History Interlude: How’d we get to the present?
Review: rise of “management model”

- 4 sources of management +
  - Armories, Rails, Mass Production, Vertical Integration
- Taylor’s Scientific Management movement -->
- Manager positions well established by 20s
Control of workers update 1:

1) 1900-1932: Welfare capitalism first tried cafeterias, first aid, pension plans, SAFETY programs

Ford’s “Sociology” dept

Taught Mgmt limits of positive incentives
Control of workers update 2: the 20s

- 2) boom-time 1920s: WORK COUNCILS (Company unions)
- Grew out of wartime resolution of capital/labor fights
- More than a way to avoid unions, tho that too.
- Mgmt interested in consent, collaboration
- ALSO… saw early “profit-sharing”
- Broad job definitions + work sharing (no layoffs)
- Some companies --> unemployment insurance
- WC reflected decade of prosperity
Elton Mayo: Human Relations school (mid 20s+)

- A political conservative who deplored industrial conflict
- Sought cooperation via worker’s identification with management goals
- Reacted against two tenets of SM
  - 1) functional specialization → efficiency
  - 2) emphasis on formal structure, hierarchy, narrow spans of control, close supervision
Mayo argued that:

1) economic incentives not the only motivator
2) ‘discovered’ the influence of WORK GROUP obvious (groups→slack)
3) extreme specialization not necessarily the most efficient
4) skill, understanding, training of supervisors the key source of cooperation of workers w/mgmt
Famous HAWTHORNE (plant) experiment (at Western Electric): found

- A) work output = f(degree of worker satisfaction), itself a result of informal social patterns of work groups
- B) experiment: output kept going up with increased illumination; then with decreased!
- Critics: Mayo denied the ‘inevitable authoritarian aspects of factory work
- Mayo led supervisors to ‘sugarcoat’ their controlling actions
- Mayo name tied to second major movement after SM: Human Relations school
Control of workers update 3: Depression era

3) RISE OF INDUSTRIAL, vs. CRAFT UNIONS
Craft unions previously shunned organizing low-skilled
CIO formed around low-skilled.
Depression chaos; radical changes; threat of ‘socialism’
4) CAPITAL-LABOR “ACCORD” grew out of

Wagner Act, creation of Social Security

Averting revolution by unskilled by

Creating legal basis for union organizing

Mgmt retained governance rights over

Plant location, introduction of new tech, products

Assistance in controlling militant workers

Workers got union rights (strike), increase in $

Unions thrived in largest companies. Why?

Eventual byproduct: better paid workers created AGGREGATE DEMAND for goods, return of mass consumption.
Control of Workers update 4: Post War US

- 5) Wartime Government again heavily regulated labor/capital conflict
- Post war period marked widespread adaptation of wartime arrangements
- Rule-bound grievance, arbitrary machinery emerges
- Wage-determination formulas made contract talks easier
Update 4 continues

- Posted salaries, job definitions emerged
- Unions got automatic payroll deduction.
- Personnel depts to administer all of this became commonplace.
Boom time 50s - 60s to early 70s

- US thriving on high volume, mass production
- We rebuild Europe, Japan; US companies --> multinational
- Consumerism, new consumer items flourish (TV, dishwasher, disposal, AC)
- Domestic market grows; far from saturation.
Boom time 50s continues

- Productivity grows, wage levels rise to support buying
- Rising labor costs didn’t matter; industry raised prices, productivity to afford them.
- Heyday of the manager; of the “organization man”
- Prosperity, rising wages, standard of living -- > control a non-issue
Mid 60s - 70s: Global competition emerges

- Export driven recoveries in Europe, Japan --> low price goods (VW Beatles to...)
- There, scarce labor --> heavy investment in technology, used by smart, skilled workers
- Cheap, labor intensive developing Asian countries copied US high volume Mass Production approach
70s: Major change now underway

- Oil price jumps in 1973; US, West losing control of raw materials
- Low cost consumer items (cars, electronics) from Asia commonplace
- US domestic market approached saturation
- Growing segmentation of consumer markets --> downsizing of large, standardized mass production techniques,
- Management model approaching trouble. How responds?
80s: Management model on defensive

- sought protection from competition: import quotas
- Government bailouts of Chrysler, others
- Tax breaks which lead, not to ...
- modernized, more productive equipment
80s continued

- But diversification, conglomerates..
- Disinvestment (close, don’t modernize plants)
- Blue-collar layoffs in ‘iron-belt’
- Union busting rampant: Reagan and Air Traffic Controllers
- “Deindustrialization” grows (capital and jobs move abroad)
“Case study” Westinghouse, Unimation and Robots
WSJ 11/6/90.


- Westinghouse bought out Unimation; marketed its flawed, oil dripping hydraulic robot
- Drip pans extra. Complex robot --> breakdowns frequent
- Ford, users of robots, offered to buy pans if $--> redesign. Response?
- Simpler Japanese electric robots: cost more; less to maintain
- Now: no US makers of robots left.
Control in the 90s Update

- Lot of bureaucratic control still in place
- Worker participation schemes
- Quality circles, QWL programs
- Semi-autonomous self-managing work groups
- Consent or control? Real or P without P?
End of hist3