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ORGANIZED LABOR AND THE RECENT ADVANCE IN PRICES.

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The question whose answer is sought in the following paper concerns the relation between particular prices and particular wage groups. It is perhaps axiomatic that there is no direct causal relation between general wages and general prices; but when one turns to the problem presented by particular prices the matter is less simple. Here anything which limits the supply of a commodity relatively to the demand for it may cause a rise in its price, whether this be monopoly or increased cost of production or absolutely limited supply. Here is the field for increased labor costs and expenses to express themselves. Do employees in the building trades monopolize their crafts? Then, the number remaining the same, the price of houses may be raised. Does it cost more labor to produce a bushel of wheat? Then that bushel tends to bring more on the market. And if the supply of money media is increasing prices will tend to rise at such points first. Probably, when the question is put, what is the cause of the recent high prices, no answer is so frequently in the mouth of the non-scientific man as "organized labor."

In examining this answer it will be well first to analyze the theoretical possibilities and then to bring such statistics as are available to bear.

One way of putting the case is this: If wages are raised relatively to productivity, the price must be raised or the capitalist enterpriser will lose. I say "raised relatively to productivity," for it will be noticed that this may take place in one or both of two ways: either the rate of wages may be raised, productivity remaining the same; or productivity may be decreased, the rate remaining unchanged. Let us consider the latter event first.

Now labor's productivity, equal opportunity being assumed, is reduceable to three factors: energy, time, and skill. If a workman puts forth great effort for a maximum length of time* on a high plane of skill he is very productive. If any one of the three factors is lowered or diminished, his productivity decreases. Of course a similar result would come from poorer opportunities in natural environment, or a lower margin. This would not be attributable to labor, however, and is mentioned only that it may be borne in mind as an alternative or modifying factor.

Has organized labor, then, decreased productivity relatively to wage? If so, through which of the preceding factors does it operate? As to the energy factor, I am unable to get any data which can be taken as proof. It is a matter of common knowledge that the "go-easy," "make-work" or work-fund idea has been widespread and still exists. We know that laborers work harder in years of depression than in boom periods, etc. But these ideas and moral characteristics are not confined to union laborers, and are more and more disclaimed by union leaders. It seems that all that can be said is: (1) that if the go-easy policy obtains among *all* laborers equally prices will not be affected by it; (2) that if in particular trades laborers have adopted this policy within recent years, recent price advances in such trades might be due to it; (3) that we have small reason, however, to lay the exercise of this policy at the door of organized labor, and none for attributing to it the recent rise in prices,— for there is no evidence of any recent change in this regard.

More evidence can be obtained as to the second or time factor. There has been a steady decrease in hours throughout the decade, the index number for 1898 being 99.7† while that for 1907 was 95.0,—a decrease of 4.7 per cent. The demand for and prevalence of the eight-hour day is greater than ever before. To the extent that this means decreased productivity generally, it means less product per laborer, and might mean

*From a long-time point of view the working day would not be so long as to shorten the total working period of the laborer's life unduly.

†Average for 1890-99=100.

a decrease in the "national dividend," or "social income." This would be a misfortune, but it would produce no change in general price levels. Only when confined to particular industries or trades, and not generalized, could exchange values and prices be affected. What, then, are the facts?

The average index number of hours per week for sixteen relatively weakly organized industries was 96.2 in 1907. In the same year the average for eight strongly organized industries was 93,—a difference of 3 per cent. in favor of the stronger unions. When it is observed that such strongly unionized workers as cigar makers, and blacksmiths and horse shoers have index numbers of 99.5 and 94.1 respectively; while common laborers in foundry and machine shops, lumber, and paper and wood pulp have 95.3, 95.2, and 94.5, respectively, the difficulty of drawing conclusions is apparent.*

I conclude that on the whole organized labor has forced greater reductions in hours than have occurred in the case of unorganized laborers and that other things being equal this would tend to raise the particular prices of the goods they produce. Whether other things have been equal and prices of organized labor's products have risen at the expense of other products will appear in a moment.

As regards the third factor, skill, I must be content with

*Table showing relative hours for weak and strong organizations.

WEAK.		STRONG.	
Agricultural Implements,	96.3	Bread,	91.6
Boots and Shoes,	96.0	Blacksmith and Horse Shoe-	
Carpets,	98.6	ing,	94.1
Cars,	95.9	Building,	90.6
Cotton Goods,	96.8	Harness,	95.9
Electrical Apparatus and Sup-		Brewery,	87.0
plies,	93.3	Stone and Marble,	93.6
Foundry and Machine Shop,	94.6	Printing,	92.4
Gas,	96.1	Cigars,	99.5
Glass,	98.6		93.0
Hosiery and Knit Goods,	97.7		
Iron and Steel			
{ Bessemer	90.5		
{ Blast	100.6		
Leather,	99.9		
Paper,	89.9		
Silk,	97.6		
Woolen Goods,	98.0		
	<hr/>		
	96.2		

observing that to the extent trade unions force employers to use skilled men where unskilled men ["handymen," "helpers," etc.] could do the work, they may virtually decrease productivity relatively to wage,—or, more simply, increase or prevent a decrease in cost. To what extent this is done there is no means of learning. (Of course, if skill be considered alone or absolutely and not in relation to cost it will generally be admitted that on the average the most skilled men of the craft will belong to the union and unions rather foster than decrease skill.)

As to the movement of the other factor in "relative productivity," i. e., rates of wages, some inferences may be drawn from the statistics of wages and hours of labor from 1890–1907.* From the table on page 73 I conclude that of those rises in wages which are above the average rise there are more in case of weakly organized than in case of strongly organized trades. Furthermore, the average of relative wages in 1907, though it seems somewhat lower for weakly organized industries than for strong, shows no such difference as to indicate any effect of unions on particular prices, the average index number for sixteen weakly organized trades was 125; for eight relatively strong trades it was 130.†

*Bulletin, U. S. Bureau of Labor, No. 77.

†Table showing relative wage rates for weak and strong unions.

WEAK.		STRONG.	
Agricultural Implements,	130.9	Bread,	128.9
Boots and Shoes,	124.3	Blacksmith and Horse Shoe-	
Carpets,	117.1	ing,	126.4
Cars,	124.4	Building,	144.6
Cotton Goods,	157.5	Harness,	123.5
Electrical Apparatus and Sup-		Brewery,	132.9
plies,	122.6	Stone and Marble,	125.7
Foundry and Machine Shop,	121.4	Printing,	126.8
Gas,	129.4	Cigars,	132.4
Glass,	123.5		—
Hosiery and Knit Goods,	133.4		130.1
Iron and Steel { Bessemer	119.8		
{ Blast	132.6		
Leather,	111.8		
Silk Goods,	116.9		
Slaughter and Meat Packing,	116.0		
Woolen,	131.9		
	—		
	125.8		

Can we not infer, then, that if other things were equal the tendency of labor unionism would be, through affecting relative productivity, to cause higher prices in the organized part of the industrial field than in the unorganized, and also in the strongly organized as compared with the weakly organized part; and that the scanty statistics as to hours and wage rates show some evidence of this tendency, though no such marked differences as might be supposed appear.

Inasmuch as positive conclusions from this examination of the possibilities and actualities of the more immediate means of affecting prices are so meagre we must seek results elsewhere. We have concluded that the only way in which laborers can effect a rise in prices is to decrease relative productivity in a particular industry or group of industries through one or more of the factors just briefly discussed. But the ability to make such a decrease depends upon the strength of organization of the union; just as, in so far as prices are concerned, a union can work only through a change in relative productivity, so the capacity to affect relative productivity and prices depends upon the strength of the union.

To be sure, we cannot measure changes in relative productivity. Merely a few deductions have been suggested. Therefore, when a presence or absence of such price changes as altered relative productivity would effect is found corresponding with the strength of labor organization, we cannot be sure as to a causal connection. But knowing something of the possibility and tendency of labor organization in this regard some deductions may be drawn when union strength is found coupled with relatively low prices, and *vice versa*. In a word, conclusions negative so far as causes are concerned may be drawn,—and for the problem concerning the relation of organized labor to prices negative conclusions are all that is necessary.

Take, then, as the most general comparison available that between raw materials and manufactured goods. It matters not that the line cannot be drawn exactly. It is reasonably

certain that trade unions have their great strength in the more skilled manufacturing industries; and, that, with the exception of a considerable part of the bituminous coal producing industry, the laborers engaged in producing raw materials are unorganized or but weakly organized. Yet the latest statistics show advances in the index number of wholesale prices to 125.5 in the case of raw materials and to but 122.2 for manufacturers, the average for 1890-99 being 100.*

More particularly. Farm products head the list of certain great groups at 133.1, the average for all products being 122.8. Next come lumber and building materials at 133. Foods are estimated at 120.6. On the other hand clothes and clothing have risen to 116.9; house furnishings to 114; metals and implements to 125.4; and fuel and light to 130.8,—the last containing many non-union and weakly organized occupations.†

But let us make the comparison still more particular and more direct. Take a group of industries in which unionism is strong and compare those with other industries in which it is weak. Here the difficulty which at once confronts one is that one does not know with any accuracy what the weak and what the strong ones are. And in other cases some knowledge

*Bulletin, U. S. Bureau of Labor, No. 81, p. 209. Wholesale prices, 1890-1908. Relative prices in industries virtually unaffected (directly) by labor organization:

	1908	1907
Cotton	134.8	153.0
Grain	163.0	148.3
Livestock	122.3	129.7
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Average farm products	133.1	137.1
Fish	124.9	128.3
Milk	131.4	129.0
Eggs	142.0	141.2
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Average food products.....	120.6	117.8
Jute: Raw	140.4	184.4
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Average Misc.	119.9	127.1

†The difficulty here lies in the fact that each of these groups—except the first—contains some strongly organized trades. Conclusions are difficult except as we roughly estimate the relative extent of such organization.

on this point may avail one nothing in that it would be impossible to estimate what part of the product whose price has risen is assignable to the known union. It goes without saying that mere absolute numbers, notoriety, etc., are scant evidence of strength. It is necessary to turn aside for a moment to pick our strong and weak unions.

In the Report of the Commissioner of Labor for 1906 there are sundry tables concerning the number, extent, and success of strikes by states and by industries for the years 1881-1905. On page 33, for example, a table shows the percentage of strikes ordered by labor organizations by industries. I find that in a considerable number of industries a large percentage of strikes is not ordered by such organizations.* This proves nothing for my purposes, it is true. It does not indicate much as to the strength of any particular trade organization in some cases, and is not conclusive in any case. It merely affords some presumption as to the average control of trade unions in a whole industry for a series of twenty-five years,—control over the declaration of strikes.

The result is virtually identical if the percentage of establishments affected by strikes declared by organized labor be taken rather than the number of strikes.

But other tests remain. What proportion of the employes went out on strike when ordered by labor organizations, i. e., how inclusive were the unions? I find that the list of low percentages is almost identical with the list judged to be weak on the preceding basis. Perhaps eight of the industries indi-

*Agriculture.

Brass and brass goods.
Brick and tile.
Canning and preserving.
Car building.
Carpets.
Coal and coke.
Cotton goods.
Cutlery, etc.
Freight handling and teaming.
Gas.
Glass.
Hardware.
Hosiery and knit goods.

Iron and steel.
Leather.
Lime and cement.
Lumber and timber products.
Mining, ore.
Paper and paper goods.
Pottery.
Railroad, canal and road building.
Railroad transportation.
Rubber goods.
Silk goods.
Smelting and refining.
Tobacco: chewing and smoking.
Woolen goods.

cated as weakly organized by the preceding test show greater strength,* while four industries would be added to the weak list.†

I turn to another table which shows the results of the strikes ordered by labor organizations during the same twenty-five years. On the whole there is a very striking similarity in the indications as to strength and weakness. The result of applying the new test is that a question mark must be placed after five out of the list of thirty-two suspected of weakness on the preceding bases;‡ while one additional industry shows weak labor organization in a large percentage of strike failures (street railways).

Finally, there is a table of strikes settled by joint agreement, that is, between officials representing organizations on both sides. Surely those industries in which strikes are largely settled in this way are strongly organized, though perhaps not *vice versa*. Not one of the industries showing any considerable percentage of strikes so settled appears in our list of weak unions, unless it be decided that freight handling and teaming, and coal and coke are weak.§

*Agriculture (69%).	‡Boots and shoes.
Brick and tile (72%).	Foundry and machine shop.
Coal and coke (76%).	Slaughtering and meat packing.
Fr't. handl. and team (63%).	Stoves and furnaces.
Lumber and timber (55%).	
Mining, ore (57%).	
Silk goods (51%).	
Smelting and refining. (53%) — the last two are obviously not strong.	

‡Hosiery and knit goods.
Lumber and timber products.
Paper goods.
Pottery.
Tobacco: chewing and smoking.

However, 91 per cent. of strikes in hosiery, etc., were "unorganized" and 61 per cent. of all strikes failed. Taking all strikes, 49 per cent. failed in lumber, which is above the average; and paper goods and pottery are only average in success on the same basis.

§The most notable, taking number and per cent. into consideration:

Blacksmithing and horseshoeing.
Brewing.
Building trades.
Coal and coke.
Stone quarrying and cutting.
Others are: Men's clothing, freight handling, planing mill products, and cigars and cigarettes.

It may be added that an examination of the statistics published by the Connecticut bureau showing movement of number of employees, wages, and hours by industries may be made the basis for conclusions which support the preceding.

The net result of the inquiry is the inference that the following industries taken as a whole show that labor organization is least effective in them :

Rubber goods.	Iron and steel.
Canning and preserving.	Car building.
Mining, ore.	Carpets.
Cotton goods.	Woolen goods.
Hosiery and knit goods.	Silk goods.
Hardware.	Leather.

Those industries in which unions seem most effective are :

Blacksmithing and horse-shoeing.	Building trades.
Men's clothing (and women's).	Gloves and mittens.
Bakery.	Stone quarrying and cutting.
Brewing.	Tin and sheet metal goods.

Coal and coke shows strong in extent and inclusiveness of organization, but rather weak in failures of organized strikes (47 per cent.). It seems clear that labor organization is strong in a considerable part of the bituminous coal area, but weak elsewhere.

Returning to the comparison, to make which we turned aside to inquire into the relative strength of labor organizations in various industries, the conclusion must be drawn that no appreciable effect of organized labor on the rise of particular prices during the last decade is apparent. Comparisons are available for the following weakly organized industries :

	1908	1907
Rope, twine and bagging.....	121.0	138.0
Cotton goods.....	115.2	138.0
Carpets	118.9	123.2
Iron and steel.....	113.9	135.3
Woolen goods.....	122.7	128.0
Tools	113.6	115.7
Boots and shoes.....	121.3	125.9
	<hr/>	<hr/>
Average relative price.....	118.0	128.4

The average relative prices for the group of seven is 118 in 1908, and 128.4 in 1907.

I experienced more difficulty in finding strongly organized industries for which prices were available. Among the strongest only two such were found (bread and coal) neither of which affords satisfactory conclusions. But adding five of those which were much stronger than the ones included above, I find that the average relative price for the years 1908 and 1907, respectively, is 119.0 and 119.9.

	1908	1907
Bread	113.6	111.4
Coal	132.7	134.2
Lime and Cement	107.4	104.3
Tin and Sheet Metal	110.5	115.7
Tobacco: Chewing and Smoking ...	118.3	118.3
Paper	86.7	87.4
Lumber and Timber	164.0	168.6
	<hr/>	<hr/>
Average	119.0	119.9

Thus in 1908 the index number of prices in seven weakly organized industries was one point lower than in seven relatively strongly organized ones; while in 1907 it was actually 8.5 points higher. The year 1908 was one of generally lower wholesale prices than in 1907, and it is not without significance to note that the more strongly organized industries showed the smaller decrease.

Massachusetts statistics show that for the year ending September 30, 1907, 98 per cent. of advances in wages occurred without strike. And of these at least 67 per cent. were not the result of any immediate union activity. The amount of the advance, however, was somewhat less than in the 33 per cent. in which unions figured.*

Thus, while pointing out the theoretical possibilities of labor organization in regard to particular prices, the conclusion is to be drawn that there has been no great or widespread effect. Organized labor has reduced hours; but it is not clear to what extent this means decreased productivity, nor has the reduction been confined to organized labor. There seems to have been no great difference in price movements as between weakly organized and relatively strongly organized industries, while the greatest advances have come in industries which are practically unorganized.

*First annual report on changes in rates of wages.