same pattern prevailed in miniature on the PRR, with more than a thousand workers off the job in Chicago, three hundred in Indianapolis, and nearly a hundred in Ashtabula, with areas to the east of Pittsburgh largely unaffected. On August 26, 1919, the USRA attempted to end the walkouts by announcing a four-cent-per-hour wage increase to shopworkers, but refused demands to bring railway wages into parity with shipyard personnel.[15]

In response to the USRA's policies, ominous rumblings were beginning to appear among PRR shop forces. At 2:00 in the afternoon of October 9, 1919, the mechanics at the No. 3 enginehouse in Altoona walked off of the job, ostensibly in protest over the appointment of a new assistant foreman. The strike quickly affected the Car Shops, the Juniata Shops, the Altoona Machine Shops, and the South Altoona Foundries, with 6,599 employees out, and only 873 remaining on the job. provoking adding conflicts among union organizers to the existing disputes between management and labor.[16]

The following spring, labor unrest affected PRR yard personnel. In February 1920, the United Brotherhood of Maintenance of Way Employees and Railroad Shop Laborers called for a strike. The Chicago Yardmen's Association followed suit on April 1, bringing operations in Chicago to a standstill. On the same day, a strike affecting the Erie's New York harbor operations spread to the PRR, inciting a riot on board a ferry, virtually ending most lighterage operations, and inducing the threat of food shortages in Manhattan. Some engineers and firemen walked off the job, as did shop forces at Fort Wayne and Camden.

By April 10, the leadership of the Brotherhood of Railroad Trainmen (BRT), which had never sanctioned the walkout, declared that this was an "outlaw" strike. As such, PRR officials were able to exploit dissent within the ranks of the BRT to break the strike. Charles E. Musser, the General Chairman of the BRT at Philadelphia, openly sided with PRR management, and in June denounced the strikers as "traitors."[17] By July, however, the

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[15] "Railroads Affected by Strike, Noon – August 8, 1919, USRA Records, Box 142; USRA Press Notice, August 26, 1919, USRA Records, Box 142.
[16] PRR, "Memorandum of Personnel Work Conducted in the Northwestern Region," Pennsylvania Railroad Collection (RG 1810) at the Hagley Museum and Library, Wilmington, De. (hereafter referred to as HML), Box 1022, folder 11; James Boyd Kennedy, "Railway Unions, American," in William D. P. Bliss and Rudolph M. Binder, eds., *The New Encyclopedia of Social Reform* (New York: Funk & Wagnalls, 1908), 1049.
[17] New York *Times*, June 19, 1920.

strike had spread across the PRR System, with as much as 80 percent of workforce out in some areas. The PRR Southwestern Region, particularly the area around Indianapolis, was again an area of intense labor agitation, with all 48 conductors and 131 of 132 brakemen refusing to work. In New York, enginemen waited until 5:00 PM on April 10 to go on strike, suspending operations through the Hudson Tubes, and forcing the Railroad to use ferries to shuttle thousands of commuters across the river. Service to Princeton, New Jersey was likewise suspended, and businessmen and Princeton University students alike offered their services as strikebreakers, with that University's athletes serving as firemen on commuter trains. By April 14, the PRR's freight traffic was moving at only a third of its normal volume. Wilson's cabinet met to discuss ways to alleviate a crisis whose severity was indicated by the President's attendance, the first since his debilitating stroke the previous October.[18]

In the midst of the 1920 Outlaw Strike, the federal government exited the railroad business. In March 1918, the federal Railroad Control Act had stipulated that USRA operations would end no later than 21 months after the cessation of hostilities. On February 28, 1920, and despite pleas from labor leaders to veto the measure, Wilson signed the Transportation Act of 1920 (also known as the Esch-Cummings Act) into law. The legislation ended federal control over the railroads, effective March 1, provided a mechanism for determining the compensation due to the railroads for any losses that they had sustained during the period of government operation, empowered the Interstate Commerce Commission (ICC) to set minimum as well as maximum rates, and called on that agency to develop a plan to rationalizing the entire railroad industry, combining weak and strong carriers into efficient and fiscally sound regional systems.[19]

The Transportation Act of 1920 also established the United States Railroad Labor Board (RLB), consisting of three members each from management, labor, and the government, to adjudicate workplace grievances. The Act of 1920 created a façade of labor-management cooperation by specifying collective bargaining, seemingly providing union leadership with a strong bargaining position, by giving them a co-equal bargaining position with management and the general public. As events transpired, however, RLB did little to protect the interests of railway workers, particularly as its rulings were not legally binding.[20]

The Railroad Labor Board's offer of small wage increases was nonetheless enough to bring the Outlaw Strike to an end. By the end of April, many PRR employees had already

[18] Charles E. Musser to F. H. Worthington et al., April 12, 1920; I. W. Geer to W. C. Downing and R. K. Rochester, April 16, 1920; "Memorandum in Connection with Switchmen's Strike, April, 1920," all in HML, Box 797, folder 14; New York *Times*, April 10-14, 1920.
[19] Davis, *Power at Odds*, 49.
[20] Davis, *Power at Odds*, 49.

returned to work, based on the promise of amnesty, coupled with management's pledge to fire all employees who remained on strike.[21]

Railroad managers saw the events of 1920 as an opportunity to take back their industry from labor, and to save their country from the clutches of radicalism. Historian Colin Davis writes that the year marked "The beginnings of an employer backlash against organized labor."[22] Yet even Vice-President Atterbury suspected that he and his fellow executives would have to tread carefully, lest they invoke more strikes like those of 1920, and lest they cause public opinion, disgusted at the poor performance of the railroad industry during the war, to shift back in favor of labor and government control. The solution to this dilemma, Atterbury believed, was to create a company union that would co-opt independent labor organizations and diffuse labor militancy.

Welfare Capitalism for the Common Man: The Pennsylvania Railroad Employe Representation Plan

In December 1920, less than six months after the end of the Outlaw Strike, Atterbury responded to the RLB's collective-bargaining mandate by overseeing the introduction of a new company union, one that he was certain would prevent disruptive strikes from ever occurring again. The Employe Representation Plan, like the pre-war Mutual Beneficial Association, embodied management's professed desire to recreate a "golden age" of harmony that they believed – or at least claimed – had once existed between executives and workers. Like Atterbury, the members of the Railroad's Association of Transportation Officers envisioned ERP as a mechanism to "restore much of the spirit of contentment which existed in the minds of [PRR] employes prior to the period of Federal control."[23]

The PRR's Employe Representation plan was one of the first such company unions in the United States. The trade journal *Railway Age* estimated that there were no more than a dozen employee representation plans in all American industries, prior to 1917. One of the first was the Leitch Industrial Democracy Plan, which its author, John Leitch, described in his 1919 book, *Man to Man: The Story of Industrial Democracy*. John D. Rockefeller, Jr., applied the techniques of "industrial democracy" at the Colorado Fuel & Iron Company as early as 1915, following the 1914 Ludlow Massacre, but the program remained poorly developed until 1918. World War I generated similar programs in Europe, and brought them to the attention of American executives. In Britain in 1916, Prime Minister Herbert

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[21] Charles E. Musser to F. H. Worthington et al., April 12, 1920; I. W. Geer to W. C. Downing and R. K. Rochester, April 16, 1920; "Memorandum in Connection with Switchmen's Strike, April, 1920," all in HML, Box 797, folder 14; "Statement Showing Information in Connection with Strike of Shopmen and Switchmen during the Years 1919 and 1920," HML, Box 797, folder 17; "Brief History of Railroad Strikes During Period of Past Fifty Years in United States," *The Railway Maintenance of Way Employes Journal*, September 1922, 11, in HML, Box 964, folder 18.

[22] Davis, *Power at Odds*, 48 (quote), 50-51.

[23] Pennsylvania Railroad Association of Transportation Officers, "Report of the Committee on Personnel on 'Co-Operation between Employe Representatives and Officers of the Pennsylvania Railroad. Is it Complete, and if Not What Can be Done to Bring it About?," October 20, 1925 (quote), HML, Box 803, folder 6.

Henry Asquith asked John H. Whitley to head a committee to resolve industrial unrest, and the Whitley Industrial Councils recommended a program of employee representation. By April 1919, the German Second Congress of Workers' Councils advocated a similar arrangement, formalized in the Works Council Laws of January 1920. Austria had already passed similar legislation in July 1919, while Norway followed suit in July 1920. In the United States, in 1917 and 1918, the United States Shipbuilding Labor Adjustment Board, the President's Mediation Commission, and the National War Labor Board formed some 120 joint management-labor committees, a number that had increased to 725 by 1922. [24]

From its initial constituency of engine and train service employees, ERP expanded to include clerks, telegraphers, and shop workers. As they prepared their workforce to elect their employee representatives, Railroad managers created 14 distinct occupational classifications. This number was considerably higher than that of the four operating brotherhoods, and ensured that minimal solidarity would exist within the labor force. What little cohesion might have remained evaporated as PRR officials further subdivided job classifications and then split each classification along Regional lines.

Between the creation of the Altoona Works Employes Association No. 1 on July 1, 1921 and the Association of Stationary Engineers and Firemen on March 1, 1922, the PRR quickly established 42 separate agreements with its employees, a total that eventually expanded to 54. Many of these occupations were represented on each Division, meaning a further subdivision into 50 or so Divisional craft organizations. While the Railroad never released exact figures, there accordingly must have been at least a thousand (and probably closer to 2,000) isolated units within the Employe Representation system. Coordinated action with other railroads (as had occurred at the time of the Outlaw Strike) was virtually impossible, as only PRR employees could serve as ERP representatives.[25]

Hundreds of ERP Joint Reviewing Committees, consisting of representatives from both management and labor, addressed specific "grievances and controversial questions." Both sides maintained equal voting power, something that PRR management stressed repeatedly as they lauded their own efforts at worker representation. Yet, all decisions required a two-thirds majority vote, thus substantially reducing the likelihood that the complainant (almost always the employee) would succeed in redressing his grievance.[26]

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[24] Harold Selig Roberts, *Roberts' Dictionary of Industrial Relations*, 4th ed., B. N. A. Books, 1993), 425; *Railway Age* 81:9 (August 26, 1926): 365-69.

[25] "Pennsylvania Plan of Employe Representation – Conference Between Federal Coordinator of Transportation and Mr. M. W. Clement, Vice President of the Pennsylvania Railroad Company, and their Associates at the Office of the Federal Coordinator, Washington, D.C., November 21, 1933," Exhibit A-1, Records of the Federal Coordinator of Transportation, National Archives and Records Administration (RG 133), College Park, Md. (Hereafter referred to as the FCT Records), Box 12; "Memorandum Concerning the Pennsylvania Plan of Employe Representation," November 1933, 2, FCT Records, Box 13.

[26] G. L. Peck to Daniel Bloomfield, August 16, 1923, HML, Box 1022, folder 11; "Employe Representation – The Pennsylvania Plan: What It Is, What It Is Not, How It Works," 1925(?), HML, Box 1022, folder 12.

During the first four years of ERP's operation these local committees addressed nearly 46,000 specific cases throughout the System. Of these, 44 percent were decided in favor of management, 29 percent in favor of employees, and the remainder were withdrawn from consideration. About half were never even considered by the management-worker review committees, having been settled informally between workers and their immediate supervisors. Well under ten percent reached the each Division's General Committee, and barely three percent went as far as the regional committees that managers had established as a court of final appeal.[27]

Most ERP hearings addressed mundane issues, and did not impinge on managerial prerogatives in any matter whatsoever. For the most part, grievances were localized and extremely specific. Some concerned the exercise of seniority rights. Other reflected alleged violations of safety rules or other PRR regulations. Some hearings did involve wages. However, these typically involved train service employees who had not been given credit for proper engine type (because an engine's weight on its drivers determined rates of pay), had not been credited with all of their trips, or had marked themselves on duty when they were not (a particularly serious offense, and one that resulted in immediate termination). Other disputes addressed working conditions, yet involved relatively simple matters such as the lack of adequate toilet or locker facilities. At no time did ERP address wage increases or improved working conditions throughout the System.[28]

Employee reaction to ERP was not so much that of outrage or resistance as it was of indifference. When investigators for the Federal Council of the Churches of Christ in America interviewed shop workers during the summer of 1923, they found that, at best, only about three percent enthusiastically supported ERP. Nearly 60 percent had little knowledge or interest in the Plan.[29] Those workers who did have an opinion tended to be resigned, yet cynical, regarding ERP's intent. This lack of enthusiasm is striking, considering that some interviews took place in the presence of either ERP or management representatives. Many workers indicated that they would prefer not to share their opinions regarding ERP with outside observers. After joining ERP, employees were issued a membership card and a button, yet received little information on the Plan's intent or function, and accordingly remained "quite in the dark about it all." Those who did support the Plan seem distinguished by their naïveté regarding the workings of industrial capitalism

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[27] Grievances were actually less likely to ascend to higher levels in the organization than these figures indicate. Because roughly a quarter of decisions were appealed to the next highest level (where management would presumably either affirm the pro-management decision or reverse a pro-employee decision made at a lower level), those appeal cases tend to artificially inflate the number of cases heard at the divisional and regional levels.

[28] "Employe Representation: The Pennsylvania Railroad Plan," 1925 (?), HML, Box 1022, folder 12; Rev. F. Ernest Johnson and Edward W. Evans, Federal Council of Churches of Christ in America, "Review of Inquiry Among the Shopmen of the Pennsylvania Railroad System Regarding the Company's Plan of Employe Representation," May 1924, HML, Box 1022, folder 14.

[29] Not surprisingly, these boosters typically served as ERP committeemen. Perhaps twenty percent of those interviewed had favorable but unenthusiastic attitudes toward ERP, with a roughly number strongly opposed the organization.

– one worker acknowledged that ERP "offered no economic power but that persuasion would be sufficient to bring redress where the Company's position was wrong." Most workers were more cynical or, at the very least, more realistic in their attitudes. The employee who opined that "General Atterbury is the daddy and he knows what is good for the rest of us" possessed a fairly clear understanding of ERP's paternalistic nature.[30]

During the spring of 1921, the PRR managers pressed their employees to accept steep pay cuts, with shop workers asked to bear one of the heavier burdens, with a 22 percent reduction. At the same time, the Railway Labor Board eliminated national boards of adjustment on April 14, 1921 and, on four days later, in Decision No, 119, abrogated the national agreement between RED and the railroad industry. On the first of June, the RLB reduced wages an average of 12.5 percent, and authorized further wage cuts for shop workers June 6, 1922, to take effect July 1. PRR executives attempted to maintain a modicum of labor harmony by securing the assent of ERP shop forces to a six-cent per hour reduction, slightly less than the RLB recommendation.[31]

Shop workers were less concerned at the ERP wage reductions, which went into effect on July 16, than they were about the re-imposition of piece rates on July 1. While PRR management asserted that at least three-fourths of PRR employees favored piece rates, which enabled each employee to maximize his potential earnings, workers themselves despised the system. One observer noted that "Piece work stands out prominently as a cause of widespread dissatisfaction" and "that large numbers are seriously discontented with that method of payment." Shop workers, particularly those in engine facilities and those engaged in heavy physical labor, were the most vocal in their complaints. They argued that it "never was fair," that it was "a man killer," that a worker had to "shake his head off" in order to secure a living wage, and that "the most damnable condition [was] the piece work system."[32]

As they worked to reestablish piece rates, PRR executives also began quickly to dismantle the federally imposed "system federations," paying particular attention to System Federation No. 90 of the Railway Employees' Department of the AFL. Following the RLB's decision to terminate national labor agreements, effective July 1, 1921, the Railroad's managers scheduled elections to choose employee representatives for ERP, as an alternative to independent unions.

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[30] While a few employees indicated that System Federation 90 would have won a fair election with a secret ballot, most workers had as little interest in independent unions as they had in ERP. Rev. F. Ernest Johnson and Edward W. Evans, Federal Council of Churches of Christ in America, "Review of Inquiry Among the Shopmen of the Pennsylvania Railroad System Regarding the Company's Plan of Employe Representation," May 1924 (quotes), HML, Box 1022, folder 14.

[31] Davis, *Power at Odds*, 53-54, 56, 60; Conlon, "Memories of the Past," Part 14, (June 1923): 282-84, 317, at 284; New York *Times*, April 4, 1921.

[32] Rev. F. Ernest Johnson and Edward W. Evans, Federal Council of Churches of Christ in America, "Review of Inquiry Among the Shopmen of the Pennsylvania Railroad System Regarding the Company's Plan of Employe Representation," May 1924 (quotes), HML, Box 1022, folder 14; *Railway Age* 71:2 (July 9, 1921), 75:8 (May 25, 1923): 344-46.

While clerks, maintenance-of-way employees, and train service employees voted without incident, the same could not be said for shop forces. Railroad officials only permitted employees to write the name of specific individuals on a blank ballot and would not accede to RED's request to have "System Federation 90" printed on the ballots as a voting option. In response, System Federation No. 90 urged its members to boycott the ERP election, scheduled for June 12, 1922.[33] System-wide, the majority of shop workers either boycotted the election or had their votes invalidated. Even though Railroad officials acknowledged that they had accepted the votes of only a small percentage of shop forces, they nonetheless anointed ERP as the sole bargaining representative of those employees.[34]

The resulting conflict between the Pennsylvania Railroad, the Railroad Labor Board, and the AFL's System Federation No. 90 illustrated organized labor's enfeebled condition following the First World War and further demonstrated government's postwar impotency in regulating labor – management conflict. Protesting the shop crafts election, System Federation No. 90 appealed to the RLB, arguing that both the minority election and the rump company union were invalid. On July 26, 1921, the Board voided the results, called for a new election with "System Federation No. 90, Railway Employees' Department, American Federation of Labor," printed on each ballot, and ordered the Railroad to reinstate the old national labor agreements, until that election occurred. Railroad officials refused to comply.[35]

By September 1921, attitudes were hardening on all sides, with representatives of business, government and labor all demonstrating unwillingness to compromise. On September 26, PRR executives informed the Railroad Labor Board that they would assent to its authority to resolve grievances, but not to set national standards or matters of policy involving wages, working conditions, or hiring practices. PRR President Samuel Rea, incensed at the RLB's handling of "matters over which the company maintains the Board has no jurisdiction," refused to participate in any further hearings. Two weeks later, on October 11, the RLB ordered PRR representatives to attend a hearing on October 20, to show cause why they should not be held in contempt for violating the Section 13 of the Transportation Act of 1920, pertaining to wage rates – the first time that any railroad had be sanctioned in this

[33] As one example, in the Northwestern Region, of the 3,688 shop workers whom the Railroad considered to be eligible to vote, only 2,503 did so. Of these, the Railroad voided 549 ballots, presumably because employees had written "System Federation 90," rather than the name of an individual. Fewer than 53 percent of PRR shop workers cast "legal" ballots, compared to 98 percent among the less troublesome clerks. Like System Federation 90, the Brotherhood of Railway and Steamship Clerks and Freight Handlers also protested the ERP elections to the RLB, with an equal lack of success. The position of the Clerks' union did not resonate with employees to nearly the same extent as did RED's exhortations to shop forces.

[34] Subsequent elections showed "a large majority of the employes in favor of the Employe Representation Plan" – hardly surprising, as many shop workers were on strike or had been fired by that time. L. O. Brooks, "Memorandum Regarding Points made by the Pennsylvania Railroad at Hearings, July 8 and 9," July 15, 1921, HML, Box 814, folder 6; E. T. Whiter, "Statement of facts about the Pennsylvania Railroad – Labor Board case," July 14, 1923 (quote); PRR, "Memorandum of Personnel Work Conducted in the Northwestern Region," 1923(?); both in HML, Box 1022, folder 11.

[35] "Memorandum Concerning the Pennsylvania Plan of Employe Representation."

manner.[36] The battle between management and labor now entered the courts, where System Federation No. 90 ultimately fared badly.[37]

The 1922 Shopmen's Strike

With the legal issues surrounding the System Federation No. 90 election still unresolved, a combination of layoffs, wage cuts, the re-imposition of piece rates, and the lack of union recognition compelled the Railway Employees' Department into action. On August 10, 1921, the RLB issued Addendum No. 2 to Decision 222, eliminating overtime pay for employees who worked a seven-day week. "When this decision was broadcasted," recalled Pete Conlon, "the men were astounded to learn that the Labor Board had taken from them something they had enjoyed for years prior to the war."[38] In late May and early June, the ICC established 5 ¾ percent as a fair rate of return for the railroad industry, cut rates by ten percent, cut wages for maintenance-of-way employees by an equal amount, and reduced shop crafts wages by seven percent. This wage reduction was well below what the railroads had demanded; yet RED President Jewell nonetheless threatened a nationwide strike if any wage cuts went into effect.[39]

In early April 1922, Conlon and other organizers traveled to Chicago, to attend the Sixth Biennial Convention of the Railway Employees' Department of the American Federation of Labor. The assembled delegates expressed their outrage at the re-imposition of piece rates and at the wage reductions. They also surmised that railway management, through the American Association of Railroad Executives, was conspiring to crush organized labor, nationwide. "Therefore, when the convention met in April," Conlon recalled, "the delegates attending that meeting were so full of fight that nothing could hold them." On April 20, after a marathon 26-hour debate, the RED Committee on Special Resolutions unanimously approved a strike resolution.[40]

On July 1, 1922, the RLB's ten percent wage reduction went into affect, sparking a nationwide strike by nearly 400,000 shop workers. Even though a relatively small percentage of its workers went on strike, the enormous size of the Pennsylvania Railroad

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[36] *Railway Age* 71:14 (October 1, 1921): 619-20; New York *Times*, October 11, 1921, October 14, 1921, October 15, 1921, October 18, 1921, October 20, 1921, October 26, 1921, October 27, 1921.
[37] *Pennsylvania Railroad Company v. U. S. Labor Board*, 261 U.S. 72 (1923); "Memorandum Concerning the Pennsylvania Plan of Employe Representation," no date, FCT Records, Box 13; *Pennsylvania Railroad System and Allied Lines Federation No. 90 v. Pennsylvania Railroad Company*, 267 U.S. 203 (1925) (quotes), *Pennsylvania System Board of Adjustment of the Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees, Appellant, v. Pennsylvania Railroad Company, Samuel W. Rae, W. W. Atterbury, et al., Appellees*, 267 U.S. 219 (1925); E. T. Whiter, "Statement of facts about the Pennsylvania Railroad – Labor Board case," July 14, 1923, HML, Box 1022, folder 11; New York *Times*, April 22, 1922, November 20, 1922, February 19, 1923, June 17, 1923; November 2, 1923, January 28, 1924, February 5, 1924, July 14, 1924, March 2, 1925, August 1, 1925.
[38] Conlon, "Memories of the Past," Part 15, (August 1923): 373-75, 414, at 374.
[39] Conlon, "Memories of the Past," Part 15, at 374; New York *Times*, May 24, 1922, May 28, 1922, June 3, 1922, June 5, 1922.
[40] Conlon, "Memories of the Past," Part 15, 373-74.

made it difficult to hire enough replacement shop forces. Managers complained about the unavoidable necessity of hiring farm boys, drifters, and drunks. Retirees were brought back into service and apprentices were promoted to the status of mechanics, first at Altoona, later at other shop facilities.[41]

Despite efforts by such progressive railroad executives as Baltimore & Ohio President Daniel Willard, Atterbury and other PRR managers were determined to crush the 1922 Shopmen's Strike. Even though the nationwide strike was collapsing, railroad by railroad, in the Spring of 1923, RED responded to Atterbury's uncompromising attitude in kind. By September 1923 the PRR was one of the few railroads still combating its striking shopworkers. Early in 1925, nearly three years after hostilities had begun, RED called off the few remaining strikes – except for those on the Pennsylvania Railroad and its subsidiary, the Long Island Rail Road. This was an empty gesture, however, as PRR managers had long since rehired defecting strikers or replaced the holdouts with new workers. On September 10, 1928, when RED finally ended the strikes against the PRR and the Long Island, few took notice.[42]

The Collapse of Welfare Capitalism on the Pennsylvania Railroad

The Great Depression and the New Deal ultimately brought an end to the PRR's experiment with corporate unionism. The same National Industrial Recovery Act that had created the much ballyhooed but ultimately ill-fated National Recovery Administration included a clause, Section 7 (a), which required employers to engage in collective bargaining. This provision erroneously convinced many industrial workers that President Franklin Delano Roosevelt wanted them to join powerful labor unions, but in practice, many firms simply established dutiful company unions that would fulfill the letter of the law while acceding to management's dictates. While such unions were commonplace among manufacturing firms until banned by the National Labor Relations (Wagner) Act in 1935, they would not last that long in the railroad industry.

Congress soon began to restrict the operations of company unions on the railroads. The March 1932 Norris-LaGuardia Act prohibited so-called "yellow-dog" contracts (in which management required a prospective employee to agree not to join an independent union), and similarly enjoined federal courts from enforcing any agreement that violated the terms of the Railway Labor Act by interfering with the rights of railroad labor to form independent organizations.[43]

Joseph B. Eastman, the maverick ICC commissioner, targeted for destruction ERP and other railroad-industry company unions. In June 1933, Roosevelt had signed the

[41] "U. S. Rail Board Formally Outlaws Striking Shopmen," St. Louis *Star*, July 3, 1922; Davis, 73-76, 118, 122, 124.
[42] Davis, *Power at Odds*, 106, 152, 154, 156-57.
[43] Henry T. Hunt, "Memorandum for Mr. Otto Byar," October 17, 1933, FCT Records, Box 12; Michael Martin, Leonard Gelber, and Leo Liberman, eds., *Dictionary of American History*, (Rowman & Littlefield, 1981), 158.

Emergency Railroad Transportation Act, and named Eastman as the first Transportation Coordinator. The ERTA was not, strictly speaking, designed to rescue workers from the clutches of company unions. Instead, the law owed a great deal to the precedent established by the Advanced Rate Cases of 1911, and the assertion that greater economy and efficiency could benefit railroad management, workers, and shippers, without the need for the state to tinker with the power relationships inherent in railroad employment.[44] Under such circumstances, company unions were not so much unjust as they were uneconomical. The same philosophy had conditioned the Bankruptcy Act of 1933, passed several months earlier, which explicitly prohibited bankrupt railroads from diverting money to company unions. From Eastman's perspective, the PRR's lavish expenditures on the Employe Representation Plan thus constituted an unjustifiable waste of corporate resources.

As Transportation Coordinator, Eastman had little executive authority, and the ERTA clearly defined his role as that of an advisor and a mediator. Eastman possessed a forceful personality, however, and took seriously his task of rescuing the railroad industry from economic collapse. A *Railway Age* editorial asserted that "Mr. Eastman will have the greatest opportunity to make a real contribution to the solution of the country's transportation problem that any man has ever had," and the Transportation Coordinator would have been one of the last people to dispute that claim. In the process, Eastman soon came into conflict with William Wallace Atterbury, since 1925 promoted to the presidency of the Pennsylvania Railroad.[45]

In attacking the ERP, Eastman had two somewhat incompatible weapons in his arsenal. The 1933 Bankruptcy Act outlawed direct financial support to company unions; but Eastman acknowledged that not all railroads – and certainly not the PRR – were bankrupt. Eastman also insisted that Section 7 (e) of the Emergency Railroad Transportation Act gave him the authority to encourage, although not necessarily to force, railroad management to suspend financial support to company unions.[46]

On September 7, 1933, Eastman conjoined these two laws, informing the railroad industry that, in his opinion, his authority extended to all carriers, whether bankrupt or not. At the same time, and more problematically for the PRR, he sent a "company union" questionnaire to each railroad. Eastman was already aware of the unusually close connections between the PRR's management and the Employe Representation Plan, and the results of the questionnaire confirmed his worst suspicions. Financial data indicated that the PRR had spent nearly $400,000 on the Employe Representation Plan between 1930 and 1933, an amount that did not include the wages of PRR employees assigned to duties

[44] R. W. Harbeson, "The Emergency Railroad Transportation Act of 1933," *The Journal of Political Economy* 42 (February 1934): 106-126.
[45] *Railway Age*, June 24, 193, 882.
[46] Eastman acknowledged that "Such organizations are not outlawed by the statute, but the railroads are prohibited from using their funds to maintain them and from influencing or coercing their employees to join or remain members of them." Joseph Eastman, "Statement of Federal Coordinator of Transportation," December 8, 1933, HML, Box 840, folder 1.

associated with the Employe Representation Plan.[47] Eastman's aides informed him that "The company union was not established by mutual arrangement but was imposed by the management on the employees without their consent and contrary to their wishes."[48] The ERP, and its "so-called representatives," the Coordinator's office noted, provided "for collective bargaining in name only."[49]

On November 6, after analyzing the data, Eastman informed Atterbury that the Railroad must withdraw its support for the Employe Representation Plan, both because such contributions violated Section 7 (e) and because they constituted "waste and preventable expense." Always unsure as to the degree of coercive power that his office possessed, Eastman hoped that the PRR could "arrange to solve by voluntary action the problem presented." The PRR, he suggested, should post notices informing its employees that they could neither be forced to take part in the Employe Representation Plan nor prevented from joining an independent union, and that management would no longer subsidize the Plan's operations. "Such a plan," Eastman noted, "has worked without the slightest friction on other roads."[50]

The PRR was not just another road, however, and President Atterbury was determined to save the Employee Representation Plan that he had created, more than a decade earlier. Two weeks after Eastman's letter reached his desk, Atterbury called a number of ERP representatives to his office, informing them that management would meet with Eastman the following day in order to develop a "fair plan" for maintaining the company union. Vice President Martin Clement led the delegation to Washington; attempting to prove the ERP's independent status by presenting a stack of decade-old "mutually adopted" labor contracts to a dubious Transportation Coordinator.[51] The Railroad's officials encouraged ERP representatives to lobby Eastman in support of the organization, although with little success. As if anxious to confirm employee accusations regarding the undemocratic nature of the Employe Representation Plan, Atterbury authorized special elections in December 1933, to demonstrate to Eastman that a majority of workers favored the company union. More audaciously, PRR executives also hired a Pittsburgh attorney to defend the company union, and then solicited contributions from ERP members to pay his fees.[52]

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[47] "Summarized statement showing expenditures by the Pennsylvania Railroad Company . . .," no date; "List of Company Union Officers – Pennsylvania Railroad," no date; both in FCT Records, Box 12.

[48] Henry T. Hunt, "Memorandum for Mr. Otto Byar," October 17, 1933 (quote), FCT Records, Box 12;

[49] "Memorandum Concerning the Pennsylvania Plan of Employe Representation," no date, FCT Records, Box 13.

[50] Joseph Eastman to William Wallace Atterbury, November 6, 1933; FCT Records, Box 12.

[51] "Pennsylvania Plan of Employe Representation – Conference Between Federal Coordinator of Transportation and Mr. M. W. Clement, Vice President of the Pennsylvania Railroad Company, and Their Associates at the Office of the Federal Coordinator, Washington, D.C., November 21, 1933," HML, Box 840, folder 1.

[52] O. G. Christman to S. M. Jewell, December 13, 1933, FCT Records, Box 12; Charles Mode, "To all Mechanics, Helpers, Apprentices and Laborers in the M. of E. Department," December 9, 1933 (quote); Mode, "To all Mechanics, Helpers, Apprentices and Laborers in the M. of E. Department," January 5, 1934; both in FCT Records, Box 12.

The ruse fooled few of the Railroad's workers, and most agreed with an anonymous warning to Eastman that he should "Be careful, for this lawyer has been hired to draw a veil over your face with our money."[53] Eastman was hardly so naive as to require such advice, and he soon informed the newspapers of his displeasure with the PRR's tactics. Far more employees learned of Eastman's policies through these articles than through the notices that Atterbury had promised to display on Company bulletin boards, and the new awareness accordingly generated far more of a response.

In the context of Roosevelt's presumed support for organized labor, PRR rank-and-file employees quickly viewed the Transportation Coordinator as their savior.[54] Dozens of letters poured in from disgruntled employees on all parts of the System, although a larger-than-average share came from hard-done-by clerks and machinists, and many originated from areas that had been embroiled in the 1922 Shop Worker's strike – and the writers reminded Eastman that that event was hardly ancient history.

Caught up in the rhetoric provided by "Our Beloved President, Mr. Roosevelt," workers sought a "new deal for the Employees" of the Pennsylvania Railroad. Asking that their names be kept confidential, lest they be "dismissed from the service of the Company," they sent handwritten notes to Eastman, complaining of "the accursed company union." The writers, "burdened with the yoke of opression [*sic*] and tyrinay [*sic*]," echoed the choicest bits of radical labor rhetoric as they asked Eastman to "take the chains of Company Unionism from the down trodden employees who has [*sic*] been long suffering and are waiting with outstretched arms to Welcome the New Deal." There were no free elections, they emphasized, and no true worker representation in the company union. Employees criticized the Railroad's aristocratic management, particularly "Mr. Frank Fell, Jr., Vice Pres. and Comptroller, (the most inconsiderate man alive, plus Mr. Atterbury, both are natural slave drivers and chislers [*sic*])," neatly conflating the more recent robber-baron aristocracy with older antebellum southern one. In a seeming affront to the Bill of Rights, management could imperiously render its decisions and, once decided, there was no appeal. In a mockery of American democratic ideal, the Employe Representation Plan chose its representatives in a "fake election" and votes were "nothing more than a waste of paper," because the "names were put on a ballot by officials over them." Workers were particularly incensed at the Railroad's Janus-like hypocrisy, and its ability to placate public opinion with dissembling rhetoric. They were, in short, tired what they saw as continual lying by PRR executives, particularly "the President Mr. Atterbury [who] is very foxie [*sic*]," and tired of hearing this "perfect sucker system" portrayed as a boon to the workers.[55]

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[53] "From a fellow workman of P.R.R." to Joseph Eastman, January 8, 1934 (quote), FCT Records, Box 12.

[54] PRR employees often sent two copies of their letter – one to Eastman, and the other to FDR. They typically hoped that "we might benefit from the new deal and more power to the NRA to you and to our very fine President Franklin D. Roosevelt." Curtis Thomton to Joseph Eastman, December 14, 1933, FCT Records, Box 12.

[55] N. F. Saylor to Joseph B. Eastman, December 21, 1933; unsigned to Eastman, received December 26, 1933; F. J. Parks to Eastman, December 20, 1933; "Friends of Penna. R.R. Company Employees" to Eastman, no date; Aying Hard to Eastman, December 19, 1933; Robert S. Pierson to Eastman, December 19, 1933; Earl C.

The workers' chief concern, perhaps induced by a tinge of jealousy, was that sycophantic employees loyal to management, and to the company union, received undeserved perks, and were guaranteed "a soft job." ERP "representatives, the ones known as the regional committee are paid a salary and have nothing to do." This system allowed "the management to play favorites," ensuring that "Every third man is some kind of committee man" – men who, far too often, were part of "a cabinet of high paid loofers [*sic*] and non producers who travel over the system and pile up traveling expenses, staying at expensive hotels." ERP officers received "a big salary boost" when they "sold the clerks out" and received "much better jobs, such as Special Agents, Head Clerks, or First Clerks, while the [remaining] clerks became slaves." In such circumstances, "only an employee who is willing to play the modern Judas is, I will not say elected but who is appointed because he will serve his master."[56]

Amidst the economic hardships of the Great Depression, the principal issue was not so much the reduced wages or the lack of work, but rather the perception that the Employe Representation Plan allowed the Railroad to modify highly cherished seniority rights. Whether justified or not, employees were convinced that low-seniority workers, particularly those who supported the ERP, were retained while troublesome workers with higher seniority were routinely dismissed. Perhaps the most unusual complaint noted that "In Sept. 1932 – 13 men and women with 22 years service were laid off out of their turn to save a singer in the PRR quartet."[57]

Members of Congress took note of the mounting evidence that executives on the PRR and other railroads were using company unions in an effort to deprive workers of independent representation. On June 27, June 1934, Congress passed the Railway Pension Act, providing railway employees with access to a secure pension system. On the same day that they approved the Railway Pension Act, members of Congress amended the 1926 Railway Labor Act with the Crosser-Dill Railway Labor Act (also known as the Railway Labor Act of 1934). The new legislation extended the Norris-LaGuardia prohibition against yellow-dog contracts to railway employees and, more significantly, banned company unions in the

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Thompson to Eastman, December 7, 1933; J. H. Green to Eastman, October 25, 1933; "A Tip" to Eastman, May 3, 1934; Bess Jamison to Eastman, received May 5, 1934; G. W. Scheidel to Franklin D. Roosevelt, February 9, 1934; PRR-MBA, Eastern Region to clerical employees, September 1, 1933; all in FCT, Box 12.

[56] N. F. Saylor to Joseph B. Eastman, December 21, 1933; unsigned to Eastman, received December 26, 1933; F. J. Parks to Eastman, December 20, 1933; "Friends of Penna. R.R. Company Employees" to Eastman, no date; Aying Hard to Eastman, December 19, 1933; Robert S. Pierson to Eastman, December 19, 1933; Earl C. Thompson to Eastman, December 7, 1933; J. H. Green to Eastman, October 25, 1933; "A Tip" to Eastman, May 3, 1934; Bess Jamison to Eastman, received May 5, 1934; G. W. Scheidel to Franklin D. Roosevelt, February 9, 1934; PRR-MBA, Eastern Region to clerical employees, September 1, 1933; all in FCT, Box 12.

[57] N. F. Saylor to Joseph B. Eastman, December 21, 1933; unsigned to Eastman, received December 26, 1933; F. J. Parks to Eastman, December 20, 1933; "Friends of Penna. R.R. Company Employees" to Eastman, no date; Aying Hard to Eastman, December 19, 1933; Robert S. Pierson to Eastman, December 19, 1933; Earl C. Thompson to Eastman, December 7, 1933; J. H. Green to Eastman, October 25, 1933; "A Tip" to Eastman, May 3, 1934; Bess Jamison to Eastman, received May 5, 1934; G. W. Scheidel to Franklin D. Roosevelt, February 9, 1934; PRR-MBA, Eastern Region to clerical employees, September 1, 1933; all in FCT, Box 12.

railroad industry and prohibited management from providing support to such unions. The Act required railway executives to engage in collective bargaining, "without interference, influence or coercion exercised by either party over the self-organization or designation of representatives of the other" – practices that PRR managers always denied doing, but nonetheless did frequently. The bill established four National Railroad Adjustment Boards and a National Mediation Board, and System Boards of Adjustment on individual railroads, in an effort to resolve labor disputes. By the end of the year some 85 percent of PRR employees were represented on the System Boards. More importantly, the Act abolished company unions, bringing to an end the PRR's experiment with the Employe Representation Plan.[58]

Conclusion

During the decade of the 1920s, the efforts of Atterbury and other senior executives to expand the PRR's welfare capitalism programs and centralize its labor-relations functions producing disappointing results for management and labor alike. Atterbury and his fellow PRR executives spoke frequently of a golden age of industrial harmony that had existed before USRA control, but that golden age had never existed. Prior to World War I, PRR operating employees had exploited their skills and their control over the process of transportation to secure representation in strong independent unions, as well as the benefits of the Railroad's welfare capitalist programs. As such, Vice-President Atterbury insisted that he had "done business with the four operating brotherhoods of railroad trainmen" without ever having "laid a straw to block their way."[59]

Other workers – shop forces, in particular – were a different matter entirely. They believed that the PRR's welfare-capitalism agenda was less an attempt to restore imagined industrial harmony than it was an effort to control labor and deflect federal efforts to truly protect workers' rights. The emergence of the Employe Representation Plan in the immediate aftermath of the 1920 Outlaw Strike only heightened those suspicions. From the perspective of managers such as William Wallace Atterbury, ERP proved effective at minimizing the affect of the 1922 Shop Worker's Strike on the Pennsylvania Railroad. For employees, however, the failure of independent unions such as RED's System Federation No. 90 indicated the extremist anti-labor tactics employed by PRR executives, and soured them on any possibility of harmonious labor relations. The New Deal policies of the 1930s brought an end to the Employe Representation Plan, as well as to many elements of the PRR's system of labor relations. By then, however, the damage had already been done, with employees increasing suspicious of, and hostile toward, their employer.

[58] Henry T. Hunt, "Memorandum for Mr. Otto Byar," October 17, 1933, FCT Records, Box 12; Martin, et al., *Dictionary of American History*, 158; "Memorandum Concerning the Pennsylvania Plan of Employe Representation," no date, FCT Records, Box 13.

[59] William Wallace Atterbury, remarks at the Adelphia Hotel, Philadelphia, January 10, 1920, printed in the Philadelphia *Public Ledger*, January 11, 1920.