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## Conclusion

On Sunday evening, November 28, 1948, at 10:20 P.M., George F. Johnson died. Binghamton, Endicott, and Johnson City papers mourned his passing by devoting substantial coverage to his achievements and to his many contributions to the local community. Tens of thousands attended his funeral. In his death Johnson took with him much of the spirit that had sustained the corporation's labor policies. That is not to say that welfarism died abruptly in 1948, for as we have seen, it did not. Like Johnson's end, which had been drawn out for eight years of illness and partial consciousness, corporate paternalism at Endicott Johnson was destined to suffer an equally lingering death.

The defeat of the IFLWU and the USWA in the late 1940s did not spell the end of challenges to corporate hegemony. Union drives continued through the next two decades. The United Rubber Workers, the International Association of Machinists, the Textile Workers Union of America, the Amalgamated Meat Cutters and Butcher Workmen of North America, as well as the United Shoe Workers all tried to organize various departments of Endicott Johnson in the 1950s and 1960s. All failed. The Amalgamated Meat Cutters, which had absorbed the IFLWU in early 1955 after a purge of its communist leaders, waged the longest and most serious campaign in 1956-59. By that time, however, the NLRB had grown quite conservative and was no longer willing to accept segmented bargaining units as appropriate for union representation. The Amalgamated's petition for an election to represent the firm's tannery workers was thus rejected and its organizing drive foiled.<sup>1</sup> But a conservative NLRB was not what held back the unions. It was evident, from the repeated failures of numerous unions to organize the firm's employees, that the workers were remaining loyal to the company, to the extent, at least, of rejecting unionization.

In the years that followed the defeat of the IFLWU and the USWA, the corporation had reasserted its commitment to its employees, restoring and expanding many of the concrete ingredients of the "Square Deal" that had sustained labor loyalty in former decades. Corporate officers even attempted

to mimic George F. Johnson's ineffable personal quality, which constituted the less tangible, nevertheless very important, facet of corporate welfarism at Endicott Johnson. The corporation persisted in celebrating and advertising the corporate bonds that united workers and managers. Officers continued to reside among the workers and commingled with them to some extent. Appeals from workers still made their way to the president of the firm. Charles F. Johnson, Jr., who was elected to the presidency of the firm upon the death of his uncle and the promotion of George W. Johnson to chairman of the board, made it a point to involve himself continually in shop floor matters, helping to resolve conflicts between workers and low-level managers. He periodically circulated through the factories, attended clambakes and employee parties, sent flowers to grieving widows of Endicott Johnson workers, and in numerous other ways tried to live up to the reputation of his dead uncle. Among many workers, he succeeded. But for others, those who had come into the firm in the 1920s and earlier, there would be no one like George F. Johnson, whose death marked for them the beginning of the company's decline.

In fact, George F. Johnson's passing *did* mark a rough turning point in the firm's history, although not necessarily one related to his demise. Already, despite its reassertion of certain aspects of the "Square Deal," the corporation was exhibiting evidence of its weakened commitment to many of the ideals that had ruled it in former years.

Financially, while not doing badly, the firm was hardly showing exceptional profits. It had rebounded during World War II from the depths of the Depression, but its profitability had declined drastically. The firm had to double its dollar sales volume to match profit levels of the 1920s. In 1948 it made a net profit of \$3.6 million on sales of \$149 million; in 1928 its net profit of \$3.6 million came on sales amounting to \$69 million.<sup>2</sup> Facing rising foreign competition and higher labor costs, as well as the additional labor expenses associated with its welfare policies, the firm found itself increasingly in a precarious financial position, one that ultimately undermined its ability to sustain corporate welfarism.

Central aspects of Endicott Johnson's welfare ethos had been questioned in earlier years, particularly during the Depression. Then, faced with growing federal and state taxation designed to finance and create a state welfare system, the corporation began to reevaluate its traditional labor policies. In early 1935 George F. Johnson even considered fleeing New York and opening factories in Pennsylvania to escape anticipated state "social" taxes.<sup>3</sup> It was, at the time, merely an expression of frustration, and there is little evidence that the firm seriously began to consider corporate flight as a viable option for evading increasing taxation or rising labor costs. For years Johnson had criticized the blackmail of communities and workers by firms that moved from one place to another, fleeing from unions or attempting to extract tax and property concessions from towns in need of industry and jobs.<sup>4</sup>

Yet in 1945, after receiving a pledge of monetary support from several communities, Endicott Johnson began operations in Pennsylvania. A community nonprofit corporation was established to help finance the construction of a factory in Archbald, Pennsylvania. A similar corporation was also organized in Forest City. With the incorporation of the Keystone State Shoe Company, Endicott Johnson's subsidiary in Pennsylvania, the firm continued opening up factories—in Scranton, Tunkhannock, and Mildred.<sup>5</sup> The expansion of the corporation into depressed economic communities in Pennsylvania in the mid-1940s was a response to union encroachments at home and to the relatively high wages management was forced to maintain to keep the unions out of the factories. The "Square Deal" was becoming too expensive. A company memorandum, evaluating prospects in Pennsylvania, made that quite clear:

It should also be considered with Mr. Prins what he thinks about the possibilities of union organizations being successful in organizing the workers and if such organization should develop, what in his opinion would be the attitude of the union with respect to securing additional wages and benefits for the workers. Would they expect to get for Tunkhannock workers approximately the same earnings as workers are now getting, doing similar work in Johnson City? Tunkhannock is not too far away from Johnson City—approximately 45 miles—and if we started a factory and later found ourselves in a position where organized labor will expect to get the same earnings and benefits as our workers in Johnson City we, of course, would find that our purpose in starting the factory would have been defeated.<sup>6</sup>

In expanding the sphere of their corporate community and becoming absentee proprietors, Endicott Johnson managers found themselves betraying some of the central tenets of the corporation's "Square Deal" ethos. New managers for plants in Pennsylvania would not come from those communities but from without: from Endicott, Johnson City, and Binghamton.<sup>7</sup> Subsequent decisions regarding plant expansion further undermined the company's professed ideals, as the firm continued to invest its profits in ventures outside the Triple Cities. In the late 1950s the corporation opened up a factory in Mississippi.<sup>8</sup> And in the fall of 1966 the firm announced plans to expand operations into Puerto Rico. By then the company's commitment to close corporate and community ties had been severely eroded. Faced with ever-growing pressure from corporations operating in cheap labor markets, the firm had been forced to sacrifice the ideals of the past. Its Puerto Rican employees would not be brought into the "corporate family." The company's obligation to them and to its Puerto Rican venture as a whole would be minimal. The Puerto Rico Industrial Development Company had agreed to supply the firm with a factory and equipment; the Puerto Rican government agreed "to assume the cost of training personnel."<sup>9</sup>

The geographic expansion of the firm, at least when it began, did not signal a decline in production in the Triple Cities area. In fact, through the early 1950s the firm's work force remained quite large, numbering about 17,000 to 18,000. But a transformed economy would soon change all that. The Korean War had maintained the profitability of the company, but it also had given the firm a false sense of security. Because of its concentration on the production of work shoes and other heavy-duty footwear, Endicott Johnson had limited its share of a far more profitable and quickly expanding segment of the American consumer market, composed of lighter and more stylish shoes.<sup>10</sup> This only compounded existing financial woes caused by managerial failures and keen competition from more exploitative firms. As a result, in the latter years of the 1950s and into the 1960s, the corporation experienced severe business crises. Profits declined drastically. In 1960 the firm suffered a loss of \$1.5 million. Management changes were made, and Frank A. Johnson, who had taken the place of Charles F. Johnson, Jr., in 1957, after the latter had suffered a stroke, was replaced as president of the company by Pasquale J. Casella, a former executive of the Radio Corporation of America (RCA). Continuing losses led to another change in management. In 1963 Eli White, recruited earlier from the General Shoe Company, took over as president of the firm.<sup>11</sup> No longer was management recruited "from the ranks."

Two years earlier, in 1961, a year in which the firm suffered a staggering \$12 million loss, the last manifestation of worker and community loyalty to the corporation was demonstrated. A community-wide movement successfully kept an "outside" holding company from acquiring a controlling interest in the corporation. Old men and children, workers and nonworkers alike, banded together to purchase 63,000 shares of Endicott Johnson stock and prevent the takeover of the corporation.<sup>12</sup> But even as the antitakeover movement was gaining momentum, workers were expressing their doubts about the management of the firm. "The Johnsons are not doing the job they should do," said one worker in commenting on the takeover attempt. Another was in favor of "a change. It might be better. Things seem to be getting worse." And a third felt that "management doesn't care about the workers, just about themselves."<sup>13</sup> Despite the public show of support, the workers' attitudes toward the firm had changed considerably in the previous decade. No longer were they sending their children to work at "EJs," but to IBM, whose corporate welfare policies far exceeded the offerings of Endicott Johnson.<sup>14</sup>

The demonstration of fealty in 1961 would not be repeated. The corporation could no longer live up to the expectations of either its workers or local citizens. Continuing to suffer from the twin ills of foreign competition and poor management, Endicott Johnson began to streamline its operations. It closed down factories in Binghamton, Johnson City, Endicott, and Owego; it leased out its recreation centers, originally built for the workers; it ceased its home building program and sold off remaining homes; its medical depart-

ments were finally shut down in 1969, replaced by a Blue Cross and Blue Shield plan.<sup>15</sup> Local papers noted nostalgically the "passing era of EJ" and the decline of its policies of corporate and community paternalism. "It was perhaps the furthest reach of a reign of industrial paternalism that many feel was unmatched in 20th Century America," wrote one reporter.<sup>16</sup> It was a fitting epitaph.

Thus was the "Square Deal" put to rest. For over five decades the Endicott Johnson Corporation had sustained an industrial order, which, not unlike the society around it, managed to maintain a balance between consensus and conflict. Through benevolence and occasionally repression, the corporation was able to weather the numerous challenges that threatened to destroy the relationship between managers and workers that corporate paternalism had carefully cultivated. In the end, however, Endicott Johnson's paternalistic order fell prey to the realities of modern multinational capitalism, where the pressures of competition and the quest for quick profits outweighed both the economic and the humane motives that gave rise to and maintained corporate welfarism.

And yet important components of industrial paternalism at Endicott Johnson did not die. They were partially transformed into bureaucratic forms that now constitute part of the wage bargain between many corporate institutions and their employees. The legacy of Endicott Johnson still survives, even as the patriarchs who pioneered in its development lie buried. It survives not only in company health plans, pensions, profit sharing, and a host of other employment benefits that many workers in certain sectors of the economy now take for granted but also in the rhetoric, attitudes, and behavior of modern-day corporate managers. Surviving, too, however, are the contradictions and limits of welfare capitalism.

Welfare capitalism celebrated a partnership between capital and labor, but it cultivated a blatantly unequal one. That was obvious to thousands of Endicott Johnson workers who daily experienced the Janus face of welfarism. The contradictions inherent in their working lives yielded a mixed loyalty, one that continues to characterize millions of America's workers. Union or nonunion, they extract whatever security they may from the nation's corporations and in return defer to the dictates of management. To the extent that welfare capitalism *can* continue to provide security to workers, management may expect continuing "cooperation." But the incompleteness of that cooperation—measured in productivity, shop floor behavior, and morale—suggests that even security cannot buy total loyalty. Although a common interest in the prosperity of their industries weds managers and workers, they remain adversaries on questions of how to distribute prosperity and how to achieve it. Where industrial hierarchies exist and domination of the many by the few remains a fact of everyday life, cooperation and partnership will always be elusive goals.

## NOTES

1. I have not gone into the details of these unionization attempts since they generally followed the contours of events narrated in the previous chapter. For those interested in pursuing the subject, information on attempts to unionize Endicott Johnson workers in the 1950s and 1960s can be found in box 13, ser. 3, Frank A. Johnson Papers; in boxes 35–40, ser. 1, Charles F. Johnson, Jr., Papers; in box 4, ser. 2 of the George W. Johnson Papers, George Arents Research Library for Special Collections, Syracuse University, Syracuse, N.Y. The records of the Amalgamated Meat Cutters and Butcher Workmen of North America, located at the State Historical Society of Wisconsin, also contain several files on its 1956–59 tannery organizing drive at Endicott Johnson. Letters, leaflets, and clippings relating to the Amalgamated's and several other organizing campaigns in the 1950s can be found in the files of the Broome County Federation of Labor, located in Johnson City. I would like to thank Leo Heavy, president of the federation, for allowing me access to the files. The minutes of the Binghamton Central Labor Union from 1950 through 1960 also provide valuable information on the coordination of union forces in the various unionization drives at Endicott Johnson. Maurice J. Quain, an ex-officer in the Binghamton Central Labor Union and a labor activist since the 1930s, was an invaluable source on the local labor movement in the 1940s and 1950s. See Maurice J. Quain, interview by Gerald Zahavi, with the assistance of Deborah D. Maxwell, June 29, 1981, tape recording (personal possession).
2. Endicott Johnson Financial Reports, box 23, George F. Johnson Papers, George Arents Research Library for Special Collections, Syracuse University, Syracuse, N.Y.
3. George F. Johnson to George W. Johnson and Charles F. Johnson, Jr., Mar. 18, 1935, box 14, George F. Johnson Papers.
4. See, for example, George F. Johnson to Walter Moore, Nov. 4, 1924, box 7, George F. Johnson Papers.
5. Charles F. Johnson, Jr., to Albert F. Hess, June 6, 1946, box 34, ser. 1, Charles F. Johnson, Jr., Papers. See also box 6, ser. 2, and box 1, ser. 1, in the same collection for more on the firm's Pennsylvania subsidiaries. Boxes 10 and 12, ser. 4, in the Frank A. Johnson Papers also contain information on operations in Pennsylvania.
6. "Tunkhannock Factory" memo, Apr. 5, 1945, box 12, ser. 4, Frank A. Johnson Papers. The corporation planned mainly to employ women in the new plants, anticipating that they would accept lower wages and would be less likely to join unions than men. In the Tunkhannock factory, for example, management hoped to establish a labor force composed of 90 percent women and girls. Charles F. Johnson, Jr., memo, Apr. 11, 1945, box 12, ser. 4, Frank A. Johnson Papers.
7. Charles F. Johnson, Jr., to Bill Sullivan, Aug. 21, 1946, box 12, ser. 4, Frank A. Johnson Papers.
8. See Annual Financial Reports, 1959–61, in box 23, George F. Johnson Papers.
9. *Binghamton Evening Press*, Oct. 18, 1966.
10. Stephen Mahoney, "What Happened at Endicott Johnson after the Band Stopped

Playing," *Fortune* 66 (Sept. 1962): 130. Mahoney's article is an excellent discussion of the decline of Endicott Johnson.

11. Eli G. White, *The Awakening of a Company: The Story of Endicott Johnson Corporation* (New York, 1967), 10-19. This short, reprinted Newcomen Society speech by the president of Endicott Johnson is a fine summary of corporate changes in the 1950s and 1960s.
12. Mahoney, "What Happened at Endicott Johnson," 127. See also Jan. and Feb. issues of the *Binghamton Evening Press* on the takeover attempt and community response.
13. *Binghamton Sunday Press*, Jan. 8, 1961.
14. Numerous interviewees made this clear. See, especially, James W. Lupole, interview by Gerald Zahavi, with the assistance of Deborah D. Maxwell, July 15, 1981, tape recording (personal possession).
15. *Binghamton Evening Press*, Jan. 18, Jan. 21, Jan. 24, Mar. 6, June 25, 1962, Jan. 23, 1963, Mar. 23, 1964, June 14, Oct. 7, 1966, Dec. 3, 1969; *Binghamton Sunday Press*, Mar. 4, 1962.
16. *Binghamton Sunday Press*, Mar. 4, 1962.