

Wars of Attrition

***Vietnam, the Business Roundtable, and the
Decline of Construction Unions***

MARC LINDER

Second Revised Edition

**Fānpìhuà Press
Iowa City
2000**

Digitized by Google

Original from
UNIVERSITY OF MICHIGAN

HD
9715
.U52
L56
2000

Copyright © 2000 by Marc Linder
All rights reserved
Printed in the United States of America

Suggested Library of Congress Cataloging

Linder, Marc, 1946—

Wars of attrition: Vietnam, the Business Roundtable,
and the decline of construction unions/by Marc Linder. 2nd ed., rev.
xix, 434 p. 23 cm.

Includes bibliographical references and index.

ISBN 0-9673899-5-X

1. Construction industry—U.S.
2. Industrial relations—U.S.
3. Construction unions—U.S.
4. Construction workers—U.S.
5. Employers' associations—U.S.

HD9715.U52L498 2000

338.4'7'6900973—dc21

Library of Congress Control Number: 00-093286

Publication of this edition was made possible in part by grants from the International Brotherhood of Electrical Workers; IBEW Local 948, Flint, MI; IBEW Local 58, Detroit, MI; and the Michigan Chapter of the National Electrical Contractors Association.

Part II

Rhetoric and Reality

“The tight supply of labor in the trades in New York hasn’t helped the productivity picture....”¹

[T]he current business slump has revived all the depression-consciousness that makes building tradesmen fearful even in the best of times.²

¹Alan Oser, “Building Costs Push Steadily Upward,” *NYT*, June 14, 1970, sect. 8, at 1, col. 1, at 9, col. 1 (quoting Howard Turner, president, Turner Construction Co.).

²A. H. Raskin, “Unused Inflation Curb,” *NYT*, Mar. 1, 1971, at 29, col. 1.

The Press's Production of Public Perceptions of Rapacious Construction Unions and Workers

Between a President who seemingly has little respect for blue-collar workers, minority groups which are determined to break down the whole concept of apprenticeship training, and a press that pictures construction workers as feather-bedding millionaires, the need for solidarity is unprecedented.¹

In the midst of an unprecedentedly unpopular undeclared war, while the state, employers, and the press decried their wage increases as undermining the economy and society, construction workers and their unions managed to project themselves as pro-war patriots. In contrast, during World War II and the Korean War, both conducted with the help of elaborate statutory regulation, construction unions were shining examples of voluntary compliance with state wage controls.²

The chief basis for concentrating attacks on wage increases on construction unions was their allegedly ubiquitous demonstration effect: "the large number of building trades workers in every major community," argued *The New York Times* editorially in 1971, "makes their high settlements a source of envy and emulation for all other unions."³ The following year, the construction industry's leading trade magazine, *Engineering News-Record*, conceding that "[n]ot every construction worker is party to the organized thievery that contrives to extract higher and higher hourly wages for less and less work," narrowed the group of macroeconomic trouble-makers to the 10 percent of the three million union members who "take an active part in establishing union policies."⁴ Alternatively estimating the circle of culprits as the 5 or 10 percent who regularly attended local union meetings, *ENR* observed that "the economy of the entire nation and its 80 million workers may be

¹M. A. Hutcheson, "If Hard Hats Stand for Hard-Working Old-Fashioned Patriotism, So Be It," 91 (5) *The Carpenter* 40 (May 1971).

²Emergency Price Control Act of 1942, Pub. L. No. 421, 56 Stat. 23; Act of Oct. 2, 1942, Pub. L. No. 729, §§ 4, 5, 56 Stat. 765, 766, 767; Defense Production Act of 1950, Pub. L. No. 774, 64 Stat. 798. For example, the Operating Engineers union was "praised for its efforts to prevent work stoppages during the Second World War and the Korean conflict...." Garth Mangum & John Walsh, *Union Resilience in Troubled Times: The Story of the Operating Engineers, AFL-CIO, 1960-1993*, at 54 (1994). Construction unions, however, were far from satisfied with their role in the Korean War stabilization programs; see "What Place Is Labor to Have in Defense?" 4 (1) *BCTB* 2 (Jan. 1951); "Labor in the Defense Program," 4 (2) *BCTB* 2 (Feb. 1951).

³"Checking the Pay-Price Spiral," *NYT*, Mar. 28, 1971, sect. 4, at 14, col. 1.

⁴"The Trouble with Labor Is Management," *ENR*, Feb. 24, 1972, at 64 (editorial).

adversely affected by 150,000 to 300,000 construction union members.”⁵

Just as vociferously, however, *ENR* denied that announcing that it was “time to break the strangle hold these 300,000 active unionists have on construction” was in any way to “suggest union-busting.” Rather, “curbs on featherbedding don’t demand [unions’] destruction. The spread of open shop contracting across the south and into some northern states offers a welcome new, third force in the struggle between union contractors and unions.”⁶ Whether the ultimate aim was destroying, busting, decimating, or merely weakening, a survey of the contemporary daily and business press undeniably revealed the existence of an anti-construction union campaign. The importance that big business attached to shaping public opinion on this subject can be gauged by the fact that its most potent national lobbying organization, the Roundtable, held a series of meetings in the summer of 1970 with the *Reader’s Digest* “resulting in agreement to prepare an article detailing specifics of some of the construction industry’s labor related problems.”⁷ In January 1971 *Reader’s Digest* published “Wage Madness in the Construction Industry,” parts of which appeared to have been taken from some of the statements of the Roundtable’s leader, Roger Blough, who in turn commended the piece to his members.⁸ Two years later the Roundtable worked closely on a three-article series, by the same author, attacking construction unions in *Reader’s Digest*, which, unbeknownst to the public, was itself a Roundtable member.⁹

The most prominent broadsides appeared in *Fortune*, which began focusing on construction in the late 1960s. The first in the series, from December 1968, “The Unchecked Power of the Building Trades,” echoing traditional descriptions of the power of capital, fashioned an image of construction unions designed to deconstruct any sympathies that these organizations might have nurtured: “The most powerful oligopoly in the American economy today is the loose confederation of craft unions known as the building trades. ... Their collective economic power...is the single most important direct contribution to the current wage-price spiral.” The magazine ignored both the inflationary impact of the Vietnam War and

⁵Edward Young, “Low Productivity: The Real Sin of High Wages,” *ENR*, Feb. 24, 1972, at 18-23, at 19.

⁶“The Trouble with Labor Is Management,” *ENR*, Feb. 24, 1972, at 64 (editorial).

⁷“1970 Summary CUAIR Coordinating Committee” at 2, in BR, 1970: CCH.

⁸Charles Stevenson, “Wage Madness in the Construction Industry,” 98 (585) *RD* 47-51 (Jan. 1971); Letter from Roger Blough to the Roundtable Members (Dec. 21, 1970), in SP, Box 5, File-CUAIR 1969-1970.

⁹James Gross, *Broken Promise: The Subversion of U.S. Labor Relations Policy, 1947-1994*, at 235 (1995); Charles Stevenson, “The Tyranny of Terrorism in the Building Trades,” 102 *RD*, June 1973, at 89-94; *idem*, “The Construction Unions Declare War,” 103 *RD*, July 1973, at 79-83; *idem*, “Labor Violence—A National Scandal,” 103 *RD*, Aug. 1973, at 153-58. *Reader’s Digest* had also zealously joined in this attack earlier; Edward Young, “The Scandal Behind Soaring Construction Costs,” *RD*, July 1972, at 66-70.

the fact that construction unions' power not only had been greater earlier in the century without triggering employer claims of outrageous wage increases, but had actually declined during the 1960s.¹⁰ Before the depression of the 1930s, construction unions' power in cities with quasi-total organization was reputedly so "arbitrary and dictatorial" that real collective bargaining did not even take place.¹¹ Undeterred, *Fortune* rushed on to make construction workers also responsible for any possible housing shortage.¹² In case any of its own numerous readers had missed the piece, the Sunday *New York Times* published a lengthy resume.¹³

Such causal accusations were continuous with the period's managerial public relations approach. During the late 1960s and early 1970s, when worker alienation was perceived as threatening profitability, large corporations generally sought to divide and conquer workers and consumers. Thus the chairman of GM "warned that public sympathy for factory workers, based on 'misconceptions,' may result in rising labor costs prices—and rising consumer prices. The public, he said, doesn't realize that shorter work-weeks and greater worker control over tasks 'almost always involve an extra cost...which must inevitably be reflected in the price of the product....'"¹⁴

In September 1969 *Fortune* returned to the theme of union construction workers as quasi-criminal infectious wreckers, this time editorially urging measures adequate to a situation that had in the meantime become more threatening:

The latest round of wage increases in the construction industry signals once again that something drastic must be done to bring this conglomeration of monopolies back to economic reality before it wrecks us all. [E]ven more ominous, the construction contracts, won in special circumstances by murderous bargaining power, are generating pressures for the rank and file of the industrial unions for similar exorbitant increases.

The inflationary settlements recently made in New York demonstrate that a handful

¹⁰Mills, *Industrial Relations and Manpower in Construction* at 29, 57.

¹¹Haber, *Industrial Relations in the Building Industry* at 513.

¹²Thomas O'Hanlon, "The Unchecked Power of the Building Trades," *Fortune*, Dec. 1968, at 102-107, 209-14 at 102. On the inflationary impact of the war, see Benjamin J. Cohen, "Vietnam: The Impact on American Business" at 23-26 (mimeo, Dept. of Economics, Princeton U., Dec. 10, 1969). A left-wing architect misconstrues "the public" in arguing that it should give pause that the public "does not begin to take notice of the problems of the mode of production of this branch until they—mediated through the circulation sphere (construction cost inflation)—appear in the distribution sphere (rising rents)." Rolf Rosenbrock, "Bauproduktion," in *Architektur und Kapitalverwertung: Veränderungstendenzen in Beruf und Ausbildung von Architekten in der BRD* 85-124 at 100 (Klaus Brake ed., 1973). Since capitalist production as such is not accessible to the public, this information mechanism is precisely adequate.

¹³Joseph Fried, "Union 'Stranglehold' Is Charged," *NYT*, Dec. 18, 1968, sect. 8, at 1, col. 6.

¹⁴Laurence O'Donnell & Walter Mossberg, "UAW Will Emphasize Escape from 'the Job' in 1973 Contract Talks," *WSJ*, Dec. 8, 1972, at 1, col. 1.

of powerful business agents, representing a small number of workers, can set in motion a wage pattern for industries employing millions.¹⁵

From beneath the bombast of rhetoric conjuring up thugs run amok surfaced a concern that transcended the building industry itself: capital interests sought to prevent the spread of wage increases obtained by means of union militance in one industry to others. *Fortune* held construction firms themselves in part responsible for this contagion because they operated on a cost-plus basis and theretofore had only insufficiently undertaken to meet exorbitant wage demands with an entrepreneurial united front. The magazine also pointed to three groups (the NAM, the Chamber of Commerce, and “a number of top corporation executives” led by the former chairman of United States Steel, Roger Blough) calling for the revision of federal labor legislation to reinvigorate employers’ bargaining power and “protect management’s right to introduce laborsaving methods and materials”; these groups were also urging adoption of a new apprenticeship system that would fully integrate minorities. Finally, the editors put the rest of the working class on notice that it had nothing but its chains to lose by ignoring the unsustainable wage patterns set by the building trades: “No workingman...gains anything at all from monopoly union practices in a key industry. These only rob him of his higher right to share in the growth of a productive and efficient economy.”¹⁶

The *Fortune* editorial was supported by an article in the same issue illustrating the deleterious power of the construction unions, whose members were building the GM Vega factory at Lordstown, Ohio. The article’s editorial message was clear: “The explosive inflationary pressures generated by labor conditions” in construction, and especially “the unconscionable rise in labor costs,” confronted “the business community with what is probably its most serious and urgent problem.” Because Ford was already selling a similar automobile, GM feared that any delay in production would endanger its position in the increasingly important market for small cars; consequently, GM was willing to accept higher construction costs. The sudden absorption of a large number of skilled building tradesmen created a tight regional labor market; the resulting wage increases provoked the ire of construction firms not involved in the Lordstown project.¹⁷

¹⁵“Editorial: Breaking Up a Labor Monopoly,” *Fortune*, Sept. 1969, at 85.

¹⁶“Editorial: Breaking Up a Labor Monopoly” at 85-86.

¹⁷Don Sider, “The Big Boondoggle at Lordstown,” *Fortune*, Sept. 1969, at 106-109, 196. Sheahan, *Wage-Price Guideposts* at 40, stated, without offering examples or sources, that “attempts of the Defense Department to rush through large-scale construction projects in areas unable to supply the required labor readily...resulted in extraordinary wage increases that spread by example even to sections in which the labor supply is adequate.” Clinton Bourdon & Raymond Levitt, *Union and Open-Shop Construction: Compensation, Work Practices, and Labor Markets* 106 (1980), argued that

In December 1968, a regional group of construction employers requested some accommodation from GM; instead, GM and its general contractor accused each other of bearing responsibility for premium overtime costs. The group charged that "the 'welfare state'...on the project will saddle the multistate area with adverse working conditions and affect union demands in future labor contract negotiations."¹⁸ Local construction firms complained to GM that, by offering 70-80 hour workweeks, its general contractor "was monopolizing the supply of building tradesmen" and making it impossible for firms in eastern Ohio, western Pennsylvania, and northern West Virginia to compete; as a result, many other projects would have to be abandoned or performed with nonunion workers.¹⁹ The dispute was serious enough to induce the AGC executive director to request GM's president to eliminate the overtime regime.²⁰

The adverse publicity prompted GM to offer self-exculpatory data while defending its practices at a project requiring a peak construction force of 1,800 workers and employing 20 to 30 percent of all locally registered workers in several crafts. GM argued that overtime had been an absolute necessity: "It takes overtime to bring out-of-town and out-of-state tradesmen to such a wide place in the road like Lordstown for a relatively short construction period." Moreover, GM stated that 70-hour weeks had prevailed only in late 1968, whereas later hours varied between 40 and 60 for various trades. Indeed, when hours were cut from 60 to 54, jurisdictional strikes followed, which the general contractor stopped by threatening to call off all Saturday work in any week marked by work stoppages.²¹

Fortune's bias-forging purpose was manifest in the Lordstown article's layout: two of its five pages were completely given over to large color photographs of eight Lordstown construction workers next to large bolded labels with their horrifying hourly overtime rates (including pension and other social wage payments), which "soar[ed]" to between \$10.58 and \$14.76.²² Some Lordstown

major strikes in the late 1960s and early 1970s were a major factor making union construction "less attractive to many...industrial users. ... Uncertainty in schedule is intolerable to industrial clients, when they are building revenue-producing facilities in competitive markets." Although this point may be valid, it may not bear much explanatory weight since these firms must have been equally sensitive to strikes by their own union production employees, and yet firms such as GM did not seek to replace them with nonunion workers temporarily, let alone permanently.

¹⁸"GM Hit on Overtime," *ENR*, Mar. 6, 1969, at 14.

¹⁹"Further Meeting Held with GM Officials on Overtime Controversy at Ohio Site," *CLR*, No. 705, Mar. 26, 1969, at A-10, A-11.

²⁰"AGC's Dunn Urges General Motors President to Personally Investigate Overtime Dispute," *CLR*, No. 707, Apr. 9, 1969, at A-5.

²¹"GM Figures Rebut Lordstown Project Critics," *ENR*, July 10, 1969, at 28-29.

²²Sider, "The Big Boondoggle at Lordstown" at 107-108. At the other extreme, the Socialist Workers Party, despite admitting the lack of productivity data, gratuitously claimed: "Construction workers are already among the most highly exploited and not much more can be squeezed out of them

workers had “flocked from as far away as California and Louisiana to try to get in on what they knew would be easy pickings. ... At one time or another...most of the crafts have worked a seventy-hour work.” What was so easy about performing hard physical labor in the cold or heat ten hours a day seven days a week 2,000 miles from home *Fortune* did not explain in its rush to the punch line—that a mere laborer might gross \$563.50 some week, while a carpenter’s weekly wages reached \$661.²³ One photograph showed a smiling black man in a hard hat next to his \$11.13 hourly overtime rate, prompting *Fortune* to remark that he “has good reason to smile.” Of a bricklayer who commuted from 30 minutes away and whose overtime wage was \$13.35, the magazine remarked that the “drive is well worth while.” That a plumber received a wage of \$14.76 per hour of overtime explained “why plumbers are rather choosy about making house calls.”²⁴

Unsurprisingly, *Fortune* found no space for photographs of GM’s highest executives grinning at their desks paired with calculations of their vastly higher per-work-hour annual incomes and sneering comments on the “easy pickings.” For example, the chairman of General Motors, James M. Roche, was for several years the highest paid business executive in the United States; even if he had worked all 8,760 hours of 1967, his estimated compensation of \$950,000 would have merited a caption of \$108.45 per hour; if he put in 40 hour weeks, his hourly salary would have amounted to \$475. The photos that *Fortune* did publish in its articles on executives’ emoluments and perquisites were dignified and the comments bereft of any hint of unearned income.²⁵ Manifestly, the magazine believed that times had changed radically since 1887, when the *American Architect and Building News* had opined: “Speaking generally, the workm[a]n can never escape from his daily toil and cannot rise in the social scale. The aggregation of capital which characterizes the present age...has robbed him of the flattering unction with which he once nourished his soul that he could enter the class above him.”²⁶

The cost of the Lordstown plant proved to be twice the projected figure of \$75 million. Whether as a consequence of the construction costs or not, GM ultimately priced the Vega several hundred dollars higher than expected and also

except lower wages. This is where the open-shoppers come in....” Nat Weinstein, “The Open-Shop Drive in the Building Trades,” in Nat Weinstein, Frank Lovell, & Carol Lipman, *Construction Workers Under Attack: How to Fight Back and Rebuild Unions* 11-16 at 14 (1974 [1973]).

²³Sider, “The Big Boondoggle at Lordstown” at 106.

²⁴Sider, “The Big Boondoggle at Lordstown” at 107-108. *Fortune*’s jibe was a red herring since many plumbers employed by plumbing contractors performing small residential jobs lack the skills required for technologically sophisticated and specialized industrial construction.

²⁵Jeremy Main, “An Expanding Executive Pay Package,” 77 *Fortune*, June 15, 1968, at 166-69, 356, 362, 365, at 167. In 1969, Roche’s compensation dropped to only \$790,000. “How the Top Men Fared in 1969,” *BW*, June 13, 1970, at 59-68.

²⁶“Trade-Unions in America,” 22 (603) *AABN* 29-30 at 29 (July 16, 1887).

considerably above its German and Japanese competitors' small cars.²⁷ *Fortune* assigned co-responsibility to GM for the untoward wage developments—especially since it had incorporated a large number of overtime hours into the construction plans “not so much to get the job done but to ensure that contractors could be recruit an ample supply of workers.”²⁸ *Fortune* conceded that the options open to GM—and, by implication, other large construction industrial users—were problematic.²⁹ Thus it pooh-poohed several “novel” suggestions offered by the disgruntled area contractors and their customers. First, GM could buy a construction company and do its own construction work (amounting to more than \$1 billion annually), but, for unexplicated reasons (“in the auto industry it is an accepted maxim that you get into trouble when you get into another man’s business”), vertical integration was suboptimal. In a variant move, GM could hire its own construction labor force and move it from site to site to avoid creating tight local labor markets, but that strategy would be inefficient. Alternatively, GM could avoid greedy U.S. unions altogether by building its plants outside the country, “but G.M.’s own sense of national responsibility, not to mention its fear of government disapproval, would prevent that extreme move.” Finally, GM “could demand a nonunion or open shop on its jobs, but for a company and an industry which is so thoroughly unionized that could be disastrous.”³⁰

The first two of the contractors’ suggestions were hardly “novel”: numerous industrial companies, such as duPont, maintained their own so-called force account construction divisions. Whether such vertical integration was as rational as contracting with construction firms depended largely on scale and specialization efficiencies.³¹ The last two, antiunion, suggestions, however, anticipated future events. For the time being, however, *Fortune* sighed, GM, “rather than lead the

²⁷Jerry Flint, “Hard Hats Finding Fat Raises Do Not Help,” *NYT*, Feb. 6, 1971, at 28, 50.

²⁸Sider, “The Big Boondoggle at Lordstown” at 109.

²⁹The Roundtable asserted that in 1968 66 percent of overtime offered on projects carried out by NCA members was paid to attract labor and 34 percent to accelerate or maintain schedules. “Builders Put a Lid on Overtime Pay,” *BW*, June 19, 1971, at 38. This claim was repeated in BR, *Coming to Grips with Some Major Problems in the Construction Industry* 7 (1975 [1974]).

³⁰Sider, “The Big Boondoggle at Lordstown” at 196.

³¹Within a few years such possibilities became reality in the utility industry. Lefkoe, *Crisis in Construction* at 8; “A Different Way to Build,” *ENR*, Mar. 20, 1975, at 184 (editorial) (in-house construction enabled Dayton Power & Light Co. to reduce labor costs by one-half); “Utilities Try Building Own Facilities to Control Costs and Raise Productivity,” *WSJ*, July 15, 1975, at 38, col. 1. Such force account workers were generally nonunion and received below-average wages; management was able to increase its control over the production process. In the mid-1960s, nonconstruction firms accounted for about 30 percent of all construction activity. John Cambern, “Profile of the U.S. Contract Construction Industry,” *CR*, Sept. 1964, at 4. Although in the 1970s some major manufacturers had their own construction forces in the thousands, by the 1990s the trend toward outsourcing eliminated most of them. BR, “The Business Stake in Effective Project Systems” 4 (1997).

anti-inflation battle itself...has chosen to join” the aforementioned corporate users group run by Roger Blough; it would encourage contractors associations to take “tough” bargaining positions, monitor agreements, and “may chastise any company that forces a contractor to capitulate to the extreme demands of the building trades’ unions.” But the magazine left little doubt that stronger measures would eventually be needed: “it remains to be seen whether this alliance of sympathy is sufficient to correct the imbalance of union power at collective-bargaining sessions.”³²

Fortune’s observations suggested that for the time being large industrial capital was not considering the possibility that it might restructure the building industry in order to lower costs. Industrial users appear to have been willing to countenance the industry’s subrational organization, turning their attention instead to labor-management relations within construction. This strategy, however, presupposed a community of interests whose existence was not demonstrated. In particular, it presupposed that competing industrial corporations (the construction industry’s customers) could stop seeking extra profits at the expense of their competitors, and that construction firms could be mobilized as a united front.

The monitoring and policing functions that the Blough group was to fulfill were analogous to those of a state-like aggregate capitalist, but *Fortune* assigned no role to the state. This private enforcer was designed to impose on individual firms behavior that would yield them short-term (inflation-suppressing) and long-term (improved international position) advantages, but only disadvantages to construction workers and unions (except in the Pickwickian sense that anything that fosters capital accumulation ultimately benefits the working class). This program thus seemed to embody a repressive function rather than one insuring the maintenance of the working class. Whether such a strategy was possible without direct state involvement appears implausible. In any event, George Meany was not far from the mark in charging that Blough “runs an organization...dedicated to bringing wages down.”³³

In contrast, the editorial page of *ENR* offered its specialized audience a more sober and nuanced analysis of Lordstown and the larger issues it raised. The magazine’s point of departure was that in the short run the interests of GM and construction firms were bound to clash: the higher, overtime-driven, building costs were “but a small part of the manufacturer’s tooling and production costs” and would all be recouped in the automobile prices. Moreover, since GM would probably not engage in similar construction projects in the region in the near future, “its present impact on future wages in the region is of remote concern, if any.” Equally remote to GM, the magazine concluded, was the effect that higher

³²Sider, “The Big Boondoggle at Lordstown” at 196.

³³*Proceedings of the Ninth Constitutional Convention of the AFL-CIO: Daily Proceedings and Executive Council Reports 22-23 (1971).*

construction wages “must eventually have on wages its production workers will demand.” *ENR* hoped that this “horrible example” would serve as a lesson that a more far-seeing organization, such as a U.S. Chamber of Commerce task force, could bring to bear to make large users understand that their short-term self-regarding actions could have a disastrous impact wage inflation in construction. In any event, the Ohio-Pennsylvania Regional Congress of Construction Employers, “at its present stage of development,” was not in a position to deal with the problem without their large customers’ support.³⁴ The debacle at Lordstown did in fact exert precisely the domino impact that employers had feared: it “contributed significantly to large wage settlements” in neighboring Akron, Cleveland, Pittsburgh, and by 1969 in Buffalo.³⁵

In October 1970 *Fortune* continued its assault. “The Building Trades versus the People” levelled charges at construction workers reminiscent of those hurled at the robber barons at the turn of the century. *Fortune* accused their unions of having forged an “apparatus for redistributing wealth by force. Construction workers, whose incomes are already inflated far above the national average, siphon away billions a year from the whole public as consumers. [T]he industry discriminates against labor with less monopoly power: since average output per employed American is less than \$12,000 a year, unduly high wages in construction inexorably result in unduly low wages somewhere else.” Not only were building trades unions exploiting everyone else, their “fantastic...wage trajectory...threatens to tear apart the intricate functional distinctions in incentives and rewards that make an economy dynamic and help it use its resources efficiently.” In short, “Unskilled work, executive pay” was a recipe for disaster that “[e]ven the Communist countries” had learned to avoid. Predicting that by 1972 the incomes of a substantial proportion of skilled building tradesmen would reach \$20,000, *Fortune* calculated that at that point they would surpass “the income of many talented young executives and professional people who have invested many thousands of dollars and years of their lives in preparing themselves for their jobs.” The magazine warned that people with ability could not be motivated to undergo long training “unless there is a considerable spread between top and bottom income levels.” Although none of this rhetoric explained why the army of mid-level corporate white-collar employees were somehow more deserving of their salaries than plumbers and electricians of their wages, *Fortune* overlooked the possibility that if so many unmotivated executive apprentices found plumbing more lucrative, the labor market would soon take care of the alleged shortage of skilled tradesmen that

³⁴“What’s Good for GM...,” *ENR*, Mar. 13, 1969, at 80.

³⁵DOL, Labor-Management Services Adm., *The Bargaining Structure in Construction: Problems and Prospects* 42 (1980) (prepared by Donald Cullen & Louis Feinberg).

allegedly was driving wages up.³⁶

The magazine strove to characterize public sympathies for labor as misguided. *Fortune* expressly eschewed the class context that had seemed appropriate enough when rallying industrial employers to protect their profits from encroachments by construction workers: "Most Americans as consumers...all too often...sentimentally take sides with the workers against the bosses. In construction, however, the real conflict is not between labor and capital, but between labor and consumers, with the employers serving as a medium for passing labor's exactions on to the public at large."³⁷ (Roger Blough of the Roundtable was especially taken with this piece, sending copies to all members.)³⁸ Employers favored this argument when the business cycle and/or conditions specific to the industry in question permitted passing on the costs so that increased wage costs appeared as the sole cause of the increased prices. When such shifting was not possible, the conflict appeared as a profit squeeze within the branch or firm; when shifting was successful, leading to increased profits at the expense of consumption, the conflict was merely displaced to the aggregate social level. In the case of factory construction, where the consumer was not "the public at large" but industrial firms, their profits could be reduced for the benefit of construction firms to the extent that they were unable to pass their increased costs on to final consumers. In this case a conflict between firms of different industries could be transformed into one between construction firms and construction workers/unions and/or industrial firms and construction firms on the one hand and construction workers/unions on the other.

The same issue of *Fortune* devoted yet another piece to wily and unruly construction workers, which also carried an implicit caution that words and deeds may not only conceal essentials, but even make them appear as their opposite. The magazine reported on a strike in Kansas City in which 4,000 striking laborers were supported by 18,000 skilled tradesmen: "According to a candid union leader, the major reason the craftsmen backed the strikers is that 35 percent of the strikers were black. The craftsmen reckoned that if the blacks made a lot of money as laborers, 'they won't have too much of a motive to crash the trades.'"³⁹ The reasoning seemed a tad strained since black workers were already overrepresented in the

³⁶Gilbert Burck, "The Building Trades versus the People," 82 (4) *Fortune* 94-97, 159-60, at 95, 96 (Oct. 1970).

³⁷Burck, "The Building Trades versus the People" at 95. Sylvester Petro, "Unions, Housing Costs and the National Labor Policy," 32 (2) *LCP* 319-48 at 329 (Spr. 1967), also argued that construction unions' efforts to secure control over labor functions for their members were merely a struggle between workers, not between labor and capital.

³⁸Letter from Roger Blough to Members of the Roundtable (Oct. 20, 1970), in SP, Box 5, File-CUAIR 1969-1970.

³⁹"In Kansas City They Couldn't Go As Far As They Wanted," *Fortune*, Oct. 1970, at 98.

unions of the bricklayers, cement masons, and lathers, who struck for 197 days allegedly to keep laborers at bay.⁴⁰

If the image cultivated by the press and prominent economists of the standard of living of “the” construction worker during those years was to be credited: “Construction workers are fast becoming members of the U.S. middle class.”⁴¹ The *Wall Street Journal* in a lead front-page article on the “relatively high standard of living” of an electrician whose projected before-tax income of \$18,000 including overtime required him to go “heavily in debt” to buy a \$28,500 house, quoted his employer as calling “[t]he construction worker...a man who’s moving very rapidly into the upper middle class.”⁴² These class-conscious claims may seem quaint from the vantage point of late-twentieth-century supraclass public opinion, but they were contested even in 1970. The *Wall Street Journal* may have editorialized that the “bribes that have been going to the nation’s 3 million building trades workers are getting out of hand,”⁴³ but *The New York Times* provided an emblematic account of the modest and unchanging standard of living of a union plumber in Chicago whose major worry was that blacks were living only six blocks away.⁴⁴ Indeed, the *Times*, in contradicting contemporaneous depictions of construction workers’ luxurious living standards, may have dissolved the paradox by suggesting that rising consumer prices cancelled out their wage increases: “Hard Hats Finding Fat Raises Do Not Help.”⁴⁵ Presumably, then, other workers, unable to obtain equally high wage increases, must have been experiencing a decline in real wages.

Remarkable, too, was the indignation with which journalists, professors, and corporate executives not only pointed to the mere existence of manual workers with annual incomes between \$15,000 and \$25,000, but created the impression that this range represented the normal case.⁴⁶ In the 1973 edition of his introductory economics textbook—a work that “has gone a long way toward giving the world a common economic language”⁴⁷—Paul Samuelson knew no better way to ridicule “New Left college students...eager to join the picket line in a display of fraternal

⁴⁰In fact, the trowel trades obtained a \$4.50 per hour wage increase over four years, while the laborers received \$4.15. BLS, *Work Stoppages in Contract Construction, 1962-73*, at 51 (Bull. 1847, 1975).

⁴¹“Be a Construction Worker—Make \$26,000 a Year,” *ENR*, Sept. 17, 1970, at 55.

⁴²Everett Groseclose, “Construction Workers Chafe at Claim They’re ‘Villains’ of Inflation,” *WSJ*, Aug. 11, 1971, at 1, col. 6.

⁴³“Bribing the Building Trades,” *WSJ*, Dec. 14, 1970, at 14, col. 1 (editorial).

⁴⁴Seth King, “Plumber Discounts His Paper Victory Over Inflation,” *NYT*, July 18, 1970, at 14, col. 1.

⁴⁵Flint, “Hard Hats Finding Fat Raises Do Not Help” at 28.

⁴⁶E.g., A. Raskin, “Unused Inflation Curb,” *NYT*, Mar. 1, 1971, at 29; Everett Groseclose, “Construction Workers Chafe at Claim They’re ‘Villains’ of Inflation,” *WSJ*, Aug. 11, 1971, at 1, col. 6; “Construction Pay Is Raising the Roof,” *BW*, Apr. 18, 1970, at 74, 76.

⁴⁷“Theorist with a Best Seller,” *BW*, Feb. 14, 1959, at 73, 74.

unity against the exploiting bosses” than to ask what such “a revolutionist ha[d] in common with...plumbing or construction union...members who get wages of more than \$20,000 a year....”⁴⁸

Even when such attacks were unfounded, proponents, judging by statements not meant for public consumption, appear to have believed them. For example, at a Roundtable meeting in 1972, Roger Blough mentioned a recent *New York Times* article on “individual workers who receive up to \$76,000 a year in overtime pay, pushing the cost of the World Trade center from something like 300 million to somewhere in the neighborhood of 700 million dollars.”⁴⁹ In fact, the article nowhere suggested the arithmetically preposterous claim that the few shop stewards holding such sinecures were responsible for the \$350 million cost overrun.⁵⁰

The image of construction workers and unions that the press forged raises several questions.⁵¹ This antiunion campaign did not represent a journalistic whim, but a movement, which was already in an organizationally advanced stage and encompassed both the largest industrial firms and the Nixon administration; the extent of the coordination of these efforts, remains to be elucidated. The motive for industrial users’ extraordinary interest in the construction industry was not only the above-average rise in building costs, which affected industrial customers, but also the fear that construction unions’ militance might spread to industrial employees. To this end, employers and the federal government developed a strategy to strengthen organizationally weak construction capital vis-à-vis the unions. How they imagined this re-equilibration process was as yet unclear. The danger was in any event immediate enough to galvanize unions into undertaking the effort to divide and conquer their enemies by allying themselves with President Nixon. To contextualize these complex political maneuverings it is necessary to scrutinize the reality content of the image of greedy and grasping construction workers and powerful construction unions, and to analyze the peculiar economic structure of the construction industry.

⁴⁸Paul Samuelson, *Economics* 138 (9th ed. 1973).

⁴⁹CUAIR, CC, Minutes, Sept. 15, 1972, 4, in BR, 1972-Vol. II, Minutes.

⁵⁰Robert Tomasson, “\$76,000 Pay in Overtime Indicated in Contract,” *NYT*, Sept. 3, 1972, sect. 8, at 1, col. 6, at 4, col. 7-8. Indeed, just a few months later, Saul Horowitz, Jr., the CEO of HRH Construction Company and a member of the Contractors Advisory Committee, sympathetically explained that “creation of shop steward, master mechanic and other types of do-nothing jobs is attributable to the desires of the union leadership to meet the needs of older, security-oriented members of their unions.” He suggested that management propose alternative responses to older members’ needs that were more productive than “this galaxy of non-productive posts.” Here Horowitz mentioned the possibility of four-day weeks or five or six-hour days. BR, CC, Minutes, Feb. 1, 1973, at 9, in BR, 1973-Vol. II, Minutes.

⁵¹For a suggestion that the scholarly and journalistic pictures more or less coincide with each other, see Howard Foster, “Labor in Construction: Recent Research and Popular Wisdom,” in *Labor & Manpower* 104-19 at 119 (Richard Peggnetter ed., 1974).