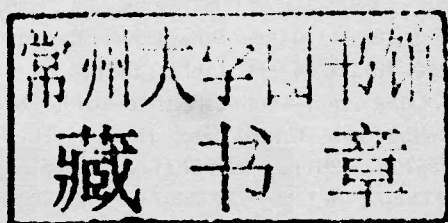




AMERICAN LABOR, CONGRESS,  
and the WELFARE STATE,  
1935-2010

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Tracy Roof



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## PREFACE

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When I first began this project, I was interested in why rising income inequality went largely unaddressed in the political system. This led me to the question of which groups were most likely to push these issues on the national stage, which quickly led me to the labor movement. After reading a wide range of critical assessments of the American labor movement, particularly those dealing with the decline of the power and influence of organized labor, I initiated my own research into why labor had failed in pushing for a more comprehensive welfare state that could have mitigated worker insecurity and income inequality. I found that organized labor repeatedly pursued a range of policies addressed to these issues throughout the postwar period, but it was routinely thwarted at one stage of the legislative process or the other, even during periods when scholars considered labor to be much stronger than it is today. The project thus came to focus on the hurdles organized labor faced in the legislative process and how labor leaders attempted to overcome them, with occasional successes, but more frequent failures. I became a lot more cognizant of and sympathetic to the necessity of compromise in the American political system that has so fre-

quently frustrated the ambitions of both the Left and the Right in American politics and often created inefficient or ineffective public policies.

Many people have made this long project possible. I would like to thank all of my colleagues in the Political Science Department at the University of Richmond, especially Jennifer Erkulwater and Dan Palazzolo for their scholarly engagement and advice on numerous chapters and Sheila Carapico and Andrea Simpson for their encouragement and help in navigating the publishing process. I would also like to thank Deb Candreva and Doug Harris, who have provided crucial advice since graduate school. I would like to thank Ira Katznelson, who on short notice provided valuable comments on several chapters at the end stages of the manuscript preparation, as well as the anonymous reviewers who provided many helpful suggestions. I would also like to thank Henry Tom and Suzanne Flinchbaugh with the Johns Hopkins University Press for their professionalism and efficiency. The archival research was made possible by travel grants from the Harry S. Truman Library Institute and the Lyndon Baines Johnson Foundation. The project was generously funded by several faculty research grants from the University of Richmond's School of Arts and Sciences. I also gained invaluable insight into the legislative process from my fellowship in the office of Senator Tom Harkin through the American Political Science Association's Congressional Fellowship Program. Finally, I would like to thank my mom, Billie, and my dad, Rick, for their enduring support and my two little girls, Clara and Lucy, who never fully understood why Mom had to spend so much time at the office. Finally, I owe the most to my husband, Mike, without whom I could have never completed this book.

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# Introduction

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The Senate and therefore the Congress of which it is an equal part are too often too late with too little to meet the rapidly developing problems, needs and opportunities of an age of atomic energy, automation and a Communist expansionism that is bent upon and has repeatedly announced its intent to take over the entire world. We can ill afford continued minority rule. National welfare, strength, security and survival require the establishment of majority rule.

Walter Reuther, president of the United Autoworkers Union, 1957

Unfortunately, the fate of much good, constructive legislation in Congress is too often determined not on its merits but by horse-and-buggy era rules, procedures, and traditions which enable a conservative minority to block or delay action.

"Labor Looks at Congress," AFL-CIO, 1963

The Senate is distorting democracy. They've set up a system that does not represent what the American people want—and not just on health care. It sets the stage for America to be unable to meet the challenges on everything from jobs to energy to trade to foreign policy.

Andrew Stern, president of  
the Service Employees International Union, 2009

On election night in 2008, no one was more elated with the victory of Democratic presidential candidate Barack Obama than the activists in the labor movement. After three decades of attacks on the welfare state and pro-labor policies, labor leaders saw the 2008 election as an opportunity to turn the tide in public policy toward a more activist government committed to the security of American workers. They hoped a unified Democratic government might finally make progress on policy goals sought by organized labor since the 1940s, including labor law reform, universal health care, and policies to create more jobs at better wages. Although breakthroughs would prove possible, as during the Truman,

Johnson, Carter, and Clinton administrations, the institutions of the legislative process would continue to challenge labor's ability to accomplish its goals. The fight over health care reform in President Obama's first year in office proved to be a roller-coaster ride for labor that perfectly illustrated both the emerging prospects and enduring obstacles to significant policy change.

This book makes two main interrelated arguments. First, it argues that institutional obstacles in the legislative process, such as the filibuster, have restricted labor's influence and repeatedly frustrated labor's efforts to further the postwar liberal policy agenda of economic security and pro-labor policies. Second, it argues that labor responded to these obstacles to its legislative agenda by moderating its demands, pushing the Democratic Party to the left, and working for congressional reforms to empower the majority in the majority party to control the legislative process. In these efforts the labor movement helped shape the contours of the American welfare state, the contemporary legislative process, and the party system in the postwar period. These slowly evolving changes created the legislative context that made health care reform possible in 2010, just a few years after it appeared that both liberalism and labor had reached postwar lows in political influence.

The fate of health care reform depended on whether a compromise could be reached that would attract the 60-vote supermajority necessary in the Senate to overcome an inevitable filibuster. At the opening of the 111th Congress, the Democrats' Senate majority stood at 58 votes, with the Senate race in Minnesota still undecided and a couple of Democratic senators in very poor health. A handful of these Democrats came from conservative states where labor and other liberal groups have limited influence. The battle over the administration's first priority, a near trillion dollar spending bill to stimulate the flagging economy, suggested the challenge ahead on health care. Despite overwhelming support and party discipline among Democrats in the House and the Senate and a big push by organized labor to get the bill passed, three Republican moderates were able to significantly scale back and alter the contents of the stimulus package as their price for supporting cloture. Following this model, Senate Democrats engaged in months of futile negotiations with a handful of Republicans to reach a compromise on health care reform. The dynamic appeared to shift when Republican senator Arlen Specter of Pennsylvania declared himself a Democrat and the undecided Minnesota Senate seat was finally awarded to Democrat Al Franken after an extended court battle. The Democrats finally reached the magic number of 60 for the first time since the mid-1970s.

After almost a year of negotiations, both the House and Senate passed versions of health care reform on party-line votes. But before a legislative compromise could be struck between the two chambers, Republican Scott Brown won a special election for the Senate seat of Democrat Ted Kennedy, the legendary labor ally and advocate of universal health care, who died in office of brain cancer. With the loss of one Senate seat, health care reform—and liberals' entire legislative agenda—was suddenly thrown into limbo. Ultimately, the Democratic leadership was able to work out a deal between the House and the Senate on a measure that could be taken up under a special process for budget-related matters known as reconciliation—a process that was not subject to Senate filibusters. After a series of dramatic votes in the House and Senate, the final bill passed the Senate 56–43, with three Democrats joining every Republican in voting against it. Once one of the most influential advocates of a single-payer system, organized labor clearly did not get all it wanted in the heavily compromised bill. But the 2010 reforms made the most progress in covering the uninsured since the adoption of Medicare forty-five years earlier. Yet the monumental struggle over health care pushed other labor priorities like labor law reform to the back burner, where they were likely to remain with the Democrats' loss of their supermajority.

As this volume demonstrates, the policy battles of the first year of the Obama administration are just the most recent examples of an important but often overlooked limitation on labor's political power and on the most ambitious goals of American liberalism more broadly. In a political system characterized by the separation of powers, checks and balances, and numerous protections for the minority, reformers need to have a very high level of support across a range of political institutions in order to produce significant policy change. This study examines the effect of the legislative process on the ability of reformers to expand the social safety net for workers through the lens of organized labor, which has been the most influential, most enduring, and best-organized advocate of these policies in the postwar period. It is focused on the efforts of organized labor to shape national public policy, largely under the leadership of the AFL-CIO. But in tracing these efforts, it recounts the much larger story of the fate of the postwar vision of American liberalism that labor shared with a broad range of groups including civil rights organizations, liberal religious groups, and liberal policy advocacy organizations. Many of the insights of the following chapters can be applied to this broader movement and indeed to any group or movement trying to pursue significant policy change.

Contrary to the claims of some of labor's critics, the national leadership of the labor movement has spent the past seventy years trying to build a social safety net to protect both unionized workers and the unorganized. As in other Western countries, organized labor became the leading advocate of a workers' welfare state centered on a full-employment, high-wage, and high-consumption economy secured through government spending and tax policies, economic planning, regulation, and policies fostering unionization. Workers would gain additional security from generous government insurance programs for retirement, unemployment, disability, and health care. Limited versions of all these programs have been adopted and gradually expanded, but the safety net in the United States is considerably less comprehensive than the protections in other advanced industrialized countries. While most of these countries institutionalized and expanded their welfare states in the early postwar period, proposals for similar programs stalled in the United States as a conservative coalition of Southern Democrats and Republicans used institutional veto points in Congress, including the House committee system and the filibuster threat, to slow or stop the expansion of a workers' welfare state. Issues considered during the reconversion years, like full-employment policy and universal health care, have appeared over and over on the policy agenda. But policy advances have been largely symbolic or incremental, leaving labor's broad policy goals unmet. In other areas, such as reforming labor law, there has been consistent gridlock.

Organized labor has not taken these defeats lying down. Since the 1940s the labor movement and its liberal allies have tried to reform and reorient the political system to improve the prospects for labor-backed public policies. Convinced that many of the labor movement's policy priorities would never be passed by Congress without changes in the American party system and the legislative process, labor strategists took a leading role in a labor-liberal coalition early in the postwar period that sought to realign liberal forces into the Democratic Party and expel conservative Democrats. Toward this end, the coalition focused on the legislative struggle for civil rights and pressuring Democrats to pursue congressional reforms to empower the non-Southern wing of the party in Congress.<sup>1</sup> The long-term effects were exemplified in the 111th Congress (2009–11). The passage of near-universal health care reform, one of the cornerstones of the postwar liberal agenda, was the culmination of a decades-long transformation of the American political system that the birth of the modern labor movement helped set in motion. Despite legislative wrangling, Democratic unity on congressional votes reached near record highs, and



the majority in the majority party had much more control over legislative outcomes than it did the first time a universal health care proposal was considered, during the Truman administration. But while the administration, congressional leaders, and reform advocates reached a compromise on health care that every single Democrat in the Senate could support after almost a year of effort, the need to pass the final bill through reconciliation after the Democrats lost their supermajority made it clear that conservative minorities still had considerable power in the legislative process to obstruct many of labor's goals.

The policies associated with this postwar vision of a workers' welfare state did not stall simply because the public was fundamentally opposed to them, because labor leaders were too conservative or divided, because union membership was too small to affect the outcome, or because the Democratic Party was insufficiently supportive of liberals' goals, all commonly cited explanations. While some of these factors have no doubt come into play in various policy battles in the postwar period, the one constant across them all has been the high hurdles posed by the institutions structuring the legislative process. These institutions include major features of the American political system, such as the constitutional separation of powers, the system of checks and balances, the varying electoral bases of representation for the House, Senate, and president, and congressional procedures such as the House committee system and the Senate filibuster, which together have made it very difficult for labor to leverage its power effectively in the policy-making system. As a result, organized labor and its liberal allies have often had to settle for watered-down policies and to spend a great deal of time and effort trying to change the rules of the game in the political system. The institutional obstacles to the passage of liberal policies—and labor's response to them—have received little attention in the study of organized labor. Yet they are central to understanding the political involvement and limited policy accomplishments of the labor movement in the past, the present, and the future.

### **Common Explanations for Labor's Political Failures**

Most of the literature on organized labor's political activity coalesces around one of two themes—the unique weakness of the Left in the United States compared with other advanced, industrialized countries or the failed strategies of labor leaders. Both of these literatures fail to fully explain the political influence and policy accomplishments of organized labor in the postwar period

because they do not take into consideration the obstacles in the legislative process that labor confronted.

### *American Exceptionalism*

The limits on organized labor's political influence are often tied to the unique weakness of the Left in the United States. For more than a century, scholars have attempted to explain this "American exceptionalism," which has prevented the development of an enduring socialist or social democratic party, a strong labor movement, and a more comprehensive welfare state as occurred in other Western countries. This body of literature has produced dozens of possible explanations, but most are tied to ideological and political factors.<sup>2</sup> Scholars such as Louis Hartz and Seymour Martin Lipset argue that Americans share a distinct national ideology shaped by faith in the individual, low levels of class consciousness, and a commitment to laissez-faire capitalism.<sup>3</sup> This underlying "American creed" is believed to have made American workers less interested in unionization and collective social struggle and more suspicious of the government, socialism, and social democratic policies. Other American exceptionalist explanations emphasize the political impediments to a viable labor or socialist party. For instance, winner-take-all elections discourage voting for less-established third parties because voters fear their votes will be wasted and their least-preferred candidate will win. Third parties also have difficulty getting on the ballot, and leftist parties have historically faced repression. Moreover, since the emergence of the two-party system in the mid-1800s, the Democrats and Republicans have managed to co-opt the popular issues of third parties, quickly robbing them of their momentum. The result has been a system with two dominant parties that have often downplayed class issues in favor of building cross-class coalitions based on ethnic or other appeals.<sup>4</sup> These appeals effectively divided working-class voters and prevented them from becoming a powerful political force that could be mobilized by labor unions.

While these theories point to important differences between the United States and other countries, they have a number of limitations. The ideological explanations ignore a history of violent industrial conflict characterized by bloody clashes of employers with workers and their communities.<sup>5</sup> This history belies the notion of a complacent working class uninterested in collective struggle against inequality. Many American values like egalitarianism and commitment to democracy have been quite radicalizing under the right circumstances, and labor activists have often appealed to them. Since they are embedded in

enduring characteristics of American political culture, the ideological explanations are also static.<sup>6</sup> They do not account for the rise and fall of workers' movements from the Knights of Labor to the Congress of Industrial Organizations, or the periods of significant demand for government expansion such as the Progressive Era and the New Deal.

Like the ideological explanations, the political explanations also have a number of problems.<sup>7</sup> The comparative evidence suggests that it is possible for a labor party to gain power in countries with dominant two-party systems, such as Great Britain. Third parties even managed to build some political power in the United States at the local level in winner-take-all elections. More important, these explanations assume that workers can gain power only through a third party and that co-optation of third-party issues by the dominant parties cannot work to labor's advantage. The permeability of American political parties and their varying regional identities has almost served as the equivalent of a multi-party system that has allowed new issues to be absorbed into the dominant two-party structure.

Both the ideological and party-based explanations are particularly poorly suited to the political conditions that emerged in the 1930s and 1940s. Much of what was exceptional about the United States changed during this period. Americans clearly questioned unregulated capitalism and demanded a larger role for the government. The country elected and reelected Franklin Roosevelt and Harry Truman, two presidents who denounced "economic royalists" and greedy corporations and campaigned on promises of an expansive government ranging from public works spending to national health insurance. A class cleavage in voting developed and grew stronger over this period, and the national Democratic Party cultivated its ties to the working class.<sup>8</sup> A labor party never gained strength, but the national Democratic Party endorsed an agenda very similar to that of reformist social democrats in other countries. Moreover, one of the missing ingredients in earlier periods of reform—a powerful labor movement committed to political action—finally came onto the political stage and grew to represent more than a third of the nonagricultural workforce by the conclusion of World War II.<sup>9</sup> In many states, the unionization rates exceeded those of other Western countries with strong labor movements, but unions' penetration outside heavily industrialized areas in the Northeast and Midwest and on the West Coast was uneven. Although labor leaders considered third-party politics, they decided their interests would best be served by joining in a labor-liberal alliance committed to working through and transforming the

Democratic Party.<sup>10</sup> With all these changes, many reformers thought the United States might catch up with or even surpass Europe in the development of social welfare policies.<sup>11</sup> But after the foundations of the welfare state were laid in the early years of the New Deal, the agenda of welfare state expansion bogged down in the late thirties and forties, and organized labor faced a growing political backlash. Despite the broad transformation of the political environment, the policy proposals of labor and liberal reformers met growing opposition in Congress. Theories of how American exceptionalism has constrained the labor movement do not adequately explain these developments.

### *Labor's Strategic Failures*

Many of the studies that focus on the postwar evolution of labor within the United States attribute labor's failures to misguided leadership. Critics of the labor movement on the left argue that labor leaders made strategic decisions during the late 1930s and 1940s that doomed the labor movement to failure and decline.<sup>12</sup> These critics suggest that labor leaders missed an opportunity at a critical moment in American history to push for broad-scale social change. Instead of taking advantage of the transformative potential of widespread rank-and-file worker militancy in the 1930s and 1940s, labor leaders undermined it by choosing to work within the labor relations system established by the government and allying with a Democratic Party that failed to deliver pro-worker policies. Third-party or independent labor politics might have posed a real threat to the power structure, but instead labor leaders entered into what one labor critic terms a "barren marriage" with the Democratic Party.<sup>13</sup> Labor was credited with some level of influence and political success during the Great Society years, but observers stress that even then labor was more successful in pursuing general welfare legislation like Medicare and the War on Poverty programs than legislation targeted at benefiting organized labor.<sup>14</sup> The implication is that if labor leaders had decided to challenge the power structure instead of being co-opted by the Democrats, the United States would have taken a different path and labor would be in a better position today.

Since the late 1960s, each legislative failure has been viewed as further evidence of labor's political decline and the futility of labor's enduring support of the Democratic Party. Republican administrations from Richard Nixon through George W. Bush were believed to be disastrous for labor, but critics of the labor movement's political strategies argued that things were not much better under



Democratic administrations.<sup>15</sup> The failure of even watered-down proposals for labor law and health care reform during the administrations of Jimmy Carter and Bill Clinton, when Democrats controlled both the White House and Congress, supposedly revealed labor's weakening influence within the Democratic Party and politics in general. Observers argued that the Democrats had become beholden to business and centrist, suburban middle- and upper-middle-class voters at labor's expense.<sup>16</sup> The Democrats still counted on labor's support, but the party took this support for granted. Thus many activists and scholars of the labor movement continue to believe that labor should pursue independent or third-party politics or that labor should demand more from Democratic leaders in exchange for its support. In terms of public policy, critics of the labor movement have argued that labor has been too quick to compromise on issues like health care reform and that as a result it has failed to build an effective progressive coalition capable of producing far-reaching change.<sup>17</sup>

## The Importance of the Institutional Context

Most critics of the labor movement's political strategies fail to fully recognize that American legislative institutions virtually require concession and compromise and limit labor's leverage. All reformers must operate in a political system that was set up at the time of the founding to make legislating difficult. Because of the framers' concerns about what Madison termed the "mischiefs of faction" and the "tyranny of the majority," the Constitution established a fragmented legislative process across the House, the Senate, and the president—all elected in different ways, by different constituencies, at different times.<sup>18</sup> This process makes it difficult for popular majorities to make effective demands on the government.<sup>19</sup> The small states and slave states also insisted on protections for political minorities through equal state representation in the Senate and the structure of the electoral college, which further complicate majority rule. The Great Compromise, which was necessary to get the Constitution ratified, cast a long shadow over American public policy, making the national government less responsive to the interests of urban, industrialized areas.<sup>20</sup> The U.S. Senate is the only upper house among the governments of advanced, industrialized nations that is coequal to the lower house in its legislative powers, and it is the most skewed toward the representation of areas with small populations.<sup>21</sup> This bias has reduced the political influence of organized labor because more than