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## The "Square Deal" and the Depression

On October 2, 1928, George F. Johnson wrote a friend and business associate: "In the reasonably near future, we ought to have a reaction from the so-called 'great business prosperity' which is evidenced largely in automobiles and other luxuries, and the further extension of credit to the poor, who haven't anything in the shape of assets but credit, and which credit is pretty thoroughly strained at present."<sup>1</sup> Johnson's prediction became a reality all too soon.

The Great Depression came early to the shoe industry. Throughout the 1920s the industry had been an ailing one, characterized by boom-and-bust cycles that led to periodic layoffs and shortened work periods. Extreme competition between shoe firms made for a great deal of instability and uneven development. As one scholar, writing in 1940, noted, the shoe industry "shows overdevelopment side by side with underconsumption, efficiency in the midst of general waste and misdirection of effort, integration into large units side by side with separation into small units, monopoly and cut-throat competition, standardization side by side with breaking down of standards, organization and disorganization, order and disorder, reason and unreason at one and the same time."<sup>2</sup>

Endicott Johnson, among the largest shoe and leather concerns in the country, bore the endemic instability of the shoe industry relatively well. Economies of scale aided in the rationalization of production and allowed the firm to weather the cutthroat competition that came from smaller, more mobile, and more exploitative shoe firms. Yet the firm's size did not entirely insulate it from the vagaries of market capitalism. It, too, was periodically forced to curtail production and initiate layoffs. Until the late 1920s such episodes were of short duration and were generally followed by prosperous times. But 1928 brought a more serious turn of fortune. A prolonged and ominous decline in the footwear market was beginning to manifest itself, disturbing the relatively tranquil world of Endicott Johnson.

## I

In May 1928 George F. Johnson found himself burdened by the unenviable responsibility of having to explain to a worker's wife why it was necessary to lay off her husband: "It has been our great good fortune, in the past, to be able to employ, and add to our army of workers. The present situation is unique and strange, and I am the most unhappy member of the family—feeling as I do, the responsibility, and the extreme necessity of reducing costs so that we may meet competition successfully."<sup>3</sup> Such an explanation did not satisfy the sympathetic side of Johnson. Although foremen and superintendents had been instructed to cut costs by whatever means necessary, including laying off workers, the employee in question was an older man with several children, and the act of letting go such a worker troubled Johnson's conscience. On the same day that he wrote to the man's wife, Johnson sent off the following note to the supervisor who had laid him off:

[There] are times when I would advise you to keep your best men; but these are times when I am advising you to keep the men who can least afford to be laid off—those with the greatest responsibilities; and lay off the men who would be affected the least. This is not "cold-blooded business." It is mercy. . . . Rather than lay off, there are always opportunities to curtail. Maybe you could run two or three days in the week, and not have to absolutely lay off so many people. Those with least care and responsibility could then be permitted to look elsewhere for work.<sup>4</sup>

A series of rapid business downturns and recoveries in the middle of 1928, causing corresponding layoffs followed by rehiring, stimulated Johnson to begin a thorough reevaluation of the firm's employment policies, all in the hope of reducing welfare expenses and providing more security for older employees and needy workers.

I do believe we should have some protection for the workers, in the employment of new Help. There should be a length of time much longer than the present [half a year], before workers can become eligible to the benefits; but we should not refuse to employ people who are able to work, but who are turned back by the Medical. There should be a list of workers not eligible to the benefits, but they should not be refused work.<sup>5</sup>

In August 1928 the firm began to deny medical and relief services to newly employed workers, so-called temporary workers.<sup>6</sup> Johnson noted that "in time, half the workers only would be beneficiaries, and that because of long service. This may be a very desirable and good way to reduce the liability and cost of the Medical service, differentiating between old and valued workers, and those younger and less responsive to kindness, and also less needing the help."<sup>7</sup> The firm's new employment policy was capricious and vague. "Temporary workers" remained uncertain of their status for an indefinite period of

time. Truman H. Platt, head of the company's Medical and Relief Department, complained to Johnson about this vagueness and urged him to make clear to workers when and if they would become "regular" employees, eligible to receive company welfare benefits. He also cautioned that the new policy was a violation of the firm's expressed ideals: "It appears to us that carrying this plan indefinitely is a step backwards towards the old basis of 'hiring and firing only', which is quite contrary to the labor policy of our company."<sup>8</sup>

Business conditions in 1929 remained unstable and depressed, at least until the end of the year, when orders for the following spring began streaming in. The need to lay off a large number of employees in the spring and summer of 1929, and subsequently the abandonment of homes by laid-off workers who could not make mortgage payments, led management to consider again the firm's employment policies. Johnson recommended to his nephew that layoffs be held to a minimum and that loyal workers be allowed to retain their homes and jobs: "I am sincerely in hopes that we shall soon reach a stage when the laying off of help because of slack times, will be avoided. Therefore I would suggest it a better plan, wherever practical, that whatever work there may be, should be divided among the . . . desirables . . . until times pick up, or until they voluntarily sever their relations with the company."<sup>9</sup>

It was a difficult time for the firm, as Johnson noted: "We have never had such a long spell of 'bad weather,' affecting the help so severely."<sup>10</sup> The "Square Deal," too, was coming under extreme strain. Increasingly, the underlying assumptions forming the foundations of the firm's labor policies were being reduced to explicit contractual terms.

Everything depends upon the worker. Judged entirely by their efforts to be *more* than a "common worker"—one who thoroughly believes in the principles of the Workers' Plan, would fight if necessary to *preserve these principles—would discourage Radicals and agitators—believes that they are building up for themselves and their children and children's children, a great industry which is worth the best effort they have to give: to these and only these, will come privileges beyond the wage slip. . . .* Lacking this idea (expressed in *action*, not in *talk*) they *never will become beneficiaries*. They will be "hired and fired." They will "quit" at their pleasure. *They can not belong to the "Royal Family", because they are not the kind of people that the "Family" want.*<sup>11</sup>

In short, the price of "privileges" would be loyalty. It was a message that had been expressed in the work and community lives of Endicott Johnson employees for decades, but now it was spelled out bluntly by the president of the firm. Johnson felt compelled to remind workers of the many benefits they enjoyed, something he feared they had forgotten.

But the new policy of employing workers without making an explicit commitment of benefits soon came to be perceived as too severe. Not only was Johnson coming under increasing pressure from Platt to change it, but

appeals forwarded by the latter to Johnson made it clear that continuation of the new policy would only generate hardship and ill will among the workers. It was hard to ignore entreaties such as the following: "I am writing you for information about medical service. I have been an E.J. Worker since Aug. 7, 1928. I am a poor man and just trying to get started and have a baby girl that needs medical attention which I can not hardly afford."<sup>12</sup>

In late June 1929, finally swayed by the protests of workers and the head of the Medical and Relief Department, as well as by the additional moral and practical pressure generated by other local firms providing various medical and relief services to their workers, Johnson began to waver.

It would seem as though we must discontinue our present "new worker" policy in regard to Medicine. New or old, they need the service, and they are learning its great value. . . . The thought of making them more appreciative by a different policy, and possibly reducing the cost, seemed to be a good one, but it does not work out, in view of the fact that our competitors—Dunn & McCarthy, Ansco, etc.—are beginning to take care of workers. . . . This is another reason why it looks as though we would have to go back to the original plan, and give the Medical service to all workers.<sup>13</sup>

The sheer volume of requests and appeals was making the new policy unmanageable. "It would appear," Johnson wrote Platt, "that we must find a policy respecting the use of Medicine by the workers, that will require less time, patience and investigation than the present plan requires. These persistent appeals, with the consequent necessary amount of investigation, would soon wear you and the rest of us all out."<sup>14</sup> A week later, at a board of directors' meeting, the employment policy was thoroughly discussed and a new one recommended. The board decided that "new workers should be hired as temporary workers for a six months' trial period and, if satisfactory, at the end of that time to be recommended by the director in charge and O.K'd by the superintendent as being entitled to become regular members of the family and entitled to medical and legal department service."<sup>15</sup> On July 16, 1929, the workers were notified of the new policy.<sup>16</sup> The new employment guidelines, although specifying a six-month duration of "temporary worker" status, retained many of the capricious qualities of the schemes they had replaced. Personal evaluations of workers would continue to be made before they could become members of the "family." Loyalty would still be the price of acceptance.

Throughout the Depression, even as the firm maintained work opportunities for its regular employees, a growing number of workers were employed under "temporary" status. If business conditions became very tight and management felt compelled to lay off workers, temporary workers inevitably were selected. Temporary workers also found that their status was open to constant redefinition whenever management saw the need to reduce labor costs. In

1932, for example, when shoe orders briefly rose and the firm required additional workers, it resorted to another revision of new worker status. Temporary workers now became "extra workers," who were not eligible for evaluation and acceptance to the "family." Charles Johnson clarified the firm's obligations to such employees:

The Employment Departments have been permitted to add some temporary workers to help the factories take care of the unusual volume of business. . . . When these temporary workers or "Extra Workers" . . . are hired, it is understood by the worker that they are being hired temporarily with no Medical privileges and will be laid off when work lets down and we have no further need for their services. . . . These extra workers are really hired on the "Hired-and-Fired" plan.<sup>17</sup>

In addition to redefining the firm's obligations to new workers in order to limit the drain on welfare services and obtain flexibility in hiring and firing, Endicott Johnson managers continually reaffirmed their belief in work sharing for regular employees as a strategy for weathering the Depression.<sup>18</sup> In this policy they differed little from other welfare firms faced with similar dilemmas. Akron rubber factories, for example, long famed for their extensive corporate welfare systems, reduced their work days to six hours. Other firms rotated employees to distribute more equitably what work there was. United States Steel, a longtime adherent of welfare capitalism, maintained 94 percent of its regular work force in January 1931, a period in which it was operating at less than half capacity. By 1933 work sharing had spread well beyond welfare firms and characterized as many as four-fifths of the nation's industrial concerns.<sup>19</sup>

Work sharing was a mixed blessing for employees. While it was certainly the most democratic way of distributing what little work there was, for many of the firm's employees it constituted a threat to their livelihoods. Older workers would have preferred distribution of jobs on the basis of seniority. Others resented the shifting of workers necessitated by such an egalitarian policy as an encroachment on their job rights, "because they figured that was their job and they didn't want nobody else to come along."<sup>20</sup> Nonetheless, the majority recognized the justice inherent in the firm's policies and accepted them.<sup>21</sup>

Although marred by its policies of hiring "temporary" and "extra" workers, the corporation's employment record throughout the Depression was generally admirable. The firm retained the bulk of its pre-Depression labor force. Between January 1930 and April 1935, with a single exception in December 1933, the company did not lay off any regular workers. For the years between 1930 and 1941, layoffs at Endicott Johnson averaged 0.1 percent a month, one twenty-fourth of the average rate for the shoe industry.<sup>22</sup> By instituting work sharing the company was able to sustain the employment

levels of the 1920s, which had hovered between 14,500 and 15,500 workers. With the recovery of the shoe and leather market after 1933, employment at Endicott Johnson rose above the 1920s levels, topping 18,000 in 1937.<sup>23</sup>

## II

Work sharing and the redefinition of new worker status were compromises reached by corporate officers who sought to preserve as much of the "Square Deal" as possible without sacrificing the profitability of the firm. But the Depression strained far more than the firm's employment policies. Endicott Johnson profits declined precipitously in the late 1920s and early 1930s. Through the 1920s the company's net profits had ranged from 3 to 5 million dollars a year. In 1927 they amounted to about 4.3 million. In the following three years, however, profits steadily dropped, plummeting to less than 1 million in 1930. For the remainder of the Depression, profits remained at or less than 50 percent of their 1920s levels.<sup>24</sup>

With profits sinking it was not surprising that among the first of the corporation's welfare policies to fall prey to the Depression was the firm's profit-sharing plan. Profit sharing, as noted earlier, had been a central element in the "Square Deal," a concrete expression of partnership between capital and labor. Although little more than *deferred wages*, a term from which management did not shy away, it nonetheless maintained in the workers' minds the relationship between the company's financial success and their own personal fortunes. At least, that was what management hoped it would accomplish. In times of relative plenty, company officers invoked it as a spur to productivity and efficiency. But the Depression was hardly a time of plenty, and declining profits as well as meager profit-sharing distributions, which only served to incite workers, made the elimination of profit sharing increasingly tempting to Endicott Johnson managers.

In early 1926 the firm's profit-sharing plan had been revised, limiting qualification to workers who had spent two years with the company rather than one. Through financial manipulations (which involved the channeling of a larger portion of profits into the firm's cash reserve fund) and the institution of a "Special Bonus" for key management officials, the firm had already begun to decrease the workers' share of the "surplus profits." In 1926, despite the new two-year requirement, the profit-sharing distribution had amounted to only \$30.68 for every employee. Widespread and vocal worker dissatisfaction with the low bonus payment led Johnson at first to express his regrets over management's actions of previous years:

It seems to me, the way we divided the workers' Bonus, or computed and figured it, the first several years, was probably the way that we should divide it now. When we voted to hold up such a large amount of money before dividing, and also voted ourselves such a liberal Special Bonus,

constantly growing—we made an awful hole in the share we intended to give the workers, and I think it was a very serious error.<sup>25</sup>

Although the workers' share of the bonus rose in 1927 to \$97.76, it dipped to its lowest level in 1928. In early 1929 the company announced that workers would receive \$23.92 as their share of the profits of the previous year. Almost immediately workers again began to voice their dissatisfaction. Johnson quickly reacted by issuing a statement to employees that beseeched them to remain loyal: "If you are disappointed with the results of last year, it certainly should not be reflected in your loyalty, respect and confidence in your Management, in the coming year."<sup>26</sup>

The level of worker resentment and the relatively poor business performance of the previous year led management to reevaluate its commitment to profit sharing. Both George Willis Johnson and Charles F. Johnson, Jr., wanted the plan discontinued.<sup>27</sup> The elder Johnson was willing to change the plan, expressing his dislike of certain aspects of it. He wrote his son in February that

the best plan is a fifty-fifty division at intervals when there is a collection of profits, and when it is timely, and in the judgement of the Directors, proper to distribute. . . . The uncertainty of the division as to size of Bonus—the fact that the workers expect it, and many of them discount it, and really spend it or gamble on the amount—are some of the unpleasant things that arise from the present plan, and are sufficient reason why we should wish to change it.<sup>28</sup>

In late winter and spring of 1929, company officers explored various revisions of the method of calculating bonuses and finally returned to a version of the "fifty-fifty" plan originally created in 1919. But one important change was made. Directors would pay out a bonus only if they felt that business could permit it. Some of the subterfuges that, in previous years, reduced the surplus profits were discontinued.

The new method of determining profit-sharing distributions, like the firm's new employment policies, was capricious to say the least. The corporation no longer needed to resort to various financial fictions to manipulate the workers' share of the surplus profits, since company officers determined when and if any bonus distributions were in order. Even an unpredictable bonus, management believed, could function as a "tying clause," holding workers to the firm and maintaining employee loyalty.

It ties the working man to the Company closely, because he would scarcely be willing to quit the Company when there is a nice Bonus undivided awaiting him at the proper time. He would figure just as the stockholders figure. They would not sell their stock at a low price when they knew there was a handsome surplus yet to be divided. Neither would

a worker quit his job, under the same condition. It has, therefore, a strong tying clause. . . .<sup>29</sup>

Of course, during the Depression it was less necessary for management to use "tying" clauses to maintain low labor turnover. Fear of unemployment sufficed. Decreasing profits and management's preoccupation with maintaining dividend payments and a large surplus cash fund led to a decade in which company officers never deemed it appropriate to share profits.<sup>30</sup>

In early 1930 workers learned the bad news that there would be no bonus for the previous year. "The company have just about earned their taxes and dividends," George F. Johnson explained to the editor of the "Workers Daily Page."<sup>31</sup> Johnson further downgraded the place of profit sharing in the firm's labor policies. No longer did it constitute a symbol and bond of partnership, a central tenet of the "Square Deal." He wrote a friend and fellow company officer that "it is better to put the wages into weekly pay."<sup>32</sup> It was a conviction he continued to express through the Depression.<sup>33</sup>

The workers reacted predictably to the elimination of bonuses. As one employee recalled: "Everybody was sick the last year when they came out and said there was nothing, no bonus coming. Why, everybody was heartbroken, 'cause some people had spent it before. . . . A lot of people were left with debts on their hands and didn't have anything to pay them with. A lot of people started out saying they were going to join the union."<sup>34</sup> Had the workers known that management was still receiving a "Special Bonus" during the early years of the Depression, they might have felt themselves even more betrayed.<sup>35</sup>

### III

The elimination of profit sharing was only one of many cost-saving mechanisms that management resorted to during the Depression. Wages, constituting the largest cost among the firm's manufacturing expenses, were also soon adjusted in response to the exigencies of the economy. Between 1922 and 1928 average weekly wages (including holiday pay and bonuses) had ranged from about twenty-five to twenty-seven dollars. But beginning with 1929, wages started to fall dramatically, dipping down to about twenty dollars a week in 1932.<sup>36</sup> Of course, work sharing and the reduction of available work were important factors in precipitating this decline, but so, too, were wage cuts. Not only were workers forced to accept horizontal wage reductions, in March 1931 and again in May 1932, but spot rate reductions imposed on various occupational groups, instituted throughout the Depression, further slashed employees' weekly paychecks.

Management approached the imposing of rate reductions cautiously, prefer-



ring the "democratic" method of horizontal wage cuts to selective pay cuts that only served to trigger angry reactions among workers. In February 1929, for example, just after the initiation of a round of piece rate reductions throughout the plants, George F. Johnson wrote his son: "Observe that in your effort to reduce the cost of tacking by taking off 5 to 10 percent, you created trouble immediately. Also, that there is little incentive for these people to behave on account of promised Bonuses, which they think are too small to be worth thinking about."<sup>37</sup> It was becoming evident to managers that selective wage reductions were arousing a great deal of ill will among the workers. Yet their determination to generate sufficient funds to maintain dividend payments to stockholders led the Johnsons to continue the practice.

In November 1930, however, company officers were having second thoughts. George W. Johnson, recently promoted to the presidency of the firm, wrote to his father, now chairman of the board, to inform him of his preference for horizontal wage reductions instead of selective pay cuts.

It would fit with our Square Deal teachings. It would be in harmony with the partnership plan of give and take, and of treating everyone alike. It would save alot of grief. It would be very difficult to explain to one group of workmen that their rates are too high and must be reduced, while others are not. . . . It would take Charlie, the superintendents, foremen and myself a good part of the Winter conferring with different ones whose wages were reduced, and then I fear they would never feel right about it. It could even take on a serious aspect. . . .<sup>38</sup>

But the elder Johnson was not yet ready for a horizontal wage reduction. He encouraged his son and nephew first to reduce salaries of white-collar workers and then to approach "overpaid" workers tactfully, discussing with them the need for pay cuts.<sup>39</sup> However, these selective reductions were not enough to satisfy the firm's "obligations" to stockholders. In January 1931 company officers announced a 10 percent cut in the pay of salaried employees earning more than \$2,000 a year. In the spring of 1932 management decreased both salaried employees' and shop workers' pay by an additional 10 percent.<sup>40</sup>

Through 1932, and even after horizontal wage reductions had taken place, managers continued the practice of selectively reducing wages throughout the factories. "We call this levelling down," wrote George W. Johnson to his father.<sup>41</sup> Whether performed with or without tact, however, the practice of "levelling down" was meeting some resistance from workers. Johnson Welt bed lasters, for example, when requested to take a pay cut, "flatly refused." West End Victory Factory workers protested such reductions. Pioneer Factory lasters were also unwilling to accept a cut in their prices. As I noted earlier, the firm was forced to transfer their work to another plant in Binghamton.<sup>42</sup>

Even though the majority of the workers, aware of their vulnerability during the Depression, finally accepted the wage cuts without much resistance, company officers were plagued by an ever-growing dread of a worker back-

lash, perhaps leading to unionization. The circulation of radical papers throughout the factories, the presence of union organizers in the area, and rising voices of discontent on the shop floor had fueled the anxieties of management.<sup>43</sup> As early as 1929, to gauge more accurately the level of worker discontent and to maintain a vigilant guard against union organizers and militants, the firm had employed an agent from the Pinkerton Detective Agency in Scranton. The agent was instructed to "go into some of the home[s]—possibly by seeming to try to sell something—and get some line on the talk which may be going on among the families."<sup>44</sup> The agent found little evidence of widespread dissatisfaction. The firm, however, was on the verge of making more extensive adjustments to the "Square Deal," adjustments that served to strain the company's already unstable consensus further.<sup>45</sup>

In the winter of 1929–30 conditions throughout the shoe industry worsened. Endicott Johnson officers notified the various department heads to cut expenses drastically. Throughout the 1920s, whenever the firm had hit upon a bad spell of business, George F. Johnson implored Truman Platt to cut back on his department's medical and relief work. During the time the firm began to reconsider the profit-sharing plan, Johnson repeated such sentiments to Platt: "If the Medical Department gradually works down to what it was originally—first aid, plus maternity—it would not be any great or unmixed evil for us to contemplate."<sup>46</sup> The limitations on access to medical services, introduced by the new employment policies of the firm, partially alleviated pressures for cutbacks, but the continued poor business showing of the corporation again led to renewed demands for curtailment of welfare services:

We cannot guarantee the million dollar cost of Medicine and Relief. We only pay it when we can earn it, after having competed with those who do not have to pay. . . . We shall have to take it down as we put it up, piece by piece, as we are forced to, lacking money to keep up the cost. . . . We will do what we can do in the way of Medicine and Relief, and we will have to be governed entirely by business conditions.<sup>47</sup>

But Platt resisted Johnson's calls for retrenchment, believing in the importance of his department's work. He tried, as best he could, to limit cutbacks in welfare, and for a while it seems that he succeeded. The constant appeals by workers for medical and relief services, which Platt tactfully forwarded to George F. Johnson, as well as reports on worker sentiments, gathered by Pinkerton agents, led Johnson to recognize finally the importance of the Medical and Relief Department to the firm. "As times tighten," he wrote Platt in May 1930, "the Medical Service grows more valuable if that were possible. If it comes to a show-down, and reductions shall have to be made in operating costs, it is better that we should make a horizontal wage reduction than reduce our Medical Service." "There is no dollar we use," Johnson concluded, "that brings so much valuable return, as the Medical Service."<sup>48</sup>

But 1930 and 1931 were particularly tough years for the firm. Home building was temporarily discontinued. Various outside services of the Medical Department were curtailed. Much of the company's community welfare work was cut. Discretionary pensions to retired workers and widows were reduced or entirely eliminated. In all, the firm cut its welfare expenditures by about \$400,000 between 1930 and 1931 (from \$1,134,345 to \$734,496).<sup>49</sup>

#### IV

With workers suffering from lack of work, pay cuts, and an erosion of benefits, it seems that the Johnsons could take little more from their employees without bringing down the "Square Deal" entirely. Recognizing this, they began to consider reducing dividends. "Capital should be made to understand that there must be a wider and more fair distribution of wealth," Johnson wrote to his son.<sup>50</sup> Yet even as the Johnsons began to explore the possibility of cutting dividends, they were coming under increasing pressure from irate stockholders and from an anxious Legal Department to eliminate all expenditures not directly related to business. "It has been mentioned by stockholders, or by people who know the habits of stockholders, that unless we can earn our dividends, they may force us to discontinue Medicine and Relief as an 'unusual proceeding', and not a proper use of stockholders' money," Johnson wrote his son in early 1931.<sup>51</sup> Management's fear of a stockholder's legal challenge held them back from reducing dividends for the time being.<sup>52</sup>

In fact, increasing pressure to maintain dividend payments finally led, in March 1931, to the transfer of support for the firm's medical programs directly to the workers, in the form of a 5 percent wage deduction. Apparently, there was something more that managers could take from the workers. Johnson wrote the head of the Medical and Relief Department, explaining the context and motives behind the decision to make the medical division self-supporting.

There is unquestionably a "weakness" in our Medical plan as well as our Pensions; and that weakness is, that no one can guarantee payment of costs of Medicine or Pensions, except and when the Company make sufficient profit to justify the expense. This they have failed to do now for one, and I don't know but I might say, two years in succession. So then the inevitable result must follow.

As a last resort we put the 5% tax on, which in effect means nothing more than a 5% reduction. The idea that money thus secured should be used to pay Medical charges, was simply that we might satisfy the common stockholders, who—feeling themselves without dividends—had legal redress, inasmuch as we had used money in unusual ways, which belonged to them for dividend requirements.

It is unfortunate that we had to give up our "free Medicine" and liberal

policy of Pensions. But the business was more important, and had to be saved in any way we could devise. . . . I am sorry for everybody. I think I may be pardoned, however, if I am more sorry for myself than for anybody else.<sup>53</sup>

Everything, it appeared, would be subject to sacrifice in order to maintain dividends. "It seems to me," wrote Johnson to his son in 1931, "if things grow worse and worse, that the Medical department even today, will be a 'White Elephant.' We may have to unload it, sooner or later—all of it—and quit the Medical business, and attend to the shoe and leather business. All these things are possible, and may need to be done, from necessity."<sup>54</sup>

Yet the transfer of support of the medical division from the firm to the workers and the reduction of welfare benefits placed management in a stronger position to consider reducing dividends. Company officers, holding about 17 percent of the firm's common stock, had a great deal to lose in cutting dividends, as George F. Johnson reminded his son.<sup>55</sup> Nevertheless, the Johnsons finally did cut common stock dividends in the second quarter of 1931, from 10 percent to 6 percent.<sup>56</sup> The dividend reduction only served to provoke stockholders once again to challenge the firm's welfare policies.

While wage and benefit reductions and short-time work were straining labor-management relations on the shop floor, the corporation was establishing a reputation in the community as the most generous employer in the region. During the winters of 1930 and 1931, the firm provided free meals to needy workers and their dependents. It sent welfare workers to employees' homes, to determine their special needs. The responsibilities and activity of one such worker were recalled by his brother: "He used to go up to the North Side and he'd go into a home and he'd see where and if they was having a hard time. If they needed coal or something, he'd come back and he'd turn around and maybe send them up a half-a-ton of coal, or send them food. E.J. did that a lot during the Depression."<sup>57</sup> Such relief efforts were partially funded by the workers themselves from surpluses generated through meal sales in the firm's restaurants, from individual contributions made by well-off workers, and from the wage deduction that was channeled into the Medical and Relief Department. But a substantial amount of money also came from company funds.

While relief efforts financed by the firm won the accolades of local citizens, as well as generated much-needed goodwill among the firm's employees, to many of the corporation's stockholders such extraproductive ventures on the part of management seemed unjustified. Yet, ironically, the continuing protestations of stockholders about the unwarranted use of "their" money only served to stimulate management's determination to continue funding company and community relief efforts. When a stockholder wrote George F. Johnson in October 1931, complaining about the use of company funds to finance relief efforts for the needy, Johnson replied: "As a stockholder you have a perfect

right to object to the use of 'company funds', but unfortunately we cannot separate 'stockholder's money' from the working men's money."<sup>58</sup> Confronted with the greedy demands of stockholders, Johnson's worker roots emerged.

But as long as I am on earth to vote, I will never give the stockholders any more than I am willing to give the workers. When we took away from the common stockholders two dollars of their five dollars dividend, we took away at least two and a half from the workers, of their wages. By taking away from the workers, we were able to earn the three dollars which we now propose to give the common stockholders.<sup>59</sup>

When it grew clear that the firm's continuing relief work depressed the value of the corporation's stock, Johnson wrote his son: "Labor is just like raw hides, so far as they are concerned. They buy them when needed, and at the lowest possible price. . . . Labor, therefore, has no consideration, and the average buyer of stocks expressed his approval of this plan, as opposed to E.J., by paying 30 percent more for the stock [of the International Shoe Company] in the open market; and we waste sympathy, sometimes, on stockholders."<sup>60</sup> Although stockholder protests subsided a bit after the initial impact of the firm's dividend reduction passed, the firm's subsequent actions aroused them anew.

In 1933, after the firm donated over \$200,000 to the Broome County Humane Society for relief work in the community, the objections of stockholders again grew loud and provoked one member of Johnson's board of directors to remind the chairman of the board that directors were "trustees for the stockholders" and to question Johnson's unilateral decision to use company money for community relief work.<sup>61</sup> At this challenge from within his ranks, Johnson's anger grew even more intense: "It probably never will occur to Mr. Bowers, that we are 'trustees' as well, to the interests of the working people, and the community at large, in which the factories operate. Isn't it quite absurd to assume that the Directors are responsible only to stockholders, and have no responsibility to the workers?"<sup>62</sup> Through the winter of 1933-34, Johnson's letters to his son were filled with tirades against the tyranny and selfishness of stockholders, often in language that would have made a Marxist proud.

Can a stockholder be considered—or even a collection of stockholders—as owners of the industry, because they have invested their cash, hoping for liberal return, and caring nothing about how these returns are earned, only that they receive them in the largest possible way? Are not stockholders willing and happy, and quite ready, to sell out their interests? And do they not do it, when it pleases them?

How could a stockholder or group of stockholders claim to "own" the business, caring nothing about the earnings paid to the workers, or values sold and delivered to the customers? Are they not, in fact, parasites—one

and all, and every one—with selfish interest, “reaping where they have not sown”—demanding of Management, consideration of their interests, which is not their due, and which they themselves have no respect for?<sup>63</sup>

Although continually under pressure throughout the Depression to limit welfare and relief services—pressure that came from stockholders, his board of directors, and the firm’s legal department—Johnson was able, through the use of various legal and financial subterfuges, to ward off the threat of legal challenges to his policies.

## V

Stockholders were not the only outside threats to the firm’s “Square Deal” policies. Activist federal and state governments, intent upon bringing the Depression to a hasty end, also came to plague the industrial order of Endicott Johnson. Economic and labor policies under Franklin D. Roosevelt and New York State Governor Herbert H. Lehman not only challenged Endicott Johnson’s welfare system and the “Square Deal” but threatened private corporate welfare programs in general. They did this in three ways. First, by competing with private corporations in providing services to workers, federal and state governments undercut the bonds between workers and management that private welfare systems had cultivated in previous decades. Second, New Deal and state relief legislation created a double indemnity for private companies. Not only did progressive welfare firms need to make sufficient profits to fund their own private welfare programs, but they also had to pay new payroll taxes to fund national and state welfare, unemployment, and social programs. Last, article 7a of the National Industrial Recovery Act (NIRA) raised the specter of government-supported union drives throughout the country.

Initially, Endicott Johnson managers looked upon the NIRA, with its fair trade codes and call for increased minimum wages and reduction of working hours, with favor. While they had strong reservations about section 7a, which protected labor’s right to collective bargaining, other provisions of the act more than made up for these reservations. The Johnsons advocated wage rates even higher than those set by most of the shoe manufacturers who had been called upon to draw up the shoe codes. They encouraged separate minimum wages for skilled and semiskilled workers and an end to geographic differentials. Recognizing that the major factor depressing wages and profits in the shoe industry was cutthroat competition, Endicott Johnson managers encouraged policies that limited the exploitative practices employed by the most competitive, low-wage shoe firms. As one strong critic of the firm was forced to admit: “Their policies, in comparison with those of the big shoe firms of the midwest, were superior from the point of view of labor.”<sup>64</sup>

Although the NIRA had not gone as far as the Johnsons would have liked,

with respect to rationalizing the industry, it did improve Endicott Johnson's business prospects considerably, as George F. Johnson acknowledged.

The National Recovery Act eliminated a tremendous lot of cut-throats, so called "competitors", but who were in fact bad managers, and only lived because of exploitation of poverty which they freely practised. We certainly got rid of an army of that type, and it has helped us. Now we can cash in on some of our advantages, which we have worked so hard to create, and we shall find the going easier, so far as prices are concerned. Of this I am certain, due to the above mentioned National Recovery Act results.<sup>65</sup>

Yet, while many of the NIRA regulations aided the firm and were praised by company officers, other government policies came under heavy criticism. In general, management was extremely critical of government attempts to pass "social" legislation such as unemployment insurance or social security.<sup>66</sup> The Johnsons felt that such legislation would be debilitating to progressive employers like themselves and would indirectly aid more exploitative companies that took no responsibility for their workers' welfare.

Although the Johnsons continued to back the NIRA, the expanding economic role of government led them increasingly to question the extent to which they should support government-inspired reforms. In early 1935, for example, company officers began to consider what type of legislative replacement for the NIRA they should support. The NIRA was scheduled to expire in June 1935, although the Supreme Court would rule it unconstitutional before that date. The question faced by the Johnsons was whether to support more stringent legislation that would leave the federal government in control of wages and hours or to back a plan more in line with the self-policing policies of the NIRA. Charles F. Johnson, Jr., expressed his hesitation in backing any plan that would lead to the expansion of federal government authority: "It seems to us here if we take the position of favoring legislation as to the new NRA that would give the Federal Government the right to fix hours and wages in all industries, that it would be a serious mistake as this would be putting industry absolutely in the hands of the politicians and God only knows what might happen."<sup>67</sup>

Charles F. Johnson's opposition to government control of wages and hours represented not only the natural antipathy of laissez-faire businessmen to any form of government control of industry but also an emerging rift between many progressive welfare firms and federal and state governments. Beginning in June 1934, when President Roosevelt created the Committee on Economic Security, charged to investigate the prospects for implementing a national social insurance system, it was clear that the federal government was starting to chart a more radical legislative course.<sup>68</sup> On January 17, 1935, Roosevelt called on Congress to enact social security legislation, introducing an admin-

istration-sponsored bill on the same day.<sup>69</sup> In August 1935 the president signed the Social Security Act, which created a federal-state unemployment system, old-age retirement insurance, and a national welfare system. George F. Johnson, along with fellow company officers, feared that such legislation would place a double tax on the firm. "It is going to be impossible," he wrote about the anticipated payroll tax for unemployment benefits, "for us to continue to pay one-third to double as much wages, with a million and a quarter yearly for medicine, and pay double taxes because we happen to pay double wages."<sup>70</sup> He resented paying money to support other firms that contributed far more to unemployment than Endicott Johnson. He expressed extreme disdain for the social security program, believing that it would destroy thrift and lead to a growing federal debt.<sup>71</sup>

Faced with a federal government they could not control, the Johnsons also found themselves opposing state legislation equally threatening to the "Square Deal." In early 1935 the Byrne-Killgrew Bill, which sought the creation of a state unemployment insurance system supported by a pooled fund of contributions from employers, was slowly winding its way through various legislative committees, on its way to what appeared to be prompt passage. The bill constituted the most progressive unemployment compensation legislation contemplated by any state in the nation.<sup>72</sup> Charles F. Johnson, Jr., and George W. Johnson, along with numerous other New York State businessmen, hoping to affect a revision in the provisions of the bill by the insertion of an amendment that would allow private firms to establish their own "segregated" unemployment funds, rushed to Albany to try to persuade Governor Lehman to back this change in the bill.

We tried to reason with him and point out how unfair this would be to companies that did not create unemployment, also tried to point out to him how unfair it would be to the liberal wage employer to be paying into a pool possibly twice as much on a percentage of payroll basis as illiberal and unfair employers of labor paying low wages, also how unfair it would be to our company if New York State did not permit companies with satisfactory financial resources to segregate their own Unemployment Insurance. . . .<sup>73</sup>

The Johnsons also feared that firms operating in states with less liberal unemployment provisions would benefit from the unfair advantage of paying lower payroll taxes.<sup>74</sup>

Although the Johnsons were unable to persuade Lehman to make major changes in the legislation, they did seem to have had some influence on its provisions. The payroll tax was reduced somewhat. But the basic policy of taxing all employers and pooling unemployment funds was retained. A month before the bill was voted upon, Charles F. Johnson, Jr., wrote his uncle: "Although we are all well pleased with the fact that Governor Lehman finally weakened as a result of our efforts together with efforts of other manufac-



turers in the State, who formed a group and fought the Bill as a body, we are not going to discontinue our efforts to try to get further changes made and to defeat the Bill when it comes up for a vote. . . ."<sup>75</sup> The bill, however, was not defeated. In April 1935 it was passed by the New York State Legislature.<sup>76</sup> "It is going to be interesting," George F. Johnson had written his son in February 1935, "to know how we can continue to take care of our own people, and take over the burdens of other organizations, through Government Laws, compelling us to duplicate everything we do for our own."<sup>77</sup> Indeed, it would be. The failure of management to halt the passage of the Byrne-Killgrew Bill, as well as the successful passage of federal social legislation, resulted in a major financial drain on the firm for the duration of the Depression.

## VI

In spite of stockholder and government challenges, wage reductions, and welfare cutbacks, Endicott Johnson managers continued to demonstrate to their workers that their company would take care of them. Through public and private displays of generosity, the corporation was able to maintain the allegiance of a majority of the labor force. Workers who lived and worked through the Depression at Endicott Johnson recalled their lives in the 1930s as somewhat insulated from the harshness of the economy around them. "We never suffered during the Depression like other people did. There wasn't that much money, but we didn't seem to suffer," remembered one employee.<sup>78</sup> What seemed to impress employees were the many relief services provided by the company during the difficult years of the 1930s, services such as the free distribution of food and fuel, the plowing and harrowing of workers' gardens, the reduction of home mortgage payments, and the distribution of money to hard-up employees. Many workers could not recall that the firm had deducted from their wages to pay for the medical service.<sup>79</sup> It was not surprising.

Whatever strains might have existed between management and workers in the early 1930s due to wage and benefit cuts were greatly assuaged by actions taken by corporate officers in 1933. In June 1933 business had recovered sufficiently for the firm to initiate a 5 percent horizontal wage increase. In July the NIRA went into effect, establishing a forty-hour week and raising wages by 10 percent. In September of that year the 5 percent wage deduction for the Medical Department was eliminated, and two months later approximately \$650,000 that had been "unnecessarily" collected in the previous year, when improved business conditions no longer justified the wage deduction, were returned to the workers.<sup>80</sup> Welfare services were also restored and even expanded. By 1934 and 1935 yearly expenditures on medical, relief, recreation, and sundry other programs had risen to \$1.3 million, surpassing the levels of the 1920s.<sup>81</sup>

It seemed, in late 1933 and early 1934, that the worst days of the Depression

were behind. One worker, expressing the heady optimism of the months that followed the restoration of many of the wage and welfare cuts, penned the following ode to the Johnsons:

We're glad we work for the Johnson Boys  
And here's the reason why:  
They gave the depression a kick in the pants  
And a punch right in the eye.  
Working along together  
Making the shoe for everyone.<sup>82</sup>

Johnson acknowledged the gratitude of the workers when he wrote to one cutter: "I want you to know that there is one company or industry that sincerely desire to be fair with their working partners."<sup>83</sup>

But there was more than "being fair" involved in management's actions. There was also fear. The NIRA's provisions, protecting the collective bargaining rights of workers, posed a real threat to Endicott Johnson managers who had, for over four decades, enforced an open shop. That is why Pinkerton agents continued to be employed by the firm in the relatively prosperous years between 1933 and 1936.<sup>84</sup> That is also why management was so cautious and hesitant in instituting wage reductions.

Endicott Johnson officers were trapped by the labor management system they had created. While they could make adjustments in it, they could not abandon it, for fear of violating the explicit and implicit expectations existing under the "Square Deal." In the Depression the firm's reliance on workers' loyalty had imposed upon management an obligation that it could ignore only at its own peril. The firm's officers recognized this. A week after deducted medical charges were refunded to the workers, Johnson wrote his nephew: "I should like you to keep me posted on the Labor situation—phone, wire or write. This is your main possible difficulty. I am in hopes that what we have done will permit the people to be satisfied that they are 'collectively bargaining,' and that the government will let them alone if they are satisfied." Johnson, believing his workers to be "thoroughly wrought up by that thing called the 'Seventh Article' in the Recovery Act," warned his son and nephew to take "care of every occasion of fault-finding, no matter how trifling or small. . . ." <sup>85</sup> Pinkerton agent reports were read carefully by management, always on the watch for any evidence of the spread of union sentiment among the workers.<sup>86</sup>

By 1935 and 1936, however, it had become evident, despite the continued anxiety of corporate officers, that no major worker rebellion was forthcoming. The Johnsons had satisfied workers' expectations sufficiently to ward off such an event. The coming of the Depression had put enormous strains on the corporation's famed "Square Deal" policies, which had maintained relatively cordial labor relations for well over a decade. Battered by diminishing profits,

by greedy stockholders and the imperatives of industrial capitalism, by competition with government welfare programs, and by growing discontent among their workers, Endicott Johnson managers had faced one of the most serious crises that the firm ever experienced. In the process of adjusting to both internal and external challenges, the Janus face of welfarism had been revealed. On the one hand benevolent and sincere, on the other self-interested and deceptive, the corporation's labor policies nonetheless had successfully weathered the early years of the Depression.

## NOTES

1. George F. Johnson to E. H. Ellison, Oct. 2, 1928, box 9, George F. Johnson Papers, George Arents Research Library for Special Collections, Syracuse University, Syracuse, N.Y.
2. Horace B. Davis, *Shoes: The Workers and the Industry* (New York, 1940), 42.
3. George F. Johnson to Mrs. Fred C. Blesh, May 12, 1928, box 9, George F. Johnson Papers. Johnson received several letters complaining about the layoffs.
4. George F. Johnson to F. J. Stokes, May 12, 1928, box 9, George F. Johnson Papers. Johnson wrote Blesh's wife to tell her that her husband would be reinstated. See George F. Johnson to Mrs. Fred C. Blesh, May 28, 1928, box 9, George F. Johnson Papers.
5. George F. Johnson to Walter J. Riale, July 23, 1928, box 9, George F. Johnson Papers. Riale was the head of the Johnson City employment office.
6. Truman H. Platt to George F. Johnson, May 29, 1929, box 9, ser. 1, Charles F. Johnson, Jr., Papers, George Arents Research Library for Special Collections, Syracuse University, Syracuse, N.Y.
7. George F. Johnson to Truman H. Platt, May 25, 1929, box 10, George F. Johnson Papers.
8. Truman H. Platt to George F. Johnson, May 29, 1929, box 9, ser. 1, Charles F. Johnson, Jr., Papers.
9. George F. Johnson to Charles F. Johnson, Jr., May 27, 1929, box 9, ser. 1, Charles F. Johnson, Jr., Papers.
10. *Ibid.*
11. "To the Workers" notice, May 29, 1929, box 9, ser. 1, Charles F. Johnson, Jr., Papers. Emphasis in original.
12. E. W. Lewis to George F. Johnson, June 22, 1929, box 9, ser. 1, Charles F. Johnson, Jr., Papers. For another appeal, see Arcangelo Ciccarrilli to George F. Johnson, June 15, 1929, in the same box. Platt noted, in commenting on Ciccarrilli's appeal, that over 2,000 workers had been hired under the new policy. Truman H. Platt to George F. Johnson, June 21, 1929, box 9.
13. George F. Johnson to Charles F. Johnson, Jr., June 25, 1929, box 9, ser. 1, Charles F. Johnson, Jr., Papers.
14. George F. Johnson to Truman H. Platt, June 25, 1929, box 9, ser. 1, Charles F. Johnson, Jr., Papers.

15. Charles F. Johnson, Jr., to George F. Johnson, July 1, 1929, box 9, ser. 1, Charles F. Johnson, Jr., Papers.
16. "Endicott Johnson Workers Daily Page," *Binghamton Sun*, July 16, 1929.
17. Charles F. Johnson, Jr., to Frank Sherwood and Dick Turner, Sept. 21, 1932, box 29, ser. 1, Charles F. Johnson, Jr., Papers.
18. *Endicott Bulletin*, Dec. 3, 1929, Apr. 8, 1930.
19. David Brody, *Workers in Industrial America: Essays on the Twentieth Century Struggle* (New York, 1980), 68. On the existence and operation of internal dual labor markets during the Depression, see Sanford M. Jacoby, *Employing Bureaucracy: Managers, Unions, and the Transformation of Work in American Industry, 1900-1945* (New York, 1985), chap. 7.
20. R—, interview by David Nielson, July 10, 1974, transcript, 286. See also C—, interview by David Nielson, July 26, 1973, transcript, 81; Frank Tuthill, interview by Gerald Zahavi, Nov. 30, 1979, tape recording (personal possession).
21. Tuthill, interview; James W. Lupole, interview by Gerald Zahavi, with the assistance of Deborah D. Maxwell, July 15, 1981, tape recording (personal possession); William Bertier [pseud.], interview by Gerald Zahavi, with the assistance of Deborah D. Maxwell, July 13, 1981, tape recording (personal possession); Kenneth E. Compton, interview by Gerald Zahavi, May 5, 1982, tape recording (personal possession).
22. William Patrick Burns, "A Study of Personnel Policies, Employee Opinion and Labor Turnover (1930-1946) at the Endicott Johnson Corporation" (Master's thesis, New York State School of Industrial and Labor Relations, Cornell University, 1947), 89.
23. "To the Workers" notice, Jan. 13, 1944, box 10, ser. 3, Frank A. Johnson Papers, George Arents Research Library for Special Collections, Syracuse University, Syracuse, N.Y.
24. Endicott Johnson Corporation Annual Reports, box 23, George F. Johnson Papers. For a convenient chart (although one marred by a couple of minor errors), see G. Ralph Smith, *The Endicott Johnson Corporation* (New Orleans, 1956), 24.
25. George F. Johnson to Charles F. Johnson, Jr., Feb. 19, 1927, box 8, George F. Johnson Papers. See also George F. Johnson to W. F. Dickson, Mar. 1, 1927, box 8; and George W. Johnson to George F. Johnson, Feb. 21, 1927, box 17, George F. Johnson Papers.
26. "To the Workers" notice, Feb. 7, 1929; George F. Johnson to George W. Johnson, Feb. 11, 1929, box 10, George F. Johnson Papers; Richard S. Saul, "An American Entrepreneur: George F. Johnson" (D.S.S. diss., Syracuse University, 1966), 35.
27. George W. Johnson to George F. Johnson, Jan. 28, 1929, box 17, George F. Johnson Papers.
28. George F. Johnson to George W. Johnson, Feb. 1, 1929, box 10, George F. Johnson Papers.
29. George F. Johnson to George W. Johnson, Feb. 15, 1929, box 10, George F. Johnson Papers. See also George F. Johnson to George W. Johnson, May 29, 1929, box 10, George F. Johnson Papers.
30. In 1936, however, workers received a "bonus" in the form of holiday pay. "To the Workers" notice, Nov. 24, 1936; Charles F. Johnson, Jr., to George F. Johnson, Nov. 25, 1936, box 31, ser. 1, Charles F. Johnson, Jr., Papers.

31. George F. Johnson to John W. Johnson, Jan. 12, 1930, box 10, George F. Johnson Papers.
32. George F. Johnson to Don C. Morgan, Feb. 5, 1930, box 10, George F. Johnson Papers.
33. See, for example, George F. Johnson to Senator Arthur Vandenburg, Apr. 3, 1937, box 15, George F. Johnson Papers.
34. Amy King, interview by Gerald Zahavi, Nov. 30, 1979, tape recording (personal possession).
35. George F. Johnson to George W. Johnson, Dec. 14, 1931, box 11, George F. Johnson Papers.
36. "To the Workers" notice, Jan. 13, 1944, box 34, ser. 1, Charles F. Johnson, Jr., Papers.
37. George F. Johnson to George W. Johnson, Feb. 9, 1929, box 10, George F. Johnson Papers.
38. George W. Johnson to George F. Johnson, Nov. 21, 1930, box 12, ser. 1, Charles F. Johnson, Jr., Papers.
39. George F. Johnson to George W. and Charles F. Johnson, Jr., Nov. 24, 1930, box 11, George F. Johnson Papers.
40. "Wage Increases and Decreases, March 16, 1931, to December 1, 1952," type-script, "No dates" folder, box 6, ser. 1, George W. Johnson Papers, George Arents Research Library for Special Collections, Syracuse University, Syracuse, N.Y.; Charles F. Johnson, Jr., to George F. Johnson, Feb. 9, 1933, box 29, ser. 1, Charles F. Johnson, Jr., Papers.
41. George W. Johnson to George F. Johnson, Mar. 23, 1932, box 13, ser. 1, Charles F. Johnson, Jr., Papers.
42. Charles F. Johnson, Jr., to George F. Johnson (telegram), Aug. 18, 1932; Charles F. Johnson, Jr., to George F. Johnson, Mar. 17, 1932; George W. Johnson to George F. Johnson, Mar. 21, 1932; Charles F. Johnson, Jr., to George F. Johnson, Mar. 25, 1932, box 29, ser. 1, Charles F. Johnson, Jr., Papers.
43. George F. Johnson to George W. Johnson, Feb. 11, 1929, box 10; George F. Johnson to Michael Riolo, Oct. 15, 1928, box 9; George F. Johnson to William H. Hill, Aug. 31, 1933, box 12, George F. Johnson Papers.
44. George F. Johnson to George W. Johnson, Apr. 9, 1929, box 10, George F. Johnson Papers.
45. George F. Johnson to George W. Johnson, Apr. 15, 1929, box 10, George F. Johnson Papers.
46. George F. Johnson to Truman H. Platt, Feb. 1, 1929, box 10, George F. Johnson Papers.
47. George F. Johnson to Truman H. Platt, Apr. 2, 1929, box 10, George F. Johnson Papers.
48. George F. Johnson to Truman H. Platt, May 13, 1930, box 10, George F. Johnson Papers.
49. George F. Johnson to M. E. Page, Aug. 6, 1930; George F. Johnson to Don C. Morgan, Aug. 30, 1930; George F. Johnson to G. Harry Lester, Mar. 24, 1931; George F. Johnson to Truman H. Platt, Mar. 24, 1931; George F. Johnson to George W. Johnson, Apr. 9, 1931, box 11, George F. Johnson Papers. Burns, "A Study of Personnel Policies," 51.

50. George F. Johnson to George W. Johnson, Jan. 3, 1931, box 11, George F. Johnson Papers.
51. George F. Johnson to George W. Johnson, Feb. 14, 1931, box 11, George F. Johnson Papers.
52. George F. Johnson to George W. Johnson, Feb. 23, 1931, box 11, George F. Johnson Papers.
53. George F. Johnson to Truman H. Platt, Mar. 24, 1931, box 11, George F. Johnson Papers. Johnson was very angry at Platt for resisting reductions in the medical service in previous years, and he blamed Platt for "inflating" the cost of the department to such an extent that management was forced to institute the 5 percent wage deduction. See George F. Johnson to George W. Johnson, Apr. 9, 1931, box 11, George F. Johnson Papers.
54. George F. Johnson to George W. Johnson, Apr. 16, 1931, box 11, George F. Johnson Papers. Emphasis in original.
55. George F. Johnson to George W. Johnson, Apr. 14, 1931, box 11, George F. Johnson Papers. Johnson estimated that a dividend cut would cost him alone about \$100,000. Information on Johnson family common stockholdings comes from George F. Johnson to Bruce L. Babcock, July 24, 1930, box 11, George F. Johnson Papers. By 1938 the Johnsons' common stockholdings had declined to about 15 percent. See Davis, *Shoes*, 68.
56. George F. Johnson to Arthur B. Butman, July 21, 1931, box 11, George F. Johnson Papers.
57. Compton, interview.
58. George F. Johnson to Max Petzold, Oct. 28, 1931, box 11, George F. Johnson Papers. Petzold's letter was printed in the "Workers Daily Page." See "Endicott Johnson Workers Daily Page," *Binghamton Sun*, Nov. 4, 1931.
59. George F. Johnson to George W. Johnson, Dec. 10, 1931, box 11, George F. Johnson Papers.
60. George F. Johnson to George W. Johnson, Dec. 22, 1931, box 11, George F. Johnson Papers.
61. George F. Johnson to George W. Johnson, Dec. 12, Dec. 17, Dec. 25, Dec. 30, 1933, box 13, George F. Johnson Papers. Workers also grew to resent the channeling of company money into community relief work and later voted in a company referendum to direct the corporation's relief efforts to employees only.
62. George F. Johnson to George W. Johnson, Jan. 1, 1934, box 13, George F. Johnson Papers.
63. George F. Johnson to George W. Johnson, Jan. 15, 1934, box 13, George F. Johnson Papers.
64. Davis, *Shoes*, 148; Charles F. Johnson, Jr., to George F. Johnson, Jan. 14, 1935, box 30, ser. 1, Charles F. Johnson, Jr., Papers.
65. George F. Johnson to Arthur Eilenberger, Nov. 17, 1933, box 13, George F. Johnson Papers. See also George W. Johnson to Charles F. Johnson, Jr., Feb. 8, 1934, box 13, ser. 1, Charles F. Johnson, Jr., Papers.
66. George F. Johnson to Dr. M. S. Bloom, Nov. 28, 1931, box 11, George F. Johnson Papers.
67. Charles F. Johnson, Jr., to George F. Johnson, Feb. 6, 1935, box 30, ser. 1, Charles F. Johnson, Jr., Papers.

68. On the growing disenchantment of welfare capitalists with government social legislation, see Edward Berkowitz and Kim McQuaid, *Creating the Welfare State: The Political Economy of Twentieth-Century Reform* (New York, 1980), 78–104.
69. William E. Leuchtenburg, *Franklin D. Roosevelt and the New Deal, 1932–1940* (New York, 1963), 130–31.
70. George F. Johnson to George W. Johnson, Jan. 1, 1935, box 13, George F. Johnson Papers.
71. George F. Johnson to E. H. Ellison, Jan. 18, 1935, box 13, George F. Johnson Papers. For more on Johnson's position on government social legislation, see Jan. correspondence in box 13, *ibid.*
72. Robert P. Ingalls, *Herbert H. Lehman and New York's Little New Deal* (New York, 1975), 79–81.
73. Charles F. Johnson, Jr., to George F. Johnson, Feb. 6, 1935, box 30, ser. 1, Charles F. Johnson, Jr., Papers. On the battle for the passage of the Byrne-Killgrew legislation and on New York's "Little New Deal" in general, see Ingalls, *Herbert H. Lehman*, chap. 4 and *passim*.
74. Charles F. Johnson, Jr., to George F. Johnson, Feb. 11, 1935, box 30, ser. 1, Charles F. Johnson, Jr., Papers.
75. Charles F. Johnson, Jr., to George F. Johnson, Mar. 18, 1935, box 30, ser. 1, Charles F. Johnson, Jr., Papers.
76. Ingalls, *Herbert H. Lehman*, 82.
77. George F. Johnson to George W. Johnson, Feb. 11, 1935, box 14, George F. Johnson Papers.
78. B——, interview by David Nielson, July 1, 1974, transcript, 220.
79. Clarence Dirlam, interview by Gerald Zahavi, Dec. 12, 1979, tape recording (personal possession); Tuthill, interview; Thomas K. Chubbuck, interview by Gerald Zahavi, with the assistance of Deborah D. Maxwell, session 1, June 29, 1981, tape recording (personal possession); Earl I. Birdsall, interview by Gerald Zahavi, May 5, 1982, tape recording (personal possession); Lupole, interview; Compton, interview; William Haight, interview by Gerald Zahavi, with the assistance of Deborah D. Maxwell, May 27, 1982, tape recording (personal possession); Lucille M. Farrar, interview by Gerald Zahavi, with the assistance of Deborah D. Maxwell, July 13, 1981, tape recording (personal possession); Sam Salvatore, interview by Gerald Zahavi, with the assistance of Deborah D. Maxwell, July 7, 1981, tape recording (personal possession). Dozens of additional interviews reinforce these observations.
80. "To the Workers" notice, Sept. 11, 1933; "To the Workers" notice, Nov. 16, 1933, box 13, George F. Johnson Papers; *Endicott Bulletin*, Nov. 17, 1933.
81. Burns, "A Study of Personnel Policies," 51. George F. Johnson to W. F. Dickson, May 15, 1925, box 8, George F. Johnson Papers. In 1925 the "efficiency expense," or cost of welfare, was running about \$1.25 million. Vacations with pay, which were discontinued in the early 1920s, were also revived in 1934. *Endicott Bulletin*, May 18, 1934.
82. "Endicott Johnson Workers Daily Page," *Binghamton Sun*, Apr. 30, 1934.
83. George F. Johnson to Ron Hilton, Nov. 24, 1933, box 13, George F. Johnson Papers.

84. The La Follette Committee on Education and Labor, investigating industrial espionage, cited the firm as spending close to \$13,000 on espionage between 1933 and 1936. "Industrial Espionage" in House Committee on Education and Labor, *Violations of Free Speech and Rights of Labor*, 76th Cong. (Washington, D.C., 1939), 82.
85. George F. Johnson to George W. Johnson and Charles F. Johnson, Jr., Nov. 24, 1933, box 13, George F. Johnson Papers.
86. Original Pinkerton reports were not located. Summaries of such reports, however, appear in numerous letters between corporate officers. See, for example, George F. Johnson to George W. Johnson, Feb. 11, Feb. 22, Mar. 14, 1935, box 14; George F. Johnson to George W. Johnson and Charles F. Johnson, Jr., Jan. 24, Jan. 26, 1935, box 13, George F. Johnson Papers.